

Minutes



Leading learning and skills

Date 27 February 2007
Subject Capital Committee Meeting
Location Grosvenor Gardens, London
Time 10:30
LSC office National Office
Publication intent Internal

Present Norman Boyland (Chair)
John Bull
Lynne Morris
George Sweeney
John Taylor

In attendance **For Barnet College**
Marilyn Hawkins - Principal
Zac Monkton - Finance Director
Raza Raheem - Regional Finance Director
Mary Vines-Morris - Area Director
Catherine Davies - Regional Property Advisor
Simon Tolaini - Director Provider Financial Management
For Newcastle and Skelmersdale & Ormskirk
John Korzeniewski - Regional Director
Chris Griffin - Regional Finance Director

LSC staff Alastair Grindlay
Philip Head
Denis Miles
David Russell
Pete Sanders
Judith Wilson

Apologies Apologies have been received from:
Terry Dabbs
Richard Haynes
Alan O'Neill

Item 1. Welcome and introductions

- 1.1 Norman Boyland welcomed the Committee and noted the apologies.
- 1.2 The following declarations of interest were made

- Norman Boyland for Bay House School,
- George Sweeney for Newcastle and Skelmersdale and Ormskirk College,
- John Taylor for Barnet College.

Richard Haynes had sent written comments for the Chair to raise in his absence and had also declared an interest in Barnet College.

Item 2. Minutes of last meeting

- 2.1 Members agreed that the minutes of the previous meeting were a true and accurate record.

Item 3. Matters arising

- 3.1 Item 3.1 The new arrangements for in principle and detailed applications are now satisfactorily in place. However their review should wait until the summer when fee support will have been running for one year. Early indications show that this scheme is working well and proposals are much more robust than those submitted in the previous twelve months ago.
- 3.2 Capital Applications for Approval by the Council and the Capital Committee and Determined Under Delegated Authority
- 3.3 The five applications at the back of the Barnet paper were brought to the attention of the Committee. The total estimated project costs were £21.2 million, with capital project grant support at £5.3 million.

Item 4. Capital Applications for Approval by the Council and the Capital Committee and Determined Under Delegated Authority

Barnet College

- 4.1 This is a revised in principle application. In 2005 the college wanted to sell off the Woodstreet site, this was supported by the Local Authority. After the May elections there was a change of leadership and the Planning Office withdrew their earlier comfort letter. The college is now unable to sell such a large area; a listed Tudor building and archaeological remains adds further complications. New buildings must preserve the line of sight from the town to the church spire. This will not be an easy project.
- 4.2 Previously two colleges merged forming 6 sites. Provision on the eastern and western sides is different as the demographics on the two sides are significantly different; the western population is growing rapidly and has a younger population whereas the eastern side is relatively stable. This project is for the eastern side; a project for the western side is currently being developed and will be brought before the Committee later in the year. Courses on the two sides are also very different, in line with the needs of the two populations.
- 4.3 The college is well managed and produces good results; despite the withdrawal of support it still has a good relationship with the Planning Office.
- 4.4 The Barnet team highlighted key areas of the project and drew attention to the currently poor access, crumbling buildings and public footpath running

through the site. New students are being put off studying at the college because of these factors.

- 4.5 A member-approved brief for planning application has now been received; this is more robust than the letter of comfort which was originally received. This has been signed by local politicians; there are no local elections this year.
- 4.6 The residential sell-off is less than originally planned. The decant has changed from needing a 6,500 m² off-site area to having two good quality temporary buildings onsite which will provide a good learning environment. The first of these already has planning permission and the building that occupies the space is not currently used and will be demolished in the summer.
- 4.7 There is already £10.8 million available from selling a previous college building, £2.9 million is expected to be raised from the residential sale and £11.69 million has been raised from the bank. Costs have been based estimated on current prices.
- 4.8 The Chair thanked the Barnet College team and noted that this is a worthy project, but there is a question of value for money. The predicted learner numbers show a decrease of 85 over the next 4 years. Modelling numbers is not easy, and this does not take account of the effect the western project will have on numbers. The predicted dip in numbers may not happen as the decant has changed and every learner can be accommodated. The two projects taken together will show a significant increase in learners.

Decision: The Committee approved the recommendation set out in the paper on condition that when the detailed application was brought forward it was in the context of an estate strategy including the western college centre. Grant support at an indicative rate of 30% was approved.

Item 5. Proposed Merger of Newcastle College and Skelmersdale and Ormskirk College –Capital Implications

5.1 The Regional Director for the North West outlined the background to the recommendation from the Board of Governors of Newcastle and Skelmersdale College (SOC) that it should merge with Newcastle College following a process whereby it had sought merger partners.

5.2 Given the history of under-investment in the infrastructure of SOC a significant redevelopment would be required – estimated cost £30- £35 million. On a stand alone basis SOC would have had to seek substantial capital grant support. Newcastle College already had substantial capital investment plans for its Newcastle campus but was proposing to invest revenue and capital to meet the immediate needs of SOC's operations. The college was seeking guidance as to whether or not the Council would assess the amount of grant support required on the basis of SOC's financial position with grant support at a rate of 90-95%.

5.3 Members agreed that it was reasonable for a college pursuing a merger to seek reassurance that its already strong financial position would be reasonably

maintained and that the implementation of its property strategy for other sites would not be prejudiced. But in considering such a proposal the Council would need to review the merged college's five year financial forecast to establish its self-funding capability and the likely amount of capital support required and to examine the estimated costs, feasibility and certainty of the other capital works, such as those proposed for Newcastle College's main campus. The proposal should be brought back to a future meeting of the committee for further consideration with the additional information requested.

5.4 Members noted that over the next four or five years with a rising capital budget the Council should be able offer an appropriate rate of grant support towards the merged college's capital proposals for both Skelmersdale and Newcastle. But they did expect a degree of trust to be established between the parties in relation to future funding and that the merged college would be expected to make an appropriate contribution towards the funding of its capital programme. These proposals should, if possible, be dealt with under existing mechanisms so preserving consistency with the treatment of similar mergers elsewhere

Decision: The Committee agreed that the Regional Director should feed back the outcome of this discussion to the senior management of both colleges.

Item 6. 16-19 School Projects

6.1 The applications by Cotswold School (grant support of £1.39 million), St. Joseph's School (£1.09 million), Sheldon School (£2.41 million), Twyford Church of England School (£4.46 million) and Bay House School (£2.9 million) were all considered.

Decision: The Committee approved the projects at the stated levels.

Item 7. Forward Capital Programme

7.1 Philip Head summarised his paper and highlighted the current under-spend due to the delay of the 16-19 funding. This has been addressed and spending will be back on track.

7.2 The Committee were referred to the key issues provided under section 8, the following points were raised:

- Widening eligibility for capital funding raises issues when potential applications may be from 'for profit' companies. Security measures and claw-back mechanisms will need to be considered.
- Client capability needs to be improved and workshops are to be run to help college's project management.
- Regional Boards will hopefully take decisions on small and medium sized projects, relieving some of the burden on this Committee. It must be ensured that decisions are consistent across the regions. Once delegated authority is give, the Regional Boards will not be able to delegate further. Expertise on Regional Boards must be in place for this to work.

- Each region is preparing an annual capital plan which will need approval from this Committee in May/June of this year.

Formula Based Allocations

7.3 Proposed a sum of £30 million from the 2006-07 capital budget be allocated. Qualifying institutions will be mainstream FE colleges, external “not for profit” FE institutions and local authority adult education currently providing FE. “For profit” companies, a minimum number of FTEs, or guided learner hours, will be set.

Decision: The recommendation to delegate approval of the formula and the detailed allocations to the Chief Executive was approved.

Allocations to Specialist Colleges

7.4 The scheme that has been in place for the last three years should be continued. The LSC funds some but not all learners, and there is still heavy reliance on charitable donations. This recommendation puts additional funds into a scheme which is already in place.

Decision: The Committee approved the recommendation.

Item 8. Capital Policy Arrangements

8.1 Alastair Grindlay introduced the paper and highlighted the need for change in the Council’s cost criteria to reflect current market conditions particularly in Greater London and its immediate environs making abnormal costs more realistic and increasing the London weighting in line with rising costs. It is recommended that the new proposals outlined in the paper should be trialled for six months and reviewed at the end of that period.

Decision: The recommendation was approved; a review should be brought before the Committee in six months time.

Item 9. Any other business

9.1 There were no additional items.

Item 10. Date of next meeting

10.1 The next meeting of the Committee will take place on 29 March 2007.

Meeting chair	Norman Boyland
Minute taker	Pete Sanders
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