

Minutes



Leading learning and skills

Date 2 August 2007
Subject Capital Committee
Location Grosvenor Gardens
Time 10:30
LSC office National Office
Publication intent Internal

Present Norman Boyland (Chair)
Alan O'Neill
John Bull
Richard Haynes
Lynne Morris

In attendance **For Oaklands College**
Mark Dawe - Principal
Ruth Gilbert - Learning and Skills Leader
David Byrne - Operating Officer
Liam Sammon - LSC
Steve Smith - GVA Grimley
Paul McGuire - LSC
For Brooklands College
Colin Staff - Principal
Angela Cattermole - Finance Director
Bob Warding - LSC
Isabelle Wragg - LSC
For Leyton Sixth Form College
Alan Leek - Finance Director
Simon Lolaini - LSC
Mary Vine-Morris - LSC
Raza Raheem - LSC
Catherine Davies - LSC
For Selby College
Liz Burdett - LSC
Mike Green - LSC
Richard Hoyle - LSC

LSC staff Philip Head
Alastair Grindlay
Chris Birt
Andrew Brown

Apologies

Pete Sanders
David Russell (for items 5 onwards)
Apologies were received from:
Terry Dabbs
George Sweeney
John Taylor

Item 1. Welcome and introductions

- 1.1 The Chair welcomed the Committee and noted the apologies.
- 1.2 The following declarations of interest were declared:
 - Alan O'Neill for Oaklands College
 - Norman Boyland for Brooklands College, which has been noted by the Regional Board but not discussed.
- 1.3 The Chair has requested that Philip Head present a report to the Committee at a later meeting on the interim measures on the implications for a robust Capital system in the regions after the new Further Education and Training Bill receives Royal Assent.

Action: Philip Head to report to the October meeting.

Item 2. Minutes of last meeting

- 2.1 The minutes of the last meeting were approved.

Item 3. Matters arising

- 3.1 Item 1.6 – Despite the recent MOG report changes the DIUS had confirmed its belief that the capital programme would continue largely unchanged until at least 2010-11. FE Sixth Form Colleges will remain under LSC supervision albeit that their revenue funding will flow via local authorities from the new DCSF. But the LSC is expected to retain the Capital remit. DIUS have not made any material changes to the National Capital Plan to be published soon. Philip Head is meeting with Susan Pember of DIUS next week and will report back any additional information.
- 3.2 Item 3.1 – Regional finance teams have been made aware of the issue and Judith Wilson will be investigating further.
- 3.3 Item 3.2 – Alastair Grindlay has shared the suggested format for the summaries of the regional Capital plans. These will now be presented at the September Capital pre-meeting.
- 3.4 Item 3.4 – The draft Grant Thornton report on financial appraisals has now been received. A progress report will be made to the September meeting.

- 3.5 4.34 – The Committee received the supplementary report on Keighley College. It was reported that the merger has now gone ahead. The capital application had been approved jointly under delegated authority from the National Council by the Chair and Chief Executive. Capital Committee members had been consulted by correspondence and had advised that the approval should be on the basis that this case should not be regarded as a precedent for any other capital applications. Future capital applications relating to the proposed merger would all be considered on the basis of the financing capabilities of the merged college. If the proposed Leeds merger does not take place and Park Lane College (having merged with Keighley College) comes forward independently then project affordability would take into account the grant support already agreed for the Keighley scheme.
- 3.6 The Committee was thanked for their hard work in this difficult project. The September meeting of the Finance and Funding Group will consider a proposed financial policy for “assisted” merger situations.
- 3.7 Item 6.2 – A cost summit with external quantity surveyors was held earlier in the week and good progress was made. A full update on cost levels and criteria will be provided at the October meeting.

Action: Alastair to update the Committee in October.

Item 4. Capital Applications for Approval by the Council

Oaklands College

- 4.1 Members received a presentation from the college’s principal and noted that only a few years ago Oaklands College was regarded as a failing college, but it is now doing well and success rates are going up. The greenbelt on which the college is situated has now been unlocked and surplus land sales should raise £39million.
- 4.2 The NPV of the project proposal seems very high, but this appears to be due in part to the 60% estimated growth of learner numbers and to the assumptions placed on the current facility. The new guidelines on residual costs also skew the final figure.
- 4.3 The proposed growth is high but achievable, so far this year over 3000 applications have already been received. There is good employer engagement with over 50 employers working with the college to tackle the high NEET (not in education, employment or training) figures. In addition over 10,000 homes are currently being built less than two miles away with a further 12,000 five miles away. 30% growth was achieved last year and early indications show a similar figure will be achieved this year.
- 4.4 This is a huge project and requires a great deal of involvement from staff. The college believed that it already had an excellent project management team in place who have overseen a £3million spend on 30 projects last year and are responsible for £2million on another 20 project this year. These have so far all been delivered on time and to budget. Members queried whether this would be sufficient and suggested that external project managers should also be appointed.

- 4.5 The teaching environment will be very different in the new facility, particularly the heavy use of the latest wireless information technology. A quality improvement strategy has already been in place for several years and will be used to ensure teachers are familiar with the new teaching methods before the move to the new building. The scheme has already had a significant impact reducing the number of unsatisfactory teachers from 30% to just 4.
- 4.6 BECTA have already been approached for advice on the classroom technology and have been impressed with the proposals. It is envisaged that the technology will need updating every five years and budget has been set aside to do this.
- 4.7 It would be difficult to dispose of further land beyond that proposed; land-based courses require a lot of space and the green belt adds further constraints as only footprint replacement is allowed, not new build. The green belt status is likely to be in place for at least ten years.
- 4.8 Members noted that this is fundamentally the same scheme that received agreement in principle two years ago; however the current location is now being used as it is now less restrictive than the other options and the proposed Hatfield site was withdrawn by its developer owner. There is no need for an interim decant as the new build will be on the fields adjacent to the current facility. Costs have increased from £60 million since the scheme was first seen. £10million of the increase is due to building cost inflation, other costs are due to needing additional infrastructure which the alternative site already had in place, and the increased scale of the project to allow for more students but the cost increases are partially offset increases in sale proceeds. The detailed application is due back in March 2008

Decision: The Committee agreed to endorse the £110.949 million project proposal on an in principle basis for approval by the Council at a £43.611million (43.2%) grant support level. This was on the basis that it should be impressed upon the college that no additional increases other than building cost inflation would be accepted. Professional external project managers would also be required.

Brooklands College

- 4.9 The Committee noted that an intervention rate would be difficult to set with so many uncertainties surrounding this project. It was also noted that the merger of Brooklands and Spelthorpe Colleges had been approved the previous day.
- 4.10 North Surrey has a poor local economy and low participation and achievement rates. The focus on A-level provision in Surrey is not suitable for this location where more vocational training is needed. The college seeks to address this by not growing their A-level provision to 2012 whilst increasing their vocational provision significantly. New hairdressing teachers have already been recruited and a private company is being targeted for construction teachers.
- 4.11 The new site will be more spacious and allow provision of space-demanding courses such as construction. There is also a small area for any future expansion. Work is currently underway to determine the extent of the land

contamination due to the 1950s landfill, it is expected that containment and capping will be needed.

- 4.12 The £7.5million art block has just been completed on time and to budget despite planning this capital project and managing the merger at the same time.
- 4.13 The project is now likely to keep the tower block, in part due to the complications with removing the telecommunications equipment on the roof. The tower will instead be totally refurbished and should have the same lifespan as a new build.
- 4.14 A decant will only be necessary during the renovation of the tower block, this will be the final stage which will allow the new buildings to be used for the decant.
- 4.15 The two locations are approximately 12 miles apart, but both have train stations within walking distance allowing easy commuting between the two sites.
- 4.16 The planning office are keen to make this project happen as it will be key in the regeneration of Ashford. Planning consent is likely to be received in October.
- 4.17 An external project management team is needed to help run this project as there are too many uncertainties for an internal team to manage whilst running the college.

Decision: The Committee agreed that it could not recommend full agreement in principle with a representative indicative grant support rate as there is still much work to be done; however the College should be reassured that this project should still go ahead. In the interim it was agreed to recommend to the Council that an interim grant support rate of 50% should be agreed so that the college could access fee support. A further application for revised agreement in principle should be made to the Committee in January when many of the uncertainties should have been resolved.

Leyton Sixth Form College

- 4.18 This is another constrained site with no suitable alternatives. The Committee was asked to note that the intervention rate in the information papers has been calculated using an outdated method, using the correct method the rate would be 80%.
- 4.19 Student numbers have increased 35% since 2000, there is unlikely to be further significant growth. The current success rate is 81%. OfSTED have recently criticised the accommodation particularly focusing on the age, overcrowding, and inherent security risks.
- 4.20 The decant accommodation will be provided by temporary classrooms on the car park. Planning permission has now been received.
- 4.21 There is a solid internal team which is well supported by an external project management team and good architects. The college has a good history of managing their finances and there is confidence this will continue.
- 4.22 The College aim to present the detailed proposal to the Committee in January 2008.

Decision: The Committee agreed to recommend to the Council to approve the £31.279 million project at the £25.023million (80%) grant support level.

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

City of Wolverhampton College

- 5.1 The City of Wolverhampton College took over the former Bilston College several years ago and rebuilt half the campus. This project seeks to replace the other half. This is part of a wider capital strategy and it should be noted the next phase in Wolverhampton is likely to cost much more. This phase will also put the college above the maximum floor space allowance however this is temporary until the following phase is complete.
- 5.2 The College turnover is currently three times the size of this project. Initially the College wanted a grant support level of 20% but this has been negotiated down to 10%. In terms of financial impact to the college there is not a significant difference between the two levels.

Decision: The Committee approved the project on an in principle basis at the £1.351million (10%) grant support level.

Selby College

- 5.3 This is the third and final stage of the College's capital strategy. The first phase cost £5.25million with 30% LSC grant support, phase two cost £2.0million with a 50% grant.
- 5.4 There is high social deprivation in the area and it is clear this project is necessary, the College is successful and there is a good external project management team in place.
- 5.5 The designs are already over stage C and costs are firm. The application is straight forward and the college has been very proactive in putting it together.
- 5.6 Although the financial margins look tight the college has been well managed and these figures are thought to be very accurate.

Decision: The Committee approved the project on an in principle basis at the £20.283million (91%) grant support level.

Item 6. 16-19 School projects

Abbeyfield School

Decision: The Committee approved the project at the £5.21million (100%) grant support level.

Item 7. Applications Agreed under Chief Executive's and Regional Directors' Delegated Authorities

- 7.1 The Committee noted the project.

Item 8. Any other business

8.1 The September meetings will take place in the library of Joseph Chamberlin College on both the 4 (regional capital plans) and 5 September (usual meeting). Dinner and accommodation will be at the Marriott Hotel, Birmingham on the 4 September.

Item 9. Date of next meeting

9.1 The next meetings of the Committee will take place on the 4 and 5 September.

Meeting chair Norman Boyland

Minute taker Pete Sanders

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