

# debate pack



## **Building Colleges for the Future programme**

Westminster Hall, Wednesday 25 March 2009

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## **A Press articles**

### **Colleges to ask for cheap loans to restart building**

Joseph Lee

20 March 2009

Times Educational Supplement

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Colleges will consider asking local authorities for loans to complete their stalled building projects at a special summit on Monday.

Principals from all 144 colleges whose building plans are affected by the funding logjam have been invited to the meeting by the Association of Colleges to search for a solution to the crisis.

Among the ideas to be discussed is the possibility of councils lending colleges money to complete their campuses at preferential interest rates, possibly as low as 1 per cent.

The Learning and Skills Council brought its capital programme to a sudden halt in December after it became clear that the Pounds 5.7 billion value of pending projects far outstripped its Pounds 2.3bn budget.

David Collins, the AoC president and principal of South Cheshire College, said: "Local authorities get a low loan rate and colleges are important in their communities."

Abingdon and Witney College has already received an offer of support from West Oxfordshire District Council to complete its Pounds 30m rebuilding, which is seen as crucial to regeneration plans. "Their support has been quite outstanding," said Teresa Kelly, the principal.

Dr Collins said the colleges also hope that more funding would be made available from the Government to ensure the building programme could be completed, and they would be examining whether some projects could be scaled back.

He said the crisis was a public relations disaster for the Government, which had invested more in FE capital than ever before, but was suffering political fallout from the mismanagement of the funding.

An LSC report on the impact of capital investment in colleges may help their case. It notes that the building programme up to December had created 10,000 jobs and that each Pounds 1m spent had led to an extra 111 students. A typical Pounds 10m project tended to increase success rates by 1 per cent, encouraging more students to stay on.

The Conservatives have gone on the offensive over the delayed projects. David Willetts, the shadow skills secretary, branded the LSC report "a sick joke" while so many colleges were left in limbo.

"While ministers boast about the impact new buildings can have on further education, colleges all over the country have had their building projects suspended. It is dishonest for ministers to claim the building industry is benefiting on the basis of a report that was completed before the capital freeze began," he said.

In the Commons, David Cameron told the Prime Minister: "MPs on every side will contrast what you said with the fact that 144 FE colleges - the exact organisations we need to retrain people who are unemployed - are having their building projects halted. There is this enormous gulf between what you say every week and what your Government is actually doing."

Sion Simon, the FE minister, described the Tory leader's attack as "cynical nonsense", adding that when Labour took power in 1997, FE had no capital budget at all.

### **We're hearing fighting talk, and rightly so**

20 March 2009

Times Educational Supplement

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It takes a lot to rile the further education sector, let alone goad its leaders into concerted action at national level.

However, the Learning and Skills Council can claim success in this respect because its handling - many would say spectacular mishandling - of the capital funding for college buildings.

Monday's national meeting of principals is a line in the sand. College leaders are seriously angry and frustrated by the delays and utter confusion that now beset the Building Colleges for the Future programme. For many it is not a simple case of "as you were" and "keep doing what you are doing in your current accommodation".

This is not a case of putting off the new conservatory until next year. Colleges have closed buildings ready for demolition, shunted students and staff around, postponed new courses, spent millions on planning applications and have shelved growth strategies.

Delays to building programmes are also damaging to a further education sector that is under pressure to deliver so much in the teeth of recession. And if all that wasn't enough, there is a negative impact on colleges as they strive to improve the quality of the education and training they deliver.

As Dame Ruth Silver writes in this week's letters (page 7, opposite) "Hands up anyone who thinks we should tame our aspirations ...". This is fighting talk, and rightly so. But action is also required, and it is to be hoped that Monday's meeting will propose some practical next steps.

Perhaps local authorities could step in to fund local college redevelopment in the interim, perhaps recouping the money later from the Learning and Skills Council or central government? A bit of goodwill business before next year's machinery of government changes?

West Oxfordshire District Council is to be congratulated for blazing a trail with an offer to finance the rebuild at Abingdon and Witney College.

Unfortunately, it seems the sector can no longer rely on the LSC to sort things out. Already mired in the chaos over capital funding, we learn this week that the council has now delayed the announcement of 16 to 19 funding while officials find another Pounds 65 million to pay for

extra students that perhaps someone might have foreseen as heading FE's way because of the recession.

Circumstances, not least the economy, have dealt the council a rotten hand. But, with a year to go until it is wound up, it is hard not to feel that this is a lame duck body. Colleges cannot let circumstances, however challenging, blow them off course and Monday's meeting is a sign that they are not going to.

### **Funding crisis simply must be overcome**

20 March 2009

The Journal, Newcastle

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FURTHER Education Minister Sion Simon was most certainly not guilty of over stating matters yesterday when he said the funding crisis that's engulfed college building projects was "not acceptable".

From Berwick to Stockton, further education in the North East faces serious disruption while officials discover what's happened and how it can be overcome.

At stake is the development of thousands of individuals at a crucial moment both in their lives and in the life of the country, along with the economic wellbeing of the communities that the colleges serve.

The problem appears to centre on the Learning and Skills Council giving "approvals in principle" to college development projects, including many in the North East.

The LSC insists such approval did not mean full and final funding would follow, and that colleges who moved ahead without more specific approval did so at their own risk.

But however approvals in principle are interpreted, the cash total seems to add up to more than the LSC can afford and that led to yesterday's hiatus.

It is a truly terrible time for a multi-billion pound shortfall to be uncovered, but if educating young people is to bank on the future, the colleges cannot be allowed to fail.

An answer must be found.

### **PM asked to step in to save Worthing's college plans**

Paul Holden

19 March 2009

Argus Lite

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Education bosses have invited Prime Minister Gordon Brown to Worthing in a bid to salvage multi-million pound plans for two new colleges.

The principals of Worthing College and Northbrook College fear the £100 million-plus development schemes could be shelved due to a national cash crisis.

They travelled to the House of Commons to raise their concerns with Worthing MPs Peter Bottomley and Tim Loughton.

Now an invite is being sent to 10 Downing Street to "impress upon Gordon Brown the importance of the projects to the future of the town".

The Learning and Skills Council (LSC), the Government agency responsible for sixth form and further education colleges, has frozen £350 million worth of schemes to reassess its spending plans.

Peter Corrigan, the principal of Worthing College, Bolsover Road, said work on the redevelopment of the site was due to start in September but that the whole project was now in limbo.

He said: "Our MPs were very concerned to hear about the current delays and have offered their full support.

"We were all concerned to ensure that these vitally important developments are able to progress as quickly as possible.

"The investment in educational buildings of over £100 million is desperately needed and long overdue."

David Percival, the principal of Northbrook College, said: "The current situation is unacceptable as both colleges have had their case for redevelopment accepted by the LSC.

"This review must be resolved quickly and a solution found which allows the Worthing projects to be progressed as a major priority."

Ian Lowrie, the chief executive of Worthing and Adur Councils, said: "We will do everything we can to support the colleges in getting the go-ahead to start work as soon as possible."

Worthing College's new campus is expected to cost £42 million, with £33 million being paid by the LSC.

The balance would have been funded by the sale of neighbouring land at Bolsover Road for housing, and borrowing by the colleges.

Northbrook College wants to rebuild its Broadwater Road site at a cost of £69 million, of which £46 million would come from the LSC.

It had been hoped that the redevelopment of both colleges would have been completed by 2011.

Other Sussex colleges waiting to hear if they will get money include City College Brighton and Hove, Chichester College, Central Sussex College's Crawley campus, Varndean College in Brighton and BHASVIC in Hove.

## **£120m college re-build put on hold**

Jo Winrow

Publication date: 19 March 2009

Source: Bradford Telegraph and Argus

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Bradford College's plans for a new £120 million campus are in limbo after Government funding for the key development has been put on hold.

The Learning and Skills Council, the body responsible for allocating funds, has frozen the Building Colleges for the Future programme as there is not enough money left in the pot after an influx of bids.

The current round of spending has already allocated £2.3 billion to improving college buildings and more than £2bn has been spent since the scheme began in 1997.

Bradford is now among dozens of other colleges which have received approval in principle, but now face an uncertain future over plans to transform their campuses.

A review is currently taking place to prioritise the 79 schemes that have passed the first stage and the 65 schemes from colleges which have just submitted their bids. Together they total £5.7bn of extra funding required.

The college said it had gone ahead in good faith after discussing its plans fully with the LSC and has invested more than £2m in progressing the project for final approval.

Michele Sutton, Bradford College principal and chief executive, described the campus plans as "one of the most innovative learning environments in the country".

She said: "After receiving assurances by the LSC throughout the process that funding would be available to fund the development, this news comes as a very nasty shock.

"The development is integral to the regeneration of the City of Bradford and is a key feature of the Learning Quarter. Bradford College is at the forefront of delivering education and skills to 23,000 school leavers, businesses and adults and increasingly more who have been affected by the recession, so it is vital that we receive this investment.

And Bradford Council leader Councillor Kris Hopkins described the situation as "nothing short of scandalous".

"This is a major blow for the College, local students and also the district's economy given the number of jobs that would have been created. Clearly, if the Government had wanted the scheme to be progressed then it would have happened," he said.

A £96m funding application was submitted to the LSC and the first stage of approval was granted last year. It follows funding of the first phase of the college's accommodation strategy, Trinity Green Campus, for which the LSC provided funding of ten per cent.

The second phase, the £120m campus, is to be built on the site of the college's Westbrook and Randall Well buildings and Alexandra car park, off Great Horton Road. It will cover an area of 37,500 square metres and the target date for completion is 2012.

Gerry Sutcliffe, MP for Bradford South and Minister for Sport, said: "Obviously we all want Bradford College's fantastic plans to be a top priority for the LSC and I'm sure that all of the district's politicians, whatever their party, will get behind the College's lobbying campaign."

An LSC spokesman said: "Clearly, there are more schemes currently presenting applications than can be funded in this spending round and not all schemes can be implemented in the original timescales envisaged. We will consult urgently, and as quickly as possible, with the Association of Colleges and other key sector organisations on proposals and a strategy for prioritisation for future projects."

## **UNDER-THREAT COLLEGES URGE QUICK DECISION ON BUILDING WORK**

By Alison Kershaw, Press Association Education Correspondent

17 March 2009

Press Association National Newswire

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Colleges today called on the Government to make quick decisions about the future of its building programme, amid fears some could face bankruptcy if work is not given the go ahead soon.

Principals said they were increasingly worried that they have spent millions of pounds from their reserves, their students were in temporary accommodation and contractors were on site unable to begin work because the large-scale building programme had stalled.

The Learning and Skills Council (LSC), the Government body responsible for allocating funds, froze the Building Colleges for the Future programme at the end of last year because there is not enough money to go around during the current spending cycle, which lasts until 2010/11.

It means 144 colleges are now waiting to be given the green light to begin work, even though many had already begun the process.

At Barnsley College, the contractors have already moved in.

Principal Colin Booth said: "Half of the college has been demolished, we have moved the machines in and set it up to start the rebuild in May, and that is likely to now be delayed. We are not sure we are going to get the money at all."

He added: "The constructors will have to make redundancies, that is looking increasingly likely."

Mr Booth said the ultimate result was that "it could end up bankrupting the college".

He said money was already loaned from the banks on the basis that the work would be carried out, and students would be coming into the college.

But if the work was not finished, then students could not go to the college and there would be no money to pay back the loan.

Ian Clinton, principal of Blackburn College, accused the Government and the LSC of "fiddling while Rome was burning".

He said: "We had a potential link with a motoring company to develop motor manufacturing training courses, at a time of recession it would have been great to have done that, but they are not interested in working on old 1960s buildings, they wanted the high-tech new centre."

He said the college's refurbishment was linked to a regeneration of the town centre, and that "the whole thing is in danger of collapsing like a packet of cards".

"It seems rather like the LSC and the Government are fiddling while Rome's burning," he said.

"The longer this goes on the harder it gets. We are in a hard situation, we don't want to lose the goodwill of each contractor we are working with.

"Almost by leaving things, and making us wait, the LSC will achieve its ambition because everything will fall apart like a pack of cards. We won't be able to go ahead because the banks will get fed up."

Colin Staff, principal of Brooklands College, Surrey, said he had been encouraged into a merger with an ailing sixth form centre by the LSC, and promised the money for new buildings.

He said students were now in temporary buildings, costing £78,000 a month, with no end in sight.

Mr Staff said: "We just need reassurance we can get out of this mess. We have accepted that there will be delays, but this is very important for the community."

He added: "We have been in temporary buildings since September. We hoped to be out of them in 18 months time. now we don't know if that will happen. There's just no information.

"We need to know fast."

Martin Doel, chief executive of the Association of Colleges, said there must be "quick, clear and consistently fair decisions."

"These colleges also play a central role in helping the country during times of economic difficulty and these very serious delays threaten to destabilise their efforts."

Shadow skills secretary David Willetts said: "The Government's capital spending freeze means colleges say they're at the risk of bankruptcy and building firms are laying off workers. But ministers boast about their success. They must be living in a parallel universe."

Last week, the Department for Innovation, Universities and Skills (DIUS) claimed 10,000 construction jobs had been created through the programme.

But the Tories said it was a "sick joke" and "dishonest" for ministers to say the building industry was benefiting based on a report that was completed before the freeze began.

DIUS said £2.3 billion had been invested in ongoing projects as part of the programme in 2008-09.

A Department for Innovation, Universities and Skills spokesman said: "As we said in a statement to Parliament earlier this month, the LSC recently informed us that it has given 79 colleges the first stage of approval in principle and Government funding of nearly £2.7 billion would be needed for them to proceed.

"In addition, there are a further 65 colleges that have submitted bids to the LSC for approval in principle with an assumed funding contribution from Government for a further £3 billion.

"Therefore it is obvious that even at the current record levels of spending there are many more schemes currently in preparation than can be funded in this spending round.

"Ministers have taken urgent action to find out how this situation arose and what lessons could be learnt for the future which is why Sir Andrew Foster was appointed to conduct an independent review which will report back shortly."

He added: "The full £2.3 billion allocated in the current spending review period will be spent and is already helping to fund over 250 projects currently under way."

### **MP hits out at cash delay for colleges**

Alice Wright

16 March 2009

Western Morning News

(c) Western Morning News, 2009

A programme to renovate colleges across England has created more than 700 jobs in the South West, the Government claims.

Skills Secretary John Denham said the Building Colleges for the Future programme has seen £68 million invested in projects in the South West in 2008-9, creating hundreds of jobs for builders, architects, surveyors and engineers on college sites. Since 2001, 12 colleges have received grants to fund building projects in the Westcountry.

These include East Devon College, which has received £1.7 million, South Devon College's £11.8 million, and Truro College, which had £18.6 million.

However, Torbay MP Adrian Sanders said yesterday that it was "disingenuous" for the Learning and Skills Council (LSC), which administers the scheme, to start "beating its chest" about the money it had already invested in colleges when many were still facing a delay in funding.

South Devon College learned this month that it would have to put its ambitious expansion plans on hold because the LSC does not have the money to proceed. The plans had been due to go ahead in April but Mr Sanders said the body was now carrying out a two month consultation to put together some criteria for granting funding.

Although he is hopeful South Devon College would qualify he criticised the LSC for "encouraging more bids than they were every going to have funding for" and said colleges up and down the country had been "misled".

In January, North Devon College also announced that its development plans are in doubt due to delays at the LSC.

However, the Skills Secretary insisted that the programme had been a "huge success to date".

Mr Denham said: "This programme doesn't just improve the lives of learners and regenerate communities. It has created and supported jobs - over 10,000 of them - providing real help to local workforces and, importantly, their supply chains."

He added: "The £2.3 billion we are investing has funded nearly 700 projects at 330 colleges. More than 250 projects are currently under way, and last week I announced a further eight projects would be given the go-ahead."

"This successful programme will continue, helped by the recent decision agreed with the Treasury to accelerate £220 million from future budgets to help beat the downturn," he added.

The Learning and Skills Council published research last week showing that, for every additional £1 million spent on a college, it attracts on average an extra 111 students.

It also revealed that a typical £10 million project improves a college's success rate by nearly one per cent, because it encourages more students to complete their qualifications.

### **Next stage in rebuilding programme: legal action: College principals are becoming increasingly frustrated by delays to their grand designs**

Peter Kingston

10 March 2009

The Guardian

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Most colleges aren't capable of tackling big building projects. That was the published view of the Learning and Skills Council this time last year. In view of the hideous mess the LSC now finds itself in over its own efforts to handle the further education rebuilding programme, its officials hardly want to be reminded of the lofty position taken just 12 months ago. But so worried was the LSC in March 2008 about the typical college's ability to manage "major capital schemes", that it decided to help them with a scheme given the grandiose title of "client capability enhancement programme".

If anyone's capability needs enhancing right now, it is arguably the LSC's. The government clearly intends to shovel the blame for its stalled college rebuilding scheme on to the quango. John Denham, the skills secretary, has announced that - except for eight colleges - decisions on all pending building schemes are frozen. And he has asked Sir Andrew Foster, the Audit Commission's former chief executive, to get to the bottom of what has gone wrong.

Lawyers have already been consulted by the Association of Colleges (AoC). Instead of fading gracefully towards abolition next year, the LSC could be in for the bumpiest year of the decade it has lasted.

Legal action is clearly feared by the LSC's governing body. The minutes of its national council's meeting on 17 December record that: "Members asked that a clear action plan be in place to respond to any legal challenges arising from its decision to carry over project approvals from its December 2008 meeting until March 2009."

One avenue on which to move against the LSC would be for breach of contract, says David Collins, the AoC's president. The LSC has granted 79 colleges "approval in principle" on their rebuilding proposals.

"The application in principle says: you can go ahead with this because you have made a case before the national committee and, subject to you coming back with detailed plans, the money is reserved for you," Collins says. "I think the 79 colleges would have letters of assurance that their building will go ahead subject to planning permission and details."

The period between the two stages is usually a year to 18 months. In that time, colleges will have hired architects,

designers and various other consultants to muster their bids for final approval, and the LSC has hitherto paid for some of this.

"Those colleges that have applications in principle approved have gone ahead in good faith to progress the projects in the timescale the LSC requires. Therefore, they should receive the money, and I'm sure there will be legal challenges if that money is not forthcoming," says Collins.

Colleges that were expecting final approval in December now find themselves, three months later, with no idea if or when they are going to get it. In the meantime, they are racking up considerable costs to keep their projects alive.

Abingdon and Witney College, for instance, is paying pounds 40,000 a month for the 57 temporary cabins into which all 600 full-time students, plus staff, on its Witney campus have been decanted since September. It was expecting final approval in December for its pounds 30m plan to dismantle and rebuild the ageing campus, which includes Nissen huts used by the US air force in the second world war.

"In December, we put a brave face on it and felt it wouldn't hurt to be on hold for a couple of months," says Steve Billcliffe, the college's director of development, "but we seem to be now in a position no further forward and, if anything, the uncertainty is greater."

The college was poised to sign contracts with developers but has not yet done so. It has, nevertheless, incurred considerable expense in preparing the site for the rebuild, including stripping out asbestos from existing buildings.

Abingdon and Witney needs the rebuilding to accommodate an expanding local teenage population - contrary to the national demographic trend - and to beef up its technological training facilities in response to local industry's demands, says Billcliffe.

It thus exemplifies the reasons that ministers and the LSC launched the rebuilding programme. As the Department for Innovation Universities and Skills (Dius) re-emphasised in November, its Building Colleges for the Future programme is

"critical to implementing the government's priorities for young people and adults". New building is essential for accommodating the new diploma and a "more specialised and vocationally excellent FE system".

In his parliamentary written statement announcing the extension of the freeze on building projects last week, Denham spoke of the rising demand from colleges for

capital funding and the growing size of

individual projects. But, say colleges, the government and the LSC are wholly responsible for this. The messages they have beamed out to colleges have been for all to bid for the money and to think big.

"Colleges have been encouraged to be ambitious," says Collins, who is also principal of South Cheshire College, which is currently in the middle of a pounds 75m re-

development. "Originally, we were going to build around an existing tower block and that would have been pounds 35m. And the LSC said be bold. I think that's the pattern around the country." If projects are too big and have busted the pounds 2.3bn budget for the current spending review period, ending in 2011, the LSC should have made this clear to colleges at the first stage of their applications, Collins says.

"Some of the angriest colleges are those that had small projects and were told: make it bigger and come back to us," says David Willetts, the shadow skills secretary.

"It's an extraordinary mess and colleges have been comprehensively messed around. The LSC failed to level with them and ministers failed to level with them, and it's crucial that Andrew Foster comes up with a sensible long-term solution to get us out of this mess."

### **Pounds 5.7bn building plans in logjam**

Joseph Lee

6 March 2009

Times Educational Supplement

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The full extent of the funding crisis for further education college buildings was revealed this week as the Skills Secretary John Denham said projects worth Pounds 5.7 billion were in the queue for cash.

College buildings continued to receive approval even after the value of the Pounds 2.3bn, three-year budget had been exceeded by the Learning and Skills Council, it emerged.

At least Pounds 700m of spending in excess of this budget has received approval in principle, according to figures in Mr Denham's statement to Parliament on Wednesday.

The final figure is likely to be higher, but the Department for Innovation, Universities and Skills was unable to disclose the total value of projects already given final approval.

But 79 college projects worth a total of Pounds 2.7bn have been given approval in principle, while a further Pounds 300m of spending was authorised by the council at its meeting on Wednesday.

Demand for new buildings is so high that a further 65 colleges have bids totalling Pounds 3bn waiting for approval, although it is likely these would fall into funding rounds beyond 2010-11, when it is not known how much capital will be available.

Some colleges which have already seen schemes approved in principle are likely to face delays of more than two years as the funding body attempts to prioritise projects which up until now have been treated on a first- come, first-served basis.

"There are many more schemes currently in preparation than can be funded in this spending round," Mr Denham said. "It is clear that even at current record levels of funding, not all schemes can be implemented on the timescales originally envisaged."

He said the Association of Colleges (AoC) would be asked to help draw up plans to decide which projects should proceed first. Martin Doel, the association's chief executive, said: "We would encourage Government to identify where possible additional funds might be secured to sustain this programme and allow colleges to do what they do supremely well - respond to the needs of business, individuals and communities."

Building plans for colleges in Stoke-on-Trent, Coulsdon in Surrey, west Kent, Liverpool, Solihull, Northampton and two projects in Bolton were given final approval at the LSC council

meeting on Wednesday, but Mr Denham indicated that their phasing may have to take place over five years.

David Collins, principal of South Cheshire College and AoC president, said the funding scheme should not have been allowed to progress so far without realising the extent of the demand and planning for it.

He said: "Questions have to be asked about the administration of the scheme by the Learning and Skills Council. There clearly was no realistic assessment at the outset about the scale of the problem being matched to the scale of the capital project.

"There are going to be a large number of worried principals and governing bodies who have their projects approved in principal and have undertaken significant work.

"Additional funds for college buildings would seem to be a better opportunity for the economy than the purchase of toxic bank debts."

### **Campus projects face priority queue after rush for funding**

Joseph Lee

27 February 2009

Times Educational Supplement

(c) 2009, TSL Education Limited

Building projects costing hundreds of millions of pounds may have to be put on hold for up to two years, colleges have admitted.

The news came as they also revealed the Learning and Skills Council had encouraged some colleges to increase their bids, adding to demands on the capital budget.

As the Learning and Skills Council board meets on Wednesday to try to get its capital programme back on track, colleges are calling for a system of prioritisation that will get the most urgent projects built, while others wait until 2011.

David Collins, president of the Association of Colleges, said: "We hope there will be an unfreezing of existing applications and that there will be some sort of criteria emerging that will allocate funding to colleges in a fair and equitable way.

"It's now a question of managing expectations to a realistic level and fitting the programme into a longer period than colleges expected."

Decisions to approve projects for Building Colleges for the Future funding were put on hold in December for three months, amid fears that the demand exceeded the Pounds 2.3 billion available over three years. But the delay came as ministers were trying to fast track public works projects to preserve jobs. It prompted them to call in Sir Andrew Foster to examine problems with the programme.

As far back as November, the LSC said it had bids for work totalling Pounds 2.9bn. Since then the total of 70 bids has risen, to 80 which have been approved in principle, plus a further 50 waiting for approval. The entire building programme is expected to cost over Pounds 5bn, with the contribution of colleges' borrowing having fallen to 30 per cent or less in some cases.

However, postponing a project until 2011 is likely to cause concern in some institutions, with the possibility of a change in Government and no guarantee that large sums of capital will continue to be available.

The college proposals for prioritisation have been put to the LSC, which refused to comment on the options that would be put before the board next week.

FE Focus understands that several colleges have been asked by regional LSC officials if they could wait two years for new buildings.

It also emerged that some colleges were encouraged to increase the size of their bids dramatically.

Dr Collins said his own college, South Cheshire, had originally put in a Pounds 25m bid, which would have preserved an old tower block, but the LSC had encouraged a total rebuild, costing Pounds 75m.

He said: "Up and down the country, the message that has been given out to colleges is to be ambitious, to use this opportunity."

The LSC's national strategy in March 2008 that launched Building Colleges for the Future, called for "cutting edge facilities". In the foreword, John Denham, the Skills Secretary, said: "State-of-the-art buildings make a huge difference to educational attainment."

Other building projects are even more ambitious than South Cheshire's, with City College Norwich bidding for Pounds 170 million to redevelop its campus, and the College of West Anglia seeking Pounds 150 million for its relocation.

But Mark Haysom, chief executive of the LSC, said the National Audit Office had judged the FE capital programme projects to be effective and high quality.

He said: "Since it was established in 2001, the LSC has worked closely with colleges to ensure that their project proposals are appropriate to the needs of their learners and by 2009 some 56 per cent of FE sector buildings have been renewed or modernised. In developing project proposals, colleges' project teams work closely with the LSC to ensure that these proposals meet their learners' needs by providing modern, highly flexible learning environments that help improve both college and learner performance."

### **'Jewel in crown' takes shape**

Adam Blakeman

31 January 2009

The Sentinel

(C) The Sentinel, 2009.

Workmen have completed the main structure of a £60 million college.

Newcastle MP Paul Farrelly led a topping-out ceremony yesterday to mark the milestone in the development of the new Newcastle College building.

The building, in Knutton Lane, will feature a 200-seat lecture theatre, hair and beauty training salons and conference and seminar rooms for use by local companies.

It will also have specialist facilities for art and design and construction and engineering.

Mr Farrelly said: "The new campus will place the college at the forefront of the borough's strategy to develop a dynamic local economy by promoting skills and boosting the employability of local people.

"It will also play a key role in raising the aspirations of young people throughout the region.

"I have no doubt that this iconic new college campus will become a jewel in the crown for the community of Newcastle and help shape successful lives for years to come."

Topping-out ceremonies, which happen when the topmost bricks and roof tiles are laid on a building, are a time-honoured tradition originally intended to drive out evil spirits and to pay tribute to all those working on the building.

Mr Farrelly was joined by college principal and chief executive Karen Dobson, who together laid the final slab of concrete on the roof of the building.

Principal Karen Dobson said: "We have good facilities at the college but there are some buildings which have become a bit outdated and needed replacing.

"The new building will have state-of-the-art features and will have everything in one place, whereas at the moment we are spread out over two sites.

"We currently have 2,600 full-time students aged between 16 and 18 and we think that number will rise once the new building is open and more and more people want to come here to learn."

Work started on the building last March and is due to be completed by the end of autumn.

Students and staff will move into the college in January next year.

Students' Union president Fran Pullen, left, said: "The best thing about the new building will be having everything in one place, which will be a lot easier for the students.

"I will be at university by the time the new building opens but I'm sure it will benefit lots of students for years to come."

The college development will mark the start of a £100 million regeneration package for the western edge of Newcastle town centre.

It will incorporate a new Sainsbury's store, offices and housing on the college's existing site, improvements to road and pedestrian routes and new retail developments on the current Sainsbury's site in the town centre.

The development is being funded by the Learning and Skills Council (LSC) and Advantage West Midlands.

Funding from the LSC has been allocated as part of the Government's Building Colleges for the Future programme, which will see more than £2.3 billion invested in new colleges in England between 2008 and 2011.

## **Foster to sort college renovation problems**

Joseph Lee and Alan Thomson  
30 January 2009  
Times Educational Supplement  
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Sir Andrew Foster, who chaired the 2004 review of the future of further education, has been called on to find out what has gone wrong with the multibillion-pound Building Colleges for the Future scheme.

He will examine why the Learning and Skills Council has had to halt decisions on the Pounds 2.3 billion initiative for three months, following huge demand for funding.

Sir Andrew's appointment, by John Denham, the Skills Secretary, and the council, comes as concerns grow that many colleges may face far longer delays to projects. This could create financial difficulties for some, as architects' and other bills mount.

Regional LSC officials have been consulting principals who have projects in the pipeline. Principals have told FE Focus that LSC officials have explored the possibility of delays of up to two years that would take funding for the works outside this public spending round and beyond the next general election.

Mark Haysom, chief executive of the LSC, said: "Before making any new plans, colleges should meet their local LSC to discuss financial support available so that they avoid unnecessary costs in the process."

Chris Banks, the LSC chairman, said of Sir Andrew's review: "His recommendations will assist with future financial planning and inform how the programme's effectiveness can be improved."

The Department for Innovation, Universities and Skills said colleges had become "increasingly ambitious" in the size of their projects, creating more demand for capital. Over the first year of the initiative, the average bid for cash rose from Pounds 12 million to Pounds 40 million.

Martin Doel, chief executive of the Association of Colleges, said the programme had been a victim of its own success, leading to demand outstripping available budget.

## **Spend now so colleges can build for future**

23 January 2009  
Times Educational Supplement  
(c) 2009, TSL Education Limited

An obvious change in further education over the past decade has been the improvement in the quality of college buildings. Victorian mausoleums and 1960s eyesores have been replaced by elegant glass and steel structures that could easily be mistaken for university schools of architecture.

These buildings are modern, fit-for-purpose and advertise high quality education in a way that grungy old techs never could, even if they actually did deliver the goods educationally.

The trouble is that far too few colleges currently enjoy the benefits of buildings designed for 21st-century learning. It cannot be easy trying to sell, let alone deliver, a cutting-edge learning experience when your HQ looks and functions like the back end of a bus depot.

The Government's Pounds 2.3 billion to build colleges fit for future learning (page 1) is, therefore, a thoroughly welcome initiative. In fact it has been welcomed so enthusiastically in the sector that bids for the fund topped Pounds 2.9 billion in only one year.

Of course, the Learning and Skills Council could have anticipated that demand for the money would rapidly exceed the available pot. But normally, colleges and government would be able to put their hands in their pockets and cover the shortfall through loans and other means.

Unfortunately, the economic downturn means that fewer colleges can rely on ready access to bank loans or buyers to snap up surplus sites. Meanwhile, the Government is spending almost every penny it has on propping up the banking industry.

But there is Pounds 10 billion that the prime minister has "borrowed" from future planned spending to keep the construction industry going through the downturn - and colleges are right to ask for a share of it. Afterall, it is the big civil construction works such as Building Schools for the Future and Building Colleges for the Future that will keep the pilot light on in construction over the coming months.

But more than that, the Government has asked colleges to play a major role in supporting the economy through the looming recession by expanding their work on employee skills and retraining for the unemployed. Money has been found for such courses, but not necessarily for the buildings to teach them in.

Add to this the likely expansion of FE numbers when diplomas come on stream this year and the case for continued investment in colleges is strong.

As yet there is no doubt that Pounds 2.3 billion will be disbursed for college buildings. The key questions are when and, inevitably, who will miss out.

### **Concern as building plans are stalled**

Joseph Lee

23 January 2009

Times Educational Supplement

(c) 2009, TSL Education Limited

Colleges are calling for a share of the Pounds 10 billion set aside to keep the construction industry afloat amid fears that the Building Colleges for the Future money is not enough.

With the Learning and Skills Council having stopped decisions on funding new buildings until March to cope with the demand, principals fear that future capital will be more tightly rationed.

They want part of the public spending that Prime Minister Gordon Brown has pledged to bring forward for schools, hospitals and technology to ensure that the rebuild and refurbishment of all colleges can be completed.

Demand for funds reached Pounds 2.9 billion in a year, with Pounds 2.3 billion available until 2010. Colleges would be expected to raise an equivalent sum through borrowing and land sales, but both of those have been made more difficult by the recession.

Between 40 and 60 colleges are expected to be affected by the LSC's three-month delay on funding decisions, with 22 having been made to wait last month.

The delays have hit the vaunted Pounds 110 million that was intended to be fast-tracked from next year's FE capital budget to colleges in order to stimulate the economy and the construction industry. A decision on what to do with this cash will be made in March, the LSC said.

Ioan Morgan, principal of Warwickshire College, where a Pounds 35 million project to rebuild the campus in Rugby is due to begin next month, said the funding colleges had received so far had been vital for building the kind of modern facilities that businesses expected for training.

He said: "The major capital investment up to now has gone into professionalising the facilities we provide to match the commercial world that we are training for.

"We haven't lost hope that the LSC rethink won't be good news. What would be a shame is if the college sector lost out to the schools sector in the spending being brought forward."

Colleges want the LSC to take advice from principals on how to prioritise bids, for the Government to put its anti-recession package towards college buildings and help with negotiating better borrowing rates with banks.

Martin Doel, chief executive of the Association of Colleges, said: "We can see colleges have got good plans for the future. They are already realising the benefits of new estates. This is a valuable programme we want to see continue.

"Number 10 is looking for projects that can stimulate the construction industry. This is a good candidate for further additional funding: it's been delivering on time and on budget," he added.

Colleges deny that their claims for funding are too large, arguing that they have to pass several layers of scrutiny. But the size of bids has risen dramatically.

The first 21 projects completed under Building Colleges for the Future typically received about Pounds 16 million, while the average funding claim now stands at Pounds 40 million per college. Mark Haysom, chief executive of the LSC, has stressed the size of the funding already committed and said only 42 colleges have not had recent investment in their buildings. "However, the pace of demand for funding has increased," he said. "This is because the scale of ambition and the government funding they require has grown."

## **Anger over investigation into stalled college refurbishment**

28 January 2009

Guardian Unlimited

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Minister asked to explain why government took three months to look into the decision to halt approval of capital spending by further education colleges

The skills secretary, John Denham, has been challenged by Conservatives to explain why it has taken three months to send in a troubleshooter to investigate the stalled college building programme.

The first group of colleges to learn that their construction plans were to be delayed were told in October, the same month that the chancellor Alistair Darling revealed he was bringing forward cash from next year's budget to boost major public capital works.

The Learning and Skills Council (LSC), which funds up to 75% of college building projects, told the colleges it was delaying making final decisions on their plans until its December meeting. Council members were concerned in the worsening economic climate about the colleges' ability to raise their share of the costs.

Denham announced yesterday that he was sending in the Audit Commission's former chief executive Sir Andrew Foster to investigate the operation of the Building Colleges for the Future programme, which has so far spent ?2.4bn of public money.

Just hours earlier the skills minister, Sion Simon, had publicly explained on BBC Radio 4's Today programme that the blip was a question of demand outstripping supply.

The Conservatives' shadow skills secretary, David Willetts, said: "It's extraordinary that the Department for Innovation, Universities & Skills (Dius) should have known these things back in October but that only now, after the crisis appears in the media, do they get around to investigating it.

"Meanwhile I've had worried college principals and governors contacting me about their building programmes.

"Gordon Brown says that he wants to bring forward capital spending in the public sector, so it's absurd that capital spending by FE colleges is being delayed."

Liberal Democrat MPs tabled a Commons motion condemning the LSC's decision to halt approval of further capital expenditure pending a review.

Denham said that the programme had been "a huge success to date and funded nearly 700 projects at 330 colleges." It had been boosted by the recent decision to "accelerate ?220m from future budgets to help beat the downturn," he said. "But it's right that we look at how the programme is working and Sir Andrew Foster is well placed to do that."

But the LSC main council's decision at its October meeting to delay decisions on a number of college applications was inevitable for a number of reasons, said one observer.

There had been a surge of applications from colleges anxious to get their projects approved before the abolition of the LSC in 2011, he said. And, over the five years that the programme had run, projects had become ever bigger.

"Some projects were in the region of ?140m and ?150m," he said. Even with the LSC paying up to 75% or even more of these costs, colleges were left having to find considerable sums of money. Some of this money depended on land sales at a time when land values were plummeting. "Many of them were to be sold to developers for building houses, but who's building houses now?"

There were also suddenly question marks over the solidity of even the biggest construction companies that colleges were bringing in as partners. With share prices of construction giants such as Taylor Wimpey collapsing, how could the council give the go-ahead for projects when no one could be sure that the builders would still be in business six months hence?

This, and the rising cost of lending from banks which had hitherto extended very favourable rates to colleges, amounted to a simple case of due care and diligence on the part of the quango, the source said.

"The government was giving colleges a proportion of the money to build. The question was: where was the rest of the money coming from?"

"Nobody with common sense ? the public finances being what they are ? was going to throw money at this. The LSC is not an irresponsible body. One simply has to be very careful in the current situation that calculations made six months ago still hold."

This version of events seemed to be confirmed by Sion Simon, who told the Today programme that there was a marked increase in the number of FE building projects seeking approval in the second half of 2008.

"And at the same time the economic downturn means that things like some land sales that deals might have depended on are in question, some people's bank loans are in question and so on."

Considerable alarm was expressed at the October meeting about the effect the delay would have on colleges.

"The assumption was that we would have a very quick response from Diu," one observer said.

But the same month it emerged that the chancellor was going to bring forward cash from next year's budget for public building projects.

One assumption growing around further education is that the situation confronting the LSC could not be allowed to overshadow that announcement.

## **Foundations of a crisis: Principals say a sudden delay in building decisions could throw some colleges into financial trouble**

Peter Kingston

20 January 2009

The Guardian

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The prime minister could not have expected to soothe everybody with his New Year pledge to keep public building projects going during the economic crisis. But some college heads were surprised to hear his views. They had been told just before Christmas, without any warning, that their rebuilding plans were to be put on ice for three months. And this moratorium until March on funding decisions for capital projects, announced by the Learning and Skills Council (LSC), could tip some of their institutions into serious financial difficulties, they say.

The LSC decision was made suddenly with no public statement. College principals were told individually. One describes it as the latest factor in a "a toxic mix" that could spell financial crisis for colleges. It comes at a time when they are anxious about their incomes for teenagers - soon to come from local authorities rather than the LSC - and about the fragmentation of adult funding, which they will increasingly have to tender for.

Blackburn, Bolton Community, and Oxford and Cherwell Valley colleges were among seven institutions that had been poised to get the final go-ahead from the LSC at its national council meeting on 17 December for major redevelopment works.

A further 15 were identified by the Association of Colleges (AoC) as acutely affected by the quango's decision. But backing up behind them in the queue for final approval for building plans is a larger group of colleges.

Abingdon and Witney College, for instance, was expecting a decision in March on its "application in detail" for rebuilding its Witney campus. That could now be delayed because of the need to process the 22 applications that weren't dealt with in December. Since September, all 600 full-time students have been decanted into 57 portable buildings in the car park. In public, the college is putting on a brave face. "They provide a better quality of accommodation for the students than we've had before," says a spokesman.

But no college in the queue can afford delays. Costs mount up. Contractors might have to be stood down and in some cases new contracts negotiated. Delays in land sales, which are a vital component of many projects, mean plummeting values. While it waits to hear the fate of its application in March, Abingdon and Witney has given its building contractors the go-ahead to start preparatory work.

Cirencester College, too, was expecting to get a decision in March on its "application in principal", the first major hurdle in the process. It needs to completely rebuild the college, which is bursting at the seams, says the principal, Nigel Robbins.

So far the college has spent pounds 500,000 getting the scheme together, which could end up costing up to pounds 80m. Normally it could expect to get half of the preparatory costs - for architects, consultants, designers and so on - from the LSC, under the rules of the Building Colleges for the Future programme, when it grants final permission ("application in detail"), which could now be delayed.

"We meantime have a cash shortage and might have to pay that pounds 250,000 out of the revenue budget," says Robbins. Given the tight margins that colleges work under, this could

plunge an institution into the red and also mean a poor rating for financial management in ensuing audits.

Some projects are extremely complex and delicately poised. Itchen College in Southampton, for instance, wants to up sticks to a new site over a mile away in a pounds 48m building project. It is going to share the site with a new community centre. The projects depend on each other. And a school is moving in to occupy the college's old site.

Itchen was one of the 22 colleges expecting to have decisions on their applications ratified by the LSC's national council in December. "Timing will be crucial," says Barry Hicks, the college principal. "If we get further delays after 4 March it would be serious."

His anxiety will certainly be shared by the local MP, who has been a great supporter of the project, says Hicks. But John Denham has a dual role here. As skills secretary, he oversees the LSC and is aware of concerns that the immensely popular Building Colleges for the Future programme needs a breathing space or else it risks collapsing under excessive demand in the economic downturn. He will have had a better handle on the situation than those ministerial colleagues who reportedly raised the plight of their local colleges in cabinet.

In fact, the suspension of college building decisions is part of a wider picture, says Allan Wilen, economics director at Emap Glenigan, which provides intelligence on the construction industry. "We've seen a fall-off in the number of projects in the development pipeline in health and education, and the experience in the FE sector fits with this picture," he says.

"If anything, the government should be trying to accelerate schemes rather than put them on hold."

Delaying decisions in a programme that had been loudly promoted by the LSC and the government was "unprecedented" and would have dire effects on colleges, the AoC's chief executive,

Martin Doel, has pointed out in a letter to his LSC counterpart, Mark Haysom.

Colleges awaiting the final say-so on their "applications in detail" are sitting on immensely complex deals, he says. Any delays in the process run the risk of deals having to be renegotiated.

In the current climate colleges cannot, for instance, clinch the low interest rates on bank loans that they previously enjoyed.

College principals nonetheless express sympathy for the LSC and acknowledge that the economic downturn is putting a strain on the Building Colleges programme. The LSC had known for months that heavy demand, coupled with the downturn on land prices and interest rates, would require a breathing space for a review of the situation.

But some say the LSC had been intending to warn colleges sooner. One principal says a senior LSC source told him that the Department for Innovation, Universities and Skills (Dius) had vetoed any advanced notice of the review.

Dius denies this. A spokesman said: "Ministers were only informed of this decision following the council meeting."

As a result, fears have been fuelled and rumours have circulated that the quango has run out of money. The LSC eventually issued a statement last week. Haysom said: "There is no

freeze on the programme. Currently, 253 projects are being funded and, in fact, pounds 110m has been brought forward from future budgets to accelerate spending."

The programme was such a success that the demand, coupled with the impact of the economic downturn on colleges' ability to raise funds, was affecting it, he said. "It is for this reason that over the next couple of months the LSC will work closely with colleges that have recently submitted bids, to look at individual current positions before making further funding decisions."

The delay on plans to completely rebuild Cirencester College could spell disaster, says principal Nigel Robbins (below) SWNS.COM

### **Super college moves a step closer after planners say yes**

MICHAEL GREENWELL Education Correspondent

10 January 2009

Nottingham Evening Post

(c) 2009 Nottingham Evening Post

Ambitious plans to create a £96m 'super-college' in Mansfield and Ashfield have moved a step closer.

Planning chiefs at Mansfield District Council gave their approval for building work on West Notts College last Monday night

About 16 acres of land off the A60, next to the college's existing Derby Road campus, has been set aside for the state-of-the-art facility.

Ashfield District Council's planning committee will also consider the proposal when it meets on Thursday.

The Learning and Skills Council must also approve the scheme, which forms part of its Building Colleges for the Future programme, before work can go ahead.

If approval is granted by all parties, construction work could start in March this year.

The new college will comprise a three-storey teaching block and creative arts building, an eight-storey tower, a split-level two-storey construction and engineering block, sports centre and parking for around 700 vehicles.

It will also provide a range of specialist facilities for students, staff and the local community, including a 250-seat performance theatre, health spa, sports hall and restaurant with panoramic views of the surrounding area.

The new building will replace the Derby Road campus and will bring together a number of existing college sites.

Asha Khemka, Principal and chief executive of West Notts College, said: "I'm delighted Mansfield District Council has backed our plans for the new college, which will provide the inspirational teaching and learning space that our communities so richly deserve.

"The iconic building will act as a symbol of the community's ambitions and aspirations and I'm pleased the council shares our vision of providing world-class facilities for young people and adults across the area."

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### **Fight for funding begins**

Joseph Lee

28 November 2008

Times Educational Supplement

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Colleges forced to vie with charities and training companies for building grants.

Private training providers are to be given the right to bid for Government cash for new buildings, prompting fears that funding may fall short for colleges.

Colleges may have to build more cheaply, wait longer for new buildings or borrow more cash in order to complete projects as they compete for funds with training companies and charities.

The Learning and Skills Council (LSC) said there have been bids for capital projects worth more than Pounds 2.9 billion from 70 colleges as part of the Building Colleges for the Future programme.

Its budget for the next three years is under Pounds 2.4bn, but colleges usually make up the shortfall by borrowing and using funds from other sources.

The National Audit Office has warned about rising levels of college debt, which is expected to reach Pounds 1bn in two years' time from Pounds 200 million in 2001. But the LSC said colleges may have to borrow more.

In its Capital Skills Prospectus, the LSC said: "As eligibility for capital funding is extended to new providers, we expect demand to exceed the available budget. This will require providers and partners to demonstrate clearly the value of proposals and to explore other funding sources."

If applications exceed the available funding, the LSC will ask colleges and providers to scale down their applications where possible. It could also prioritise some projects or phase in funding payments over a longer period of time.

Funding will be allocated to the projects that best address the priorities for apprenticeships and the work-based Train to Gain scheme, as well as other skills programmes.

Not all private providers will be eligible. They will usually have to earn half of their income through providing courses for the LSC and they must meet quality and financial performance requirements.

The LSC said expanding eligibility would ensure a wide range of skills needs could be addressed and that all providers could respond to the Government's priorities.

Julian Gravatt, director of funding and development for the Association of Colleges, said colleges were well-equipped to compete with training providers in bidding for the capital funds.

But he said: "There are a lot of good college capital projects and only a certain amount of money available. It comes down to priorities within the education budget: the universities' capital budget is bigger than the LSC's, although they are not planning an expansion in places but we are. Building Schools for the Future is about Pounds 7bn and there's no increase in school pupil places."

College debt needed to be put in context, he said. Even Pounds 1bn would result in only about Pounds 100 million-a-year servicing costs on a total college budget of Pounds 7bn.

Mr Gravatt said the global financial crisis could make it harder for colleges to obtain loans.

Graham Hoyle, chief executive of the Association of Learning Providers, said the decision was welcome for private training companies but "long overdue". It was "a significant move in the right direction, yet another step on the way to levelling the playing field".

**Rewards of a better building: Building Colleges for the Future is about far more than replacing classrooms. Harriet Swain looks at colleges across the country that have become landmarks for their design, rejuvenated economies and improved learning**

30 September 2008

The Guardian

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York college prides itself on the "wow factor" of its new building. Bournville College wants its new campus, due to open in September 2011 on the former Rover site in Longbridge, to be "a landmark 21st century learning facility". Newcastle College won an award from the Royal Institute of British Architects for its striking Performance Academy, visible from the other side of the city, and providing both a brand for the college, and a physical symbol of what goes on there. The Building Colleges for the Future programme is about much more than replacing the odd draughty hall and putting in a few computers.

On the other hand, there are also plenty of draughty halls and computing facilities that need replacing. Most existing college buildings were built in the 1950s and 1960s, when the quality of much construction was notoriously poor, says Adrian Boot, design director of RMJM Architects, responsible for new further education buildings, including Newcastle college.

Often, they were never even designed to deliver learning but have been adopted and adapted by colleges over time as they expanded. This means that while some have plenty of space, it is not necessarily the kind of space they need and is often inefficient and expensive to run. In some colleges, students regularly study a single course in different buildings, while access for disabled students, staff or members of the public can be poor.

Nor did the original architects have to take in the kind of environmental concerns or pressures to reduce energy consumption that are considered standard today. The buildings also date from a time before the internet, and all the advances in technology that have succeeded it, not to mention many other changes in the workplaces that the colleges are training people to enter. Learning has changed too, with more emphasis on the importance of practical and peer learning as well as the kind picked up in a traditional classroom.

"It's now all about public-based learning, which requires a completely different set-up," says Boot. "You need white boards, flexible space, suites of mixed mode learning spaces, and social spaces. So much about learning doesn't take place in the classroom."

No prizes for beauty

Finally, far from offering any kind of "wow factor", further education college buildings have not traditionally been known for their looks.

"Ten years ago, much of the physical infrastructure was pretty poor and unattractive," says Chris Banks, chairman of the Learning and Skills Council, who says that investment in improving the infrastructure at that time was virtually nil. So the Building Colleges for the Future Programme marks a major change. To date the LSC has approved about pounds 2bn of taxpayers' money into improving buildings and facilities. More than half the further education estate has already had some kind of overhaul and the intention is to continue until the whole estate has been improved. The idea is that if Britain's economy is to compete successfully with emerging and existing economies, the education system needs to be world class and this means world-class facilities.

"We know that if we provide light, bright, interesting spaces for people to work and study in, it attracts more people - participation in learning goes up," says Banks. "It also encourages people to work more efficiently and so achievement rates go up too."

Research carried out for the LSC by the European economic consultancy Frontier Economics found that building projects costing more than pounds 1.5m had a positive impact on participation, with every pounds 1m over this threshold increasing participation by 92 learners per year. In addition, colleges with below average attainment that reported more than pounds 9m of capital expenditure experienced an increase in attainment of 0.36 percentage points for every additional pounds 1 million above the initial pounds 9m.

The aim is also to embed colleges better in their local economy and community. Many of the new developments will be used by businesses for events, meetings and training, and have been designed as cornerstones of urban regeneration.

Only the beginning . . .

Banks recognises that the current building programme is not the end of the story - and that this will mean continuing costs. "We don't see this as, 'we've built world class education facilities. Job done,'" he says. "The responsibility then is to continue to keep the estate up to date and refurbish it."

Some savings - an estimated pounds 150m a year - will be made because the new buildings will be more efficient to run. But while cost efficiency is important, so is image, he says. "Sometimes, if you are going to make a really positive statement about the importance of accessibility to learning and teaching you have to make that very visible with a great, iconic, world-class building."

York college recently moved into a new pounds 60.5m campus, which will be used by around 13,000 learners Rii Schroer

## **Refurbished colleges face Pounds 1bn debt**

Steve Hook

11 July 2008

Times Educational Supplement

(c) 2008, TSL Education Limited

A debt of pounds 1 billion looms large for colleges as they continue to press on with a national campus modernisation and rebuilding programme.

The Pounds 731 million credit burden - an average of Pounds 1.9m for each of England's 376 colleges - is destined to increase further as colleges continue to borrow to cover the cost of new environmentally friendly buildings to replace facilities built in the 1960s and 1970s.

Within two years, based on current trends, colleges are expected to owe more than Pounds 1 billion.

A National Audit Office (NAO) report raises concerns about the impact on college budgets as the economy faces recession, partly driven by the global credit crunch.

Learning and Skills Council grants are available for capital projects but most of the money for the renewal programme so far has been raised by colleges through the sale of assets and loans.

They face the pressure of maintaining repayments from a potentially reduced income as a result of the economic slowdown, the effect of competition in post-16 education and changes in funding arrangements, including the winding up of the LSC in 2010.

The council's aim was to see every college rebuilt or modernised by 2016. Already, further education has been given buildings of a high standard as a result of the programme, with the knock-on effect of improved student performance.

To date, the NAO has not found any colleges reporting financial difficulties arising from the debts, but it says some principals have admitted the burden could become unmanageable in the long term.

In its report, *Renewing the Physical Infrastructure of English Further Education Colleges*, the NAO says some smaller colleges could struggle if demand for courses falls. The stalling economy already threatens to lead to fewer apprenticeships as some employers become reluctant to commit to recruits requiring college training.

The number of colleges in a weak financial state, as judged by the LSC, grew from 68 to 89 in 2006-07. Their total long-term loans has risen from Pounds 200m to Pounds 731m since 2001, when the LSC was created. Interest payments alone for 2006-07 were Pounds 58m.

The NAO report said: "Whilst colleges can generally afford to service the loans they take out, they are vulnerable to changes in their income. In the context of a changing and increasingly competitive sector, some college finance directors are concerned about colleges' ability to meet loan and interest repayment in the long term."

Some more specialist colleges feel particularly vulnerable, it says.

Thirty-eight colleges examined by the NAO went over-budget with their building work - 11 of them by more than 10 per cent of the predicted costs. Many colleges also underestimate the initial running costs of new buildings, despite the emphasis on architecture aimed at reducing energy consumption.

## **Green fund cuts waste**

Joseph Lee

13 June 2008

Times Educational Supplement

(c) 2008, TSL Education Limited

A Pounds 20 million fund to help colleges cut their contribution to global warming has seen their annual carbon emissions fall by more than 10 per cent.

But the environmental experts in charge of the green fund have warned that further improvements will be hard to achieve now the easiest savings have been made.

Colleges face the most stringent targets in the public sector for reducing carbon emissions, with all new buildings expected to be zero carbon by 2016 as part of the Building Colleges for the Future scheme.

By bidding up to Pounds 100,000 for projects ranging from loft insulation to the installation of systems that better regulate temperature, 250 colleges are due to save 47,000 tonnes of carbon a year.

Based on their consumption of gas and electricity, the Learning and Skills Council says colleges produce 448,000 tonnes of carbon emissions annually.

The green projects are also expected to cut colleges' energy bills by Pounds 48 million over 25 years. And colleges will be free to invest these savings in education, according to Salix Finance, which specialises in managing environmental projects.

Kevin McDonald, its business development manager, said: "Our scheme was designed to have a very quick payback, to provide colleges with some quick wins, such as installing cavity wall insulation, so they can see the benefits early on."

But plans to expand the projects are likely to involve increased cost to colleges. Typical environmental schemes require the institution to pay half the costs, with savings being invested in further green schemes, rather than being returned to the institution's budget.

At a cost of Pounds 63 per tonne of carbon emissions reduced, the college fund represents good value compared with similar schemes. The Department for Environment, Food and Rural Affairs expects each tonne cut to cost around Pounds 100.

With the zero carbon target hanging over them, colleges are trying to increase their energy efficiency. Manchester College of Arts and Technology has commissioned the Carbon Trust to draw up plans to save 750 tonnes of carbon a year.

The Association of Colleges has persuaded about a third of colleges to sign its Green Declaration, pledging to reduce their impact on the environment in line with LSC sustainability policies.

Lisa Dubow, campaigns officer for the AoC, said: "The declaration is a public commitment that colleges will look at internal policies and practices in order to implement environmental best practice... Management, staff and lecturers pushing the green agenda are setting a really positive example."

## **B Press releases**

### **College building programme has created 10,000 construction jobs**

**DEPARTMENT FOR INNOVATION, UNIVERSITIES AND SKILLS**

**13 March 2009**

A programme to renovate colleges across England has created and is supporting over 10,000 jobs, Skills Secretary John Denham announced today.

The Building Colleges for the Future programme has seen over £2.3bn invested in ongoing projects in 2008-09 providing state of the art college facilities up and down the country. This investment has sustained a workforce of around 10,000 people employed on college sites including builders, architects, surveyors and engineers. Further jobs have been created and supported throughout the supply chain.

This is part of the Government's overall strategy to provide real help now for families and businesses. In addition to interest rate cuts, the Government has taken decisive action to provide a shot in the arm for the economy by cutting taxes, helping homeowners facing repossession, helping firms with cash flow difficulties and bringing forward £3 billion of capital projects.

Skills Secretary John Denham said:

"This programme doesn't just deliver new college facilities to improve the lives of learners and regenerate communities. It has created and supported jobs - over 10,000 of them - providing real help to local workforces and, importantly, their supply chains. The programme has been a huge success to date. The £2.3bn we are investing has funded nearly 700 projects at 330 colleges. More than 250 projects are currently under way, and last week I announced a further eight projects would be given the go-ahead. This successful programme will continue, helped by the recent decision agreed with the Treasury to accelerate £220 million from future budgets to help beat the downturn."

As well as helping to create and support jobs in each English region, the £2.3bn has had a significant impact on the skills of local people. An estimated 500 apprentices have been employed on college construction sites in 2008-09, giving young people and adults the opportunity to get a qualification and gain invaluable on the job experience.

Mr Denham added:

"Our building programme makes sure all those firms who get college-building contracts have training plans in place and maximise the availability of apprenticeships. This ensures we get maximum value and training opportunities out of every penny of public investment going into our colleges, and marks a radical approach to public procurement. Apprenticeships are rightly valued for providing employers with a well-trained workforce which can help them prepare for the upturn when it comes. They're about investing in their future, whatever the economic climate."

Research published today by the Learning and Skills Council (LSC) shows the positive effects that the huge increase in capital expenditure has had on colleges' performance. The research found that:

\* For every additional £1 million spent, a college attracts on average an extra 111 learners;

\* A typical £10 million project improves a college's success rate by nearly 1 percentage point, as it encourages more learners to complete their qualification;

\* The retention rate increased by 10 percentage points for 16-18 year olds between 2000/01 and 2006/07.

The research, Evaluating the impact of capital expenditure in further education, has also found that the average size of individual projects is changing considerably over time. Projects more recently approved by the LSC are significantly greater in size.

## NOTES TO EDITORS

1. For a regional breakdown of where the money has been spent, see below.

Region	Total LSC Grant in £m for projects funding in 2008/9
East Midlands	£243
Eastern Region	£196
Greater London	£384
North East	£168
North West	£461
South East	£440
South West	£68
West Midlands	£224
Yorkshire & Humber	£160
<b>National total</b>	<b>£2,344</b>

The estimate of jobs created and supported nationally in 2008-09 is over 10,000. This amounts to more than 700 in each region with some regions accounting for more than 1,500.

The college building programme began in 2001-02. From 2001-02 to 2008-09, a total of £2.9bn has been spent by the Learning and Skills Council.

2. We estimate that in 2008-09 there was a workforce of approximately 10,000 employed on college sites. These are estimates of people directly employed in construction jobs. They do not reflect jobs created in the supply chain for construction nor the multiplier effect of construction staff spending income in the local economy.

3. For 2008-09, we estimate that 1 in 20 of the workforce on college projects are apprentices, based on a survey of 10 contractors conducted by MORI in December 2008.

4. Frontier Economics' report for the Learning and Skills Council, Evaluating the impact of capital expenditure in further education can be found at <http://www.lsc.gov.uk>

5. College success rates are defined as the number of qualifications achieved as a percentage of the number started. Retention rates are defined as the number of qualifications completed as a percentage of the number started.

6. A list of the colleges who have received capital funding since 2001 is attached.

**Department for Innovation, Universities and Skills**

**04 March 2009**

**Denham statement on Capital Investment in Further Education Colleges**

Skills Secretary John Denham today made the statement below to Parliament.

In 1997 there was no capital budget for Further Education (FE) Colleges and the National Audit Office (NAO) described FE college buildings as "ageing and their quality and fitness for purpose was often unsatisfactory, affecting the reputation of the sector."

Between 1997/98 and 2006/07, more than £2 billion has been invested in modernising FE facilities. My Department will spend another £2.3 billion in the current spending review period. We have brought forward £220 million of this funding, £110m from 09-10 to 08-09 and a further £110m from 10-11 to 09-10, as part of our response to boost the economy. Nearly 700 projects in 330 colleges throughout England have been agreed. 253 schemes are underway or fully approved. Only 42 colleges have yet to receive any investment. Last summer the NAO reported the programme as making good progress with the renewal and modernisation of the FE estate with the great majority of projects coming in on budget and delivering great improvement for learners.

I previously informed the House that the demand for funding by colleges has risen. The size of projects and the scale of Government funding required has increased. In December, the Learning and Skills Council (LSC) which administers the programme decided to defer further approvals of projects in principle and in detail whilst assessing the programme overall. As I said in the House on 3 February, this decision did not affect projects that have already received agreement in detail and are in progress and we anticipate spending the full £2.3bn allocated in this spending review period.

Today the Council met to discuss the results of its assessment of the programme. It has decided to give detailed approval to eight schemes at colleges in Stoke-on-Trent, Coulsdon (Surrey), West Kent, Liverpool, Solihull, Northampton and two in Bolton.

These colleges had all been recommended for approval by the national Capital Committee of the Council and decisions to approve their applications in detail had been deferred from the December meeting.

The total cost of these schemes is nearly £400m. The Council will provide more than £300m in Government funding over the next five years. Following the Council's decision today, the LSC will be working with the colleges involved on the phasing and funding requirements of these projects and how they are now taken forward. Their benefits will be felt by students and their local communities for years to come.

However, the LSC has now completed its assessment of other colleges seeking approval in principle or detail. I am informed that the Council has already given 79 colleges the first stage of approval in principle. Government funding of nearly £2.7 billion would be needed for them to proceed. A further 65 colleges have submitted bids to the national LSC for approval in principle with an assumed funding contribution from Government of a further £3 billion.

As a consequence, there are many more schemes currently in preparation than can be funded in this spending round. For that reason, I agreed with the Council that they would appoint an independent reviewer - Sir Andrew Foster - to find out how this situation arose and what lessons must be learnt for the future. It is clear that even at current record levels of funding not all schemes can be implemented on the timescales originally envisaged. I have therefore asked the Council to consult with the Association of Colleges and the FE sector to advise me on ways of prioritising schemes in the future programme.

I have asked the Council to keep interested members informed on the progress and status of schemes in their area.

- Ends -

#### NOTES TO EDITORS

On 27 January 2009, Skills Secretary John Denham and Chris Banks, chair of the Learning and Skills Council, appointed Sir Andrew Foster, former chief executive of the Audit Commission, to lead an independent review into the operation of the building programme which has seen further education and sixth form colleges built and renovated across England.

For further information, see:  
<http://nds.coi.gov.uk/environment/fullDetail.asp?ReleaseID=390916&NewsAreaID=2&NavigatedFromDepartment=False>

For further information, please call Jane Parsons in the DIUS press office on 020 3300 8928

#### **DEPARTMENT FOR INNOVATION, UNIVERSITIES AND SKILLS**

**011/2009 27 January 2009**

#### **Denham and Learning and Skills Council appoint Sir Andrew Foster to review college building programme finances**

Skills Secretary John Denham and Chris Banks, chair of the Learning and Skills Council, have today appointed Sir Andrew Foster to lead an independent review into the operation of the building programme which has seen further education and sixth form colleges built and renovated across England.

Sir Andrew, former chief executive of the Audit Commission, will review the circumstances that have led to the current position of the Building Colleges of the Future programme, managed by the Learning and Skills Council (LSC) and what lessons can be learned. He will assess existing LSC processes and consider how they can be enhanced to deliver more effective management of the programme in the current economic environment and beyond.

Chris Banks chair of the Learning and Skills Council said:

"The hugely successful FE Capital programme has seen nearly 330 colleges, and 700 projects benefit so far. Only 42 colleges have yet to benefit from investment. The success of the programme to date has raised the ambition of the sector, with growing numbers of colleges looking to increase available opportunities for learners and employers alike. This, in turn, has led to an increase in demand for capital funding.

"Sir Andrew Foster is well respected, and with his sound knowledge of the sector, his recommendations will assist with future financial planning, and inform how the programme effectiveness can be improved, both in the current economic downturn, and for the long term future."

Skills Secretary John Denham said:

"The programme has been a huge success to date and funded nearly 700 projects at 330 colleges. Government investment in capital projects will amount to £2.3 billion between 2007 and 2010, while in 1997 not a penny was available. More than 250 projects are currently

under way and funded by the LSC - helped by the recent decision agreed with the Treasury to accelerate £220 million from future budgets to help beat the downturn. This money will be spent to bring forward building, benefiting learners and regenerating communities. But it's right that we look at how the programme is working and Sir Andrew Foster is well placed to do that."

Recent National Audit Office and Public Accounts Committee reports have acknowledged the success of the programme and, as announced in the last Pre-Budget Report, investment of £110 million for 2009/10 and a further £110 million for 2010/11 will be brought forward. This is not affected by the recent LSC announcement.

However, the pace of demand for funding by colleges overall has increased. This is because projects and the scale of Government funding they require are becoming increasingly ambitious.

In addition there are early signs that the ability of colleges to raise their own funds for to help pay for proposed projects is being affected by the downturn. Many proposed schemes rely on either the sale of land or other assets and on the ability of colleges to gain financial support from the banks. This may have an affect on the private funding available for schemes.

The LSC has been working closely with colleges that intend to submit bids to look at the individual current positions before making further funding decisions. As a result of this the consideration of a small number of applications that were due for decision - both in principle and in detail - has been deferred from December to March.

The 253 colleges that have been given approval in detail and either have work under way or have been previously been given the final go-ahead for works to begin will not be affected. The LSC will be in contact with colleges that are in the process of submitting or working up bids as part of this process.

#### Notes to editors

1. Sir Andrew Foster has carried out two previous reviews of the further education sector, including the review of the role of FE in 2004. Before that, he led the Bureaucracy Review Group for the Learning and Skills sector. He served as Chief Executive of the Audit Commission for England and Wales between 1992 and 2003. In December 2008, the RSA announced that Sir Andrew Foster will chair a new independent commission looking at the future of public services.

2. In his review of Building Colleges for the Future, Sir Andrew will seek views of college principals and finance directors alongside those of representative college groups, such as the Association of Colleges and 157 group, and is expected to make early recommendations to ministers in February with a final report by April.

3. The Treasury announced that capital spending would be brought forward in their Pre-Budget Report published on 24 November 2008. For further details, see: [http://www.hm-treasury.gov.uk/prebud\\_pbr08\\_pressindex.htm](http://www.hm-treasury.gov.uk/prebud_pbr08_pressindex.htm)

4. The NAO's report, Renewing the physical infrastructure of English further education colleges, published on 11 July 2008, found that the further education capital programme was enabling colleges in England to make good progress in renewing and rationalising their estate, replacing poor quality buildings with high quality, more suitable facilities. The report found that when colleges were incorporated "much of the physical infrastructure was in poor condition, many

buildings required urgent health and safety-related repairs, were unattractive to potential learners, unsuitable for modern learning, inaccessible to people with disabilities and inefficient to run." See <http://www.nao.org.uk/pdf.aspx?page=2855> for a pdf of the report and press notice.

5. Since then, the Government has invested huge sums of money into the renewal and modernisation of the further education sector.

Between April 2001 and March 2008, the Learning and Skills Council approved colleges' projects at the final detailed application stage with a total cost of £4.2 billion and grant support totalling £1.7 billion.

6. The full list of current projects underway is as follows: Current projects underway and unaffected:

College Name	Region
Abingdon and Witney College	SE
Alton College - 2 projects	SE
Aquinas College	NW
Ashton Under Lyne Sixth Form College	NW
Askham Bryan College	NE
Barnet College	GL
Barnsley College - 2 projects	YH
Basingstoke College of Technology	SE
Bedford College	ER
Berkshire College of Agriculture	SE
Birkenhead Sixth Form College	NW
Bishop Auckland College - 3 projects	NE
Bishop Burton College	YH
Blackpool Sixth Form College - 2 projects	NW
Bolton Sixth Form College - 2 projects	NW
Bracknell & Wokingham College	SE
Bradford College	YH
Bromley College - 2 projects	GL
Brooklands College	SE
Broxtowe College, Nottingham	EM
Burnley College	NW
Bury College	NW
Cambridge Regional college	ER
Canterbury College - 3 projects	SE
Cardinal Newman College	NW
Carmel College - 2 projects	NW
Carshalton College - 2 projects	GL
Castle College	EM
Central Sussex College - 2 projects	SE
Cirencester College	SW
City College Brighton	SE
City College Coventry - 2 projects	WM
City College, Birmingham	WM
City of Bath College	SW
City of Bristol College - 2 projects	SW
City of Sunderland College	NE
City of Westminster College - 3 projects	GL
City of Wolverhampton College	WM
Colchester Institute	ER
College of North West London	GL

College of West Anglia	ER	
Coulsdon College	GL	
Crawley College (Central Sussex College)		SE
Croydon College - 4 projects	GL	
Derby College - 2 projects	EM	
Derwentside College - 2 projects	NE	
Ealing, Hammersmith and West London College - 2 projects	GL	
East Berkshire College	SE	
East Devon College	SW	
East Durham and Houghall College		NE
East Norfolk Sixth Form College	ER	
East Riding College	YH	
East Surrey College	SE	
Eastleigh College	SE	
Easton College - 2 projects	ER	
Epping Forest College	ER	
Exeter College	SW	
Fareham College	SE	
Farnborough College of Technology (FCOT)		SE
Farnborough Sixth Form College		SE
Farnham College	SE	
Freeman College	YH	
Furness College	NW	
Gateshead College	NE	
Gateway College	EM	
Godalming College - 2 projects		SE
Great Yarmouth College - 2 projects		ER
Greenhead College	YH	
Grimsby College	YH	
Hadlow College	SE	
Halesowen College	WM	
Harlow College - 2 projects	ER	
Hartlepool Sixth Form College	NE	
Hastings College of Arts and Technology - 2 projects		SE
Havering Sixth Form College	GL	
Henshaws Society for the Blind	YH	
Herefordshire College of Technology		WM
Hereward College, Coventry - 2 projects		WM
Hertford Regional College	ER	
Highbury College - 2 projects	SE	
Huddersfield New College	YH	
Hugh Baird College - 2 projects	NW	
Joseph Chamberlain College		WM
Keighley College	YH	
Kendal College	NW	
Knowsley Community College		NW
Lambeth College	GL	
Leeds College of Art and Design		YH
Leeds College of Building	YH	
Leicester College - 2 projects	EM	
Leyton College	GL	
Lincoln College - 2 projects	EM	
Liverpool Community College - 2 projects		NW

Loughborough College	EM	
Luton Sixth Form College	ER	
Macclesfield College	NW	
Manchester College of Art and Technology		NW
Matthew Boulton College	WM	
Merton College - 3 projects	GL	
Mid Cheshire College - 2 projects	NW	
Mid Kent College	SE	
Middlesbrough College	NE	
Moulton College - 2 projects	EM	
National Skills Academy for Nuclear		NW
National Star - 2 projects	SW	
Nelson and Colne College	NW	
New Castle under Lyme College		WM
New College Pontefract	YH	
New College Swindon	SW	
New College, Pontefract	YH	
Newcastle College	NE	
Newcastle College Sandyford Business Centre		NE
North Devon	SW	
North East Worcestershire College		WM
North West Kent College	SE	
Northampton College	EM	
Northern Counties	NE	
Norwich City College of F & HE - 2 projects		ER
Notre Dame College	YH	
Orpington College	GL	
Otley College	ER	
Park Lane College - 6 projects		YH
Pendleton College	NW	
Plumpton College	SE	
Preston College	NW	
Priestley College	NW	
Prior Pursglove College	NE	
Queen Mary's College	SE	
Reaseheath College - 2 projects		NW
Redcar and Cleveland College		NE
Reigate College	SE	
Rodbaston College	WM	
Rotherham College of Art and Technology - 2 projects		YH
Royal National College for the Blind		WM
Royal School for the Deaf	NW	
Runshaw College - 3 projects		NW
Selby College - 3 projects	YH	
Sheffield College	YH	
Skemersdale Construction Academy		NW
South Cheshire College	NW	
South Downs College	SE	
South East Essex College of Art and Tecnology		ER
South East Essex VI College (SEEVIC)		ER
South Leicestershire College	EM	
South Thames College - 2 projects		GL
Southampton City College	SE	
St Brendans Sixth Form College - 2 projects		SW

St Charles Sixth Form College	GL	
St Dominic's Sixth Form College - 2 projects	GL	
St Helens College - 2 projects	NW	
St Mary's College, Blackburn	NW	
Stafford College	WM	
Stafford College, Staffordshire	WM	
Stephenson College	EM	
Stockport College	NW	
Stockport College / North Area College	NW	
Stockton and Riverside College	NE	
Stockton riverside & Bede College	NE	
Stockton Sixth Form College	NE	
Stoke on Trent College	WM	
Stratford College	WM	
Strode College	SW	
Strode's College	SE	
Stroud College	SW	
Suffolk New College	ER	
Tamworth and Lichfield College	WM	
Thanet College	SE	
The Sixth Form College Farnborough	SE	
The Sixth Form College, Solihull	WM	
Tower Hamlets College - 2 projects	GL	
Trafford College	NW	
Treloar College	SE	
Truro College - 2 projects	SW	
Uxbridge College	GL	
Wakefield College	YH	
Walsall College of Art & Tech	WM	
Warrington Collegiate	NW	
Warwickshire College - 4 projects	WM	
West Hertfordshire College - 3 projects	ER	
West Kent College	SE	
West Suffolk College	ER	
West Thames College	GL	
West Thames College - Main	GL	
Westminster Kingsway College	GL	
Wigan and Leigh College	NW	
Woodhouse College	GL	
Wyggeston & Queen Elizabeth 1 College	EM	
Wyke College	YH	
Wyke Sixth Form College	YH	
Xaverian College	NW	
Yeovil College	SW	
Yorkshire Coast College	YH	

## C PQs

**Date of Answer: 12.03.2009**

**Column References: 489 c655W**

Member Tabling Question: Burden, Richard

Question: To ask the Secretary of State for Innovation, Universities and Skills what assessment he has made of the contribution the proposed new college at Longbridge will make to skills, training and further education in the South Birmingham area.

Answering Department: Dept for Innovation, Universities and Skills

Member Answering Question: Simon, Sion

Answer: The impact that skills can have on local economic regeneration is significant. The work undertaken between the Learning and Skills Council Jobcentre Plus, Regional Development Agency, local businesses and other partners in the Longbridge and South Birmingham area is a clear example of the difference that skills can make in response to economic challenges. We recognise that college capital projects such as the proposed development of the Longbridge site as part of Bournville college's capital plans can also have a significant impact on local economic regeneration. Bournville college's capital proposals which include the development of a new college at the Longbridge site has been given approval in principle and as part of the approval process, the Learning and Skills Council will have assessed, among other things, the educational case of the scheme, including its skills contribution to the local area. The Learning and Skills Council has now completed its assessment of colleges seeking approval in principle and in detail which has confirmed there are many more schemes currently in preparation than can be funded in this spending round. The LSC will therefore consult with the Association of Colleges and other FE sector representatives to advise me on ways of prioritising schemes in the future. As a result, the Longbridge scheme will be subject to the outcome of this consultation.

**Date of Answer: 05.02.2009**

**Column References: 487 c1442-3W**

Member Tabling Question: Hayes, John

Question: To ask the Secretary of State for Innovation, Universities and Skills (1) how many applications for capital funding from the Building Colleges for the Future programme were made by (a) further education and (b) sixth form colleges (i) in the 2006-07 academic year and (ii) at the latest date for which figures are available;

Answering Department: Dept for Innovation, Universities and Skills

Member Answering Question: Simon, Sion

Answer: In 1997, the total capital expenditure in further education colleges in England was nil. Since 1997, this Government have invested £2.4 billion in redeveloping and modernising further education colleges. In addition, we have plans to invest a further £2.3 billion in the next three years. Currently more than 250 projects are under way and funded by the Learning and Skills Council (LSC)—helped by the recent decision to accelerate £110 million in 2008-09 from future budgets to help beat the downturn. In total, since the programme began, nearly 700 projects, at 330 colleges have been agreed. The pace of demand for capital funding has increased. In addition, there are signs that the ability of colleges to raise their own funds for proposed projects is being affected by the downturn. It is for this reason that over the next few weeks the Learning and Skills Council is working closely with colleges that have submitted or are working on bids, to look at the individual current positions before making further funding decisions. As a result of this, the consideration of a small number of applications that were due for decision—both in principle and in detail—has been deferred from December to March. As your question relates to an operational matter for the LSC, Mark Haysom, the LSC chief executive, will write to the hon. Member with the further information requested. A copy of his letter will be placed in both Libraries.

**Date of Answer: 05.02.2009**

**Column References: 487 c1442-3W**

Member Tabling Question: Hayes, John

Question: (3) how many projects relating to (a) further education and (b) sixth form colleges were affected by the moratorium on decisions on capital spending under the Building Colleges for the Future programme;

Answering Department: Dept for Innovation, Universities and Skills

Member Answering Question: Simon, Sion

Answer: In 1997, the total capital expenditure in further education colleges in England was nil. Since 1997, this Government have invested £2.4 billion in redeveloping and modernising further education colleges. In addition, we have plans to invest a further £2.3 billion in the next three years. Currently more than 250 projects are under way and funded by the Learning and Skills Council (LSC)—helped by the recent decision to accelerate £110 million in 2008-09 from future budgets to help beat the downturn. In total, since the programme began, nearly 700 projects, at 330 colleges have been agreed. The pace of demand for capital funding has increased. In addition, there are signs that the ability of colleges to raise their own funds for proposed projects is being affected by the downturn. It is for this reason that over the next few weeks the Learning and Skills Council is working closely with colleges that have submitted or are working on bids, to look at the individual current positions before making further funding decisions. As a result of this, the consideration of a small number of applications that were due for decision—both in principle and in detail—has been deferred from December to March. As your question relates to an operational matter for the LSC, Mark Haysom, the LSC chief executive, will write to the hon. Member with the further information requested. A copy of his letter will be placed in both Libraries.

**Date of Answer: 05.02.2009**

**Column References: 487 c1442-3W**

Member Tabling Question: Hayes, John

Question: (4) what estimate he has made of the value of projects affected by the moratorium on decisions on capital spending under the Building Colleges for the Future programme.

Answering Department: Dept for Innovation, Universities and Skills

Member Answering Question: Simon, Sion

Answer: In 1997, the total capital expenditure in further education colleges in England was nil. Since 1997, this Government have invested £2.4 billion in redeveloping and modernising further education colleges. In addition, we have plans to invest a further £2.3 billion in the next three years. Currently more than 250 projects are under way and funded by the Learning and Skills Council (LSC)—helped by the recent decision to accelerate £110 million in 2008-09 from future budgets to help beat the downturn. In total, since the programme began, nearly 700 projects, at 330 colleges have been agreed. The pace of demand for capital funding has increased. In addition, there are signs that the ability of colleges to raise their own funds for proposed projects is being affected by the downturn. It is for this reason that over the next few weeks the Learning and Skills Council is working closely with colleges that have submitted or are working on bids, to look at the individual current positions before making further funding decisions. As a result of this, the consideration of a small number of applications that were due for decision—both in principle and in detail—has been deferred from December to March. As your question relates to an operational matter for the LSC, Mark Haysom, the LSC chief executive, will write to the hon. Member with the further information requested. A copy of his letter will be placed in both Libraries.

**Date of Answer: 29.01.2009**

**Column References: 487 c786W**

Member Tabling Question: Illsley, Eric

Question: To ask the Secretary of State for Innovation, Universities and Skills what recent assessment he has made of the adequacy of capital funding for further education colleges; and if he will make a statement.

Answering Department: Dept for Innovation, Universities and Skills

Member Answering Question: Simon, Sion

Answer: It is thanks to this Government's commitment to colleges that investment in capital projects will amount to £2.3 billion between 2007 and 2010. In total, since the programme began under this Government, nearly 700 projects, at 330 colleges have been agreed. Only 42 colleges have not yet benefited from investment. The programme has therefore been a huge success. In 1997 not a single penny was spent on FE colleges. With an NAO report saying FE buildings weren't fit to learn in. The Opposition has committed to cutting £610 million from the skills and universities budget; and has repeatedly refused to say whether they would continue our capital programme. Until they come clean about where their cuts would fall, every college should be worried. I want to make it clear today that there is no freeze in the capital programme. There is no question the £110 million brought forward for this year, and the £100 million for next year will be spent

**Date of Answer: 13.01.2009**

**Column References: 486 c659-60W**

Member Tabling Question: Marris, Rob

Question: To ask the Secretary of State for Children, Schools and Families what tasks he has asked each Government Office to undertake relating to the proposed changes to the funding and management of sixth form colleges; and if he will make a statement.

Answering Department: Dept for Children Schools and Families

Member Answering Question: Knight, Jim

Answer: Government offices (GOs) will have no direct role in funding and management of sixth form colleges in the new system. Local authorities will be accountable for the performance management of sixth form colleges in the new system where there will be a legally distinct Sixth Form College sector. Responsibility for the planning, commissioning and funding for education and training for 16 to 19-year-olds will transfer to local authorities; supported by a new Young People's Learning Agency. GOs will contribute to discussion of regional priorities and support local authorities in undertaking their new responsibilities. They are, and will continue to be, a conduit for information to flow from sub-regional groupings (SRGs) to the Department. During the transition to the new system GOs are playing an important role in supporting local authorities and working with other regional bodies to prepare. In particular they have been supporting the development of SRGs in preparation for the transfer of 16 to 19 funding from the Learning and Skills Council to local authorities. The Department will be allocating funding via Government offices to SRGs to help build their capacity through this process.

**Date of Answer: 13.01.2009**

**Column References: 486 c636W**

Member Tabling Question: Laws, David

Question: To ask the Secretary of State for Children, Schools and Families whether sixth form colleges will be included under the Building Schools for the Future programme after 2010; and if he will make a statement.

Answering Department: Dept for Children Schools and Families

Member Answering Question: Knight, Jim

Answer: In "Raising Expectations: enabling the system to deliver" (published March 2008), we stated our intention to bring sixth form colleges within the scope of the Building Schools for the Future programme, so that they can be part of securing the area-wide entitlement. This remains our position, and we are considering the details along with the key partner organisations involved.

**Date of Answer: 10.02.2009**

**Column References: 487 c1901-2W**

Member Tabling Question: Laws, David

Question: To ask the Secretary of State for Innovation, Universities and Skills which colleges submitted applications in respect of the Building Colleges of the Future programme for approval in (a) principle and (b) detail at the December meeting of the Learning and Skills Council; and if he will make a statement.

Answering Department: Learning and Skills Council for England; Dept for Innovation, Universities and Skills

Member Answering Question: Simon, Sion

Answer: In 1997-98, the total capital expenditure in further education colleges in England in the financial year 1997-98 was nil. In total since that time, this Government have invested £2.4 billion and will be investing a record further £2.3 billion across the next three years. Capital funding for further education colleges is administered by the Learning and Skills Council (LSC) and I have asked Mark Haysom, the LSC chief executive, to write to my hon. Friend with the further information requested. A copy of his letter will be placed in the House Library.

## **D Other parliamentary material**

**EDM 578**

**Tabling Member: Laws, David**

**Date Tabled: 26.01.2009**

### **CAPITAL SPENDING ON COLLEGES**

That this House condemns the decision of the Learning and Skills Council (LSC) to halt approval of further capital expenditure by colleges pending a review; is concerned that this is already delaying capital expenditure at a time when the Government has promised to accelerate investment in order to offset the impacts of the current recession; calls on Ministers to take action to ensure that the LSC grants approval to the existing applications as a matter of urgency; and urges the Government to further increase capital investment in the schools and colleges sector to promote high quality projects and to help cushion the current deep downturn in the construction sector.

**Date of Proceeding: 11.02.2009**

**Reference: 487 c434-5WH**

**Clifton-Brown, Geoffrey**

### **Further Education Colleges**

I thank you, Mr. Williams, and Mr. Speaker for the opportunity to raise this important subject in an Adjournment debate. I thank the Under-Secretary of State for Innovation, Universities and Skills, the hon. Member for Birmingham, Erdington (Mr. Simon) for being here to provide further illumination.

I am sorry to have to stand here today to represent two colleges in my constituency that I have visited on many occasions while representing the Cotswolds. The first is the National Star college, which the Minister visited recently. Under its principal, Helen Sexton, it is the leading national provider of specialist education for severely disabled people. The Minister knows, but others may not, that it provides magnificent residential training for disabled people who can do virtually nothing, but who emerge from a residential course at the college able to live a largely independent life and to hold down a job.

Yesterday, the Minister presented the college with an Association of Colleges beacon award for its innovation. I am sure that the college would welcome a visit from the Secretary of State, so that it can demonstrate its work to him. The dedicated and talented staff provide opportunities and assistance for those with disabilities. They are a lifeline for students and their families.

The second college, Cirencester college, remains one of the most popular choices for over-16s in my constituency. It is a beacon college and the principal, Nigel Robbins, is rightly proud of the consistently excellent performance of his staff and students. The college was rated outstanding by Ofsted in the most recent inspection and for the past three years has topped the national league tables for tertiary and general further education colleges for level 3 students.

I hope that I have made clear the esteem in which I hold both colleges. I was therefore disturbed to hear of the delay in capital funding for colleges announced by the Learning and Skills Council, because it will affect both institutions. That is the reason for this debate. I know that colleagues have experienced similar problems with colleges in their constituencies and they may wish to intervene to give some of the details. In the debate on skills and further education in the main Chamber on 3 February, many hon. Members mentioned how the

announcement has affected colleges in their constituencies. I welcome this opportunity to mention the colleges in mine.

The National Star college was the first independent specialist college in the Cotswolds to secure a groundbreaking 50 per cent. capital support from an application to the LSC for principal status in 2006. The funding was for its development programme to secure first-class resources and accommodation for specialist education for young people and adults with disabilities.

In 2007, I was invited, as the vice-president of the college, to open student accommodation built at a cost of about £1 million as part of phase 1 of the development. According to the principal, that development has enabled severely disabled students who had previously been totally reliant on personal support to develop skills to use specialist technology that allows them to open and close doors, windows and curtains and to switch on lights and televisions. When I visited the college, I saw a disabled student who was able to drive a wheelchair merely using eye movement. That is the type of technology that that college and others up and down the country deploy to help severely disabled people.

Being in control of their environment for the first time in their lives leads to a growth in confidence and a sense of achievement for severely disabled people, which increases their motivation, enhances their quality of life and advances their belief in their own skills and abilities. Consequently, many seek employment with the help of the college. Many of my constituents are generous in adapting their workplaces so that such people can gain employment.

Phase 2 of the development is near completion, with £3 million of investment enabling infrastructure development, the introduction of biomass sustainable heating, a new access road, car parking and an improvement in the student accommodation. However, phases 3 and 4 have been affected by the announcement of the delay in funding. About £700,000 has been spent in readying those phases for approval in detail. Work should have started on site immediately and completion is due in early 2010.

Phases 3 and 4 are the most substantive phases of the development and will provide about £10.5 million of specialist education and therapy facilities and residential student accommodation. A new community and work-related learning centre will provide enhanced opportunities for the development of work-based skills. The new therapy centre—the hub of the college—will build on the college's exemplary practice. Its highly successful multi-disciplinary approach is recognised as outstanding by Ofsted. I pay tribute to the excellent staff at the Star college, who are exemplars for everybody. Their patience with the students is amazing to watch.

The funding delay has serious consequences for the Star college. Contractors have undergone extensive tender submission processes, and the college's supporting teams of consultants have been placed on hold until a revised funding approval process is established for the LSC.

The college has raised two serious concerns about the implications of the LSC announcement. Delay to the completion of the project in the following academic year will result in the college's resources being reduced, which will affect its leading specialist provision and its delivery of the national learning for living and work strategy for learners with learning difficulties and disabilities. Furthermore, the development is unlikely to be in place before the college's next full Ofsted inspection. Anybody who has heard what the college can do for the most disadvantaged students will think it a national scandal if its improvement is delayed, postponed or cancelled.

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**Simon, Sion**

**Further Education Colleges**

I congratulate the hon. Member for Cotswold (Mr. Clifton-Brown) on securing this debate, and on having the privilege of representing two outstanding colleges. As he said, yesterday I awarded an Association of Colleges beacon award to National Star college. As it happens, I also awarded beacon status to Coleg Menai. Both are outstanding institutions. As the hon. Gentleman said, Cirencester college is consistently graded as outstanding by Ofsted. I am sure that he is proud of their achievements.

The matter raised by the hon. Gentleman is one on which I have received many representations from hon. Members. Indeed, more Members have intervened in today's debate than is customary. I shall therefore endeavour to do what the hon. Gentleman asks and restate some of the basic facts on where we are and where we are going.

The position is pretty simple. Before 1997, there was no distinct capital budget for further education colleges. The capital budget was nil. That is why the FE estate was in such an appalling state of disrepair and why we set in train the ambitious Building Colleges for the Future project. By 2007, we had spent £2.4 billion building some fantastic colleges, and over the next three years—the period of the current comprehensive spending review—we are scheduled to spend another £2.3 billion.

I stress that that figure has not changed, and is the same as that announced in the comprehensive spending review, except that in response to the Chancellor's desire to accelerate capital infrastructure projects, we brought forward into this year and next year £210 million from three years' time—£110 million and £100 million respectively. In that sense, the capital programme has been accelerated. It has not been frozen, stopped, cut or anything of the sort. More further education building projects are taking place than ever before. Since the programme began, nearly 700 projects at 330 colleges have been agreed, and only 42 colleges in the country have not yet benefited from investment. Likewise, it is important to stress that the position of the 253 colleges that have received approval in detail at all stages and have begun building has not changed. All those colleges are unaffected.

The problem is partly a result of the downturn. Many of the deals put together by colleges to finance their building programmes rely on land sales, some of which have been jeopardised or have fallen through because of the downturn. Almost all of them rely on a bank loan, but the ability of some people to meet the conditions of those loans has been altered by the downturn. As hon. Members have said, and as the Secretary of State and I said in the debate last week, the pace of demand has increased rapidly over the past year. Nationally, colleges' expectations, and the likely effect of that demand, were not managed as they should have been, and the current situation is unacceptable.

In last week's debate, my right hon. Friend apologised, and I am happy to add my apology now for our having got into a situation in which, as hon. Members have said, people's expectations have become out of step with the size of the capital budget, even though it is very large and indeed has grown slightly. The most important thing is that the situation be resolved as quickly as possible, as we are determined it should be. My right hon. Friend agreed with the LSC to appoint Sir Andrew Foster to undertake an independent review of how the problems arose, and we expect the LSC to set out the position in more detail and to give us a clearer idea of the way forward following its council meeting in early March.

I shall turn to the specific questions concerning the constituency of the hon. Member for Cotswold. As I understand it, in July 2006, National Star college was granted in-principle

approval for its development programme, which includes the re-development of the college's main campus at Ullenwood with a variety of new build and refurbished accommodation. The estimated cost of development is £15.393 million, with LSC support of £7.697 million. Phases 1 and 2 have been completed and phases 3 and 4 are awaiting approval in detail. The college is not the only one in the country with such a structure—a single in-principle approval followed by in-detail approvals for each phase of the application and planning process. Ultimately, the LSC must manage every case at local and regional level. In partnership with local colleges, the local LSC should go through the plans to get a sense of the entire picture regionally and, thereby, nationally. By that process, it should find a way forward by readjusting plans where necessary, but always to the minimal extent possible, while to the maximum extent possible helping people to do what they originally wanted to do, in broadly the way that they wanted to do it, and hopefully in their desired time frame.

As I said, that structure is not unique to National Star college, and I have spoken to several others about the matter. It is for the LSC to manage the situation, and not for me to second-guess the detail of the solution. However, such projects have particular pressures, of which I am convinced and have been apprising the LSC. All the evidence is that the council is sensitive and sympathetic to the particular pressures of such projects and is doing everything possible to help people remain as close as possible to their original time frames and budgets.

## **E Useful links**

Learning and Skills Council (LSC) - Building colleges for the future: The LSC's national capital strategy for 2008-09 to 2010-11

<http://readingroom.lsc.gov.uk/Lsc/National/nat-buildingcollegesforfuture-mar08.pdf>

Association of Colleges

<http://www.aoc.co.uk/>

### **BBC articles**

Colleges face £170m projects loss

<http://news.bbc.co.uk/1/hi/education/7951457.stm>

Colleges in building funds limbo

<http://news.bbc.co.uk/1/hi/education/7949213.stm>

Inquiry into college renovations

<http://news.bbc.co.uk/1/hi/education/7854467.stm>

## F Statistics: Further education capital funding

### Further education capital funding in England

£ million

	cash	2007-08 prices
1997-98	0	0
1998-99	0	0
1999-00	40	49
2000-01	55	66
2001-02	147	173
2002-03	233	266
2003-04	299	332
2004-05	372	402
2005-06	377	399
2006-07	412	424
2007-08	507	507

Note: Capital funding includes information and learning technology

Prices adjusted to 2007-08 levels using September 2008 GDP deflators

Source: HC Deb 27 January 2008 cc484-5W

- Planned further education capital funding in England is £2.3 billion over the three years of the current spending review (2008-11).
- Initial plans were revised as part of the fiscal stimulus plan and funding of £220 million was brought forward from 2010-11 and split equally as additional funding for 2008-09 and 2009-10.<sup>1</sup>
- Total capital grants, as announced in the grant letter to the Learning and Skills Council, are £694 million in 2008-09 and £820 million in 2009-10.<sup>2</sup>

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<sup>1</sup> HC Deb 4 March 2009 cc55-56WS

<sup>2</sup> LSC Grant Letter 2009-10, DIUS/DCSF