

WRITTEN MINISTERIAL STATEMENT

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LEARNING AND SKILLS COUNCIL ANNOUNCEMENT REGARDING THE FE CAPITAL PROGRAMME

The Learning and Skills Council (LSC) is announcing today a shortlist of 13 further education building projects which are proceeding to the next stage of development. The 13 projects announced today have been prioritised from over 180 projects submitted to the LSC as part of the latest round of the FE Capital programme.

The LSC has been working in close consultation with the sector to use transparent and objective criteria to inject funds where they will have greatest impact for learners, employers and communities, to get building work started quickly, and to get best value for the taxpayer.

The LSC examined all projects which are ready to proceed quickly and then applied the following criteria: the education and skills impact; contribution to local economic and regeneration priorities; co-dependency (for example, where there is significant leverage of third party funding or another important project that is dependent on the college project); the current condition of the estate; and value for money.

The 13 colleges will now be asked by the LSC to make cost reductions to their initial project plans, to maximise borrowing within prudent limits, and to examine other possible sources of funds, while at the same time maintaining the planned project benefit for future learners and enabling construction to proceed rapidly. The aim of the LSC is to deliver best value for money for the taxpayer and to fund the maximum possible number of projects.

The 13 colleges are - Barnsley College
Bournville College
Furness College
Hartlepool College of Further Education
Kirklees College
Leyton Sixth Form College
Manchester College - Wythenshawe
North West Kent College
St Helens College
Sandwell College
South Thames College
Tresham Institute of Further and Higher Education, Corby
West Cheshire College

Discussions between these colleges and the Learning and Skills Council will take place as a matter of urgency. All 13 colleges will receive funding only if the overall cost is reduced. The reductions required are significant but manageable.

For colleges which have not been selected to proceed this year, the next steps start this autumn when the Learning and Skills Council will further consult with the sector to agree a robust, fair and transparent process for prioritising the capital investment programme for the next Spending Review period starting in 2011/12. The size and scope of the programme will depend on the outcome of the next Spending Review.

Many colleges have incurred development costs for projects which will not now be going ahead in the short term. The Learning and Skills Council has a contingency fund to mitigate the impact of potential aborted costs on the financial health of colleges. This will be limited to those appropriately incurred within the terms of the capital programme.

The investment announced today will have a significant beneficial impact on the colleges, their learners and on local communities.

Budget 2009 announced an additional £300 million of capital investment in further education as part of a fiscal stimulus package which has enabled a number of projects to be funded this year. This Government has an excellent record on investment in FE capital and since 2001, 700 projects - at nearly 330 colleges across England - have been funded.

Mistakes were made by the Learning and Skills Council in carrying out the FE Capital programme. In April of this year, Sir Andrew Foster completed an independent report on how this whole situation arose. He concluded that "a good policy has been compromised by the manner of its implementation." There is now new leadership to the organisation and measures in place to ensure that there will be no repeat of those mistakes as the programme moves forward.

The Government remains committed to the FE capital investment programme, and this will continue into the next Spending Review. The Learning and Skills Council will in the meantime help colleges whose projects are not proceeding in the short term to draw up a revised estates strategy and to examine other possible sources of finance such as collective approaches to private financing and borrowing.