

REQUEST FOR MAYORAL DECISION – MD1573

Title: Further Education Capital – National College for Digital Skills

Executive Summary:

This report concerns a fast tracked application for funding from for the National College for Digital Skills from Round 2 of the Further Education Capital Investment Fund. Approval is sought for expenditure of up to £20.6m (comprising £7.165m GLA capital funds and a further £13.4m from the Department of Business, Innovation and Skills (BIS)) to be provided as a contribution to the College' costs of delivering short term accommodation and land for longer term development of a new campus. It is anticipated that further capital funding could be committed to the project once the 2016/17 Growth Deal funding allocation is confirmed in early 2016. This would be subject to a further Mayoral Decision.

Decision:

That the Mayor approves:

1. receipt and use of £13.4m from the Department of Business, Innovation and Skills as a contribution to the GLA's costs of funding the National College for Digital Skills project;
2. capital expenditure of up to £20.565m (comprising £7.165m GLA FE Capital funding and £13.4m to be made available to the GLA by BIS) as a contribution to the costs of the National College for Digital Skills project.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

23 Nov 2015.

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

- 1.1 London has been successful in securing £120m to deliver the Further Education (FE) Capital Investment Fund over the next two years as part of Growth Deal 1 and a further £38m for the period 2017/18 to 2020/21 as part of Growth Deal 2. £55m for 2015/16 is confirmed and has already been transferred, with the £65m funds for 2016/17 and future funds remaining indicative until further confirmation is provided by Government later this year. This report makes recommendations relating to one fast-tracked Round 2 project.
- 1.2 Prior to this, 14 Round 1 projects have been approved under cover of DD1168 and one fast tracked Round 2 project was approved under cover of DD1400.
- 1.3 At its meeting in March 2015, the London Enterprise Panel (LEP) gave in principle endorsement of the National College for Digital Skills' (NCDS) expression of interest in respect of FE Capital funding. NCDS aligns with the FE Capital programme priorities of delivering capital investment in further education facilities which respond to industry needs and skills demands with a focus on higher level technical skills. NCDS is a new proposition which has been developed in line with the Department for Business, Innovation and Skill's (BIS) National College programme. BIS have agreed the College's business case and has considered its capital proposals. NCDS currently has no site and therefore the proposals include leasing temporary space and purchase of freehold to build a fit for purpose facility. The preferred location for the college has been identified as Tottenham Hale.
- 1.4 In June, NCDS requested to fast track their full application to bring this in line with the timeline for the bidding process of the Department for Business, Innovation and Skills' (BIS) National College Capital Investment Fund from which the College is seeking £13.4m match. This was agreed by the internal officer LEP Delivery Board on 9th June. A full application relating to a total project investment of £37.6m ('£37.6m Full Scale Proposal') including £24.21m from the FE Capital Investment Fund was received in August and assessment of this has been undertaken over the last couple of months, with a view to seeking endorsements and approval to commit this expenditure dependent on the outcome of the Comprehensive Spending Review in late November.
- 1.5 NCDS has indicated a delay in securing funding much beyond the end of October will jeopardise its plans to open in 2016, in advance of this operate an effective student recruitment campaign and enter into secure contracts for the acquisition of their preferred site. Following a number of discussions with BIS and NCDS it was agreed that NCDS would submit a proposal to BIS and the LEP/GLA for a capital scheme making use of the LEP's available funds residual from the 2015/16 allocation making a total funding package of £20.6m with a view to being in a position to consider committing further funding to the project once the Growth Deal allocation is known. Further details on this are set out at section 4.4 below, including the option put forward by the FE Capital Steering Group to defer any decision on funding of the project now and allow a later decision to be taken which would enable September 2017 opening.
- 1.6 GLA officers have held discussions with BIS with regards to the potential transfer of any BIS's funding contribution to the GLA for the more efficient management of the total funding package. Further details are set out below.

2. Objectives and expected outcomes

- 2.1 NCDS was announced by Vince Cable, former Business Secretary, in December 2014 as one of the new wave of colleges focused on addressing strategically important skills shortages for the UK economy. NCDS will be the first new FE College in 23 years to help address the number one* skills shortage, digital skills (*As indicated by an independent assessment commissioned by NCDS). The three guiding objectives are that the College is:-
- a centre of excellence for teaching and learning of higher digital skills;
 - an aspirational alternative to top-tier universities; and
 - a beacon of good practice for employment focused provision that other institutions can benefit from and learn from.
- 2.2 Assuming NCDS is not able to raise any further funds from the LEP or other sources to scale up to the capital project, the following outputs and outcomes will be delivered with a funding package of £20.6m.
- Refurbishment of 1,254m² space in an existing building to provide short term accommodation for a September 2016 opening and for the first 3 years.
 - Acquisition of a site adjacent to the short term accommodation for new build of 3,840m² state of the art facility.
 - Purchase of specialist equipment to support learning.
 - 2,567 learners supported (over first 5 years).
 - 700 apprenticeships starts (over first 5 years).
 - 40 jobs created.

3. Equality comments

- 3.1 The FE Capital Investment Fund will support FE colleges and providers to invest in improving their estate that has poor accessibility.
- 3.2 Through the FE Capital programme and the selection of project proposals and development of these, the GLA requires applicants to evaluate the potential impacts with regard to protected characteristic groups. In particular applicants are required to demonstrate inclusive design of new and refurbished FE estate funded through projects.
- 3.3 As a condition of funding agreements, projects awarded funding will be required to meet the Public Sector Equality Duty and demonstrate this through reporting of progress.
- 3.4 The LEP and the Authority are aware of their responsibilities under the Public Sector Equality Duty as set out in Section 149 of the Equality Act 2010 and will have regard to these requirements when apportioning Local Growth funding.
- 3.5 The GLA Equalities team have reviewed this project at the detailed application stage.

4. Other considerations

a) Key Considerations

- 4.1 Should funding certainty for NCDS be delayed much beyond the end of October, this will have significant operational, risk and financial implications for its plans including:

- risk to the funding package due to changes to the proposal leading to a possible need for BIS to make the funding available through a new open bidding process and potential misalignment of the project timeline with BIS's funding availability window; and
- risk of unmet growing skills demand in London for an additional year as indicated by the College in their application.
- NCDS's indication that:
 - substantial industry support would be lost – relationships have been developed with high profile industry partners on the basis of a September 2016 opening;
 - the current property proposition in Tottenham Hale would be at high risk of collapse – the current site was identified as the preferred option after an 18 month search and supports short term accommodation of the College in an existing building whilst land is purchased for construction of a bespoke facility over the longer term. High level heads of terms are in place;
 - the high quality operational team including the College Dean that have been recruited in order to support the September 2016 opening will need to be let go; and
 - pre start operational funding committed by industry partners on the basis of a 2016 opening would run out.

Option to allocate £7.165m to NCDS project to enable a September 2016 opening

- 4.2 In consideration of the above officers received and assessed a proposal to commit £7.165m of residual FE Capital funds to the project now in order to secure the college's viability. Together with confirmed BIS funding of £13.4m to the project, there will be a total funding package of £20.6m, which whilst representing a significant reduction in relation to the '£37.6m Full Scale Proposal', will enable short term accommodation and land for longer term development of a campus to be secured, opening in September 2016 and retention of industry stakeholder support and the operational team. The College has indicated that this amount of funding ('£20.6m Scaled Back Scenario') is sufficient to allow the delivery of a college albeit significantly scaled back, in the event that further funding to deliver the preferred '£37.6m Full Scale Proposal' is not available.
- 4.3 The LEP has an indicative allocation of £65m of FE Capital funding for 2016/17 as part of the Growth Deal. Currently there is sufficient headroom with the residual funds from the 2015/16 £55m allocation and the indicative 2016/17 £65m to fund all Round 2 projects where applications have been received and are undergoing assessment. Assuming the full allocation for 2016/17 is confirmed, the LEP would then be in a position to consider committing further funding to NCDS in order that the '£37.6m Full Scale Proposal' can be delivered. In committing £7.165m to the project in the immediate term, alongside £13.4m from BIS, this ensures that both options of the '£37.6m Full Scale Project' and the '£20.6m Scaled Back Scenario' remain available to NCDS. The scaled back scenario, although not ideal, represents a viable operating base in the event that the full scale proposal is unable to proceed due to lack of funds provided post Comprehensive Spending Review. Further details relating to either scenario including the implications of the '£20.6m Scaled Back Scenario' are set out in Part 2 of this Mayoral Decision.

Option to defer any decision on funding of the project

- 4.4 There are a number of key risks associated with opting to fund the project now and therefore, consideration has been given by officers, the FE Capital Steering Group, the LEP and by the Investment and Performance Board to the option of deferring any decision to fund now and allow a later decision to be taken to enable a September 2017 opening. These are set out below. It should be noted that the FE Capital Steering Group were supportive of deferring a decision to fund at this stage. The majority of feedback from LEP Members also supported deferment.

- 4.5 An independent assessment of the market demand case set out in NCDS's application has been commissioned which suggests there is a risk of displacement of learners from existing provision in particular a high risk of a displacement of higher level apprenticeships where demand is not considered to be so high. The report also indicates that the application data sources are out of date and that specific consideration has not been given to how the project will respond to specific gaps and the local catchment area. Whilst the report indicates that there are currently low levels of digital A levels being undertaken in London, NCDS make clear in their application the important role in generating the interest of learners which will increase demand for digital courses at a higher level. It should be taken into consideration however, that the report was produced in an extremely tight timeframe. Going forward, the findings of the report, as well as the concerns raised by the FE Capital Steering Group and the LEP will be discussed with NCDS and addressed through the development of the project.
- 4.6 The area review process for London, which is intended to facilitate a restructuring of the Further Education sector, is likely to commence in early 2016 and complete towards the end of the year. There is potential for recommendations to flow out of this review for college mergers, closures or efficiencies to be generated which result in existing estate becoming available. There may also be reputational risks associated with making a significant investment in brand new FE estate in advance of this process.
- 4.7 In the event that no further funding can be committed to the project following the Comprehensive Spending Review, this would likely mean that the proposed Whitechapel satellite campus cannot be delivered. Whilst the value for money of this element of the full scale proposal is still unclear because the monetary value of the benefits has not been fully demonstrated, the element of the proposal is considered to be important to NCDS's success in supporting employer engagement. Without this satellite site the proposition is also less unique. Satellite sites will remain part of NCDS's longer term plans and fundraising efforts will continue. Officers will work with NCDS to understand how they will ensure successful employer engagement in the short and medium term with only the Tottenham Hale site.

Transfer of BIS funding contribution to the GLA

- 4.8 Discussions have taken place with BIS and NCDS with regard to the transfer of the funding contribution expected to be made by BIS to the GLA to administer all project funding through one agreement. In the event that the Mayor wishes to proceed with the option to allocate funding to the project, a recommendation is therefore made to endorse expenditure of this funding. There are two reasons that have been considered for doing this:
- This will allow NCDS to report to one body and will streamline governance, reporting and monitoring processes. The GLA will have limited responsibilities for reporting the progress of the project to BIS, however no conditions will be placed on the GLA for spend and output related performance.
 - BIS have indicated that this arrangement will provide flexibility in relation to some of the constraints of their National College capital programme for instance the spend profile, and is affordable within its approved budgets.

b) Key risks and Issues

- 4.9 **The LEP's 2016/17 funding allocation is less than anticipated** - should funds be less than expected, an additional allocation of funding to this project would need to be considered alongside other Round 2 applications. Once the funding allocation is known options for prioritisation will be considered including scaling of projects. An option for a scaled scheme

some way between the '£30.7m Total Project' and '£20.6m Current Fundable Option' may need to be considered.

- 4.10 **The scaled down '£20.6m Current Fundable Option' is not deliverable** – Sufficient information and detail relating to this scenario has not been available to enable full assessment therefore there is risk associated with the deliverability of this scenario. Further information on this is included in Part 2 of this Mayoral Decision. Should the recommendation be approved, officers will continue to work closely with NCDS to seek assurance as plans are progressed. This will include officer attendance at project meetings and regular monitoring.
- 4.11 **The scaled down '£20.6m Current Fundable Option' does not receive planning consent or the Tottenham Hale landowner pulls out due to the reduced size of new build** – The College has support from Haringey Council for all scenarios who recognise the benefits the college would provide the area. The landowner may deem the reduced building not in keeping with plans for the rest of the site. NCDS's plans for a reduced new build would seek to minimise the reduction in scale of build. The probability is also considered to be low as NCDS will pay the same amount for the freehold in either scenario.
- 4.12 **Reputational risk should the scheme not proceed** – there is significant reputational risk to the LEP, GLA and BIS should the scheme not proceed and NCDS's private sector backing and financial support is lost

c) Links to Mayoral strategies and priorities

- 4.13 The project will support the Mayor's Economic Development Strategy objectives to
- Give all Londoners the opportunity to take part in London's economic success, access sustainable employment and progress in their careers and
 - Ensure that London has the most competitive business environment in the world.
- 4.14 The investment proposal will also deliver on commitments made in the LEP's Growth Deal.

5. Financial comments

- 5.1 If the recommendation to allocate £7.165 million of FE capital grant funding is approved this would commit £20.6 million of grant funding in total for the national college which would be funded as follows: £7.165 million from the unallocated element of FE capital grant received in 2015-16 and £13.405 million from an anticipated additional grant to be paid by BIS. It is estimated that £1.75 million of expenditure would be required in 2015-16, including £0.5 million for the Tottenham Hale freehold, £0.6 million to progress the Tottenham Hale new build and £0.65 million towards the cost of refurbishing Berol House. The estimated spend in future years is as follows: £8.9 million in 2016-17; £6.9 million in 2017-18; and £3.0 million in 2018-19. This commitment would be conditional on confirmation of the additional £13.405 million BIS grant.
- 5.2 Although the College has made a case for funding (including this reduced scenario) based on market demand there are financial risks funding a start-up new institution. However, it has carried out sensitivity analysis which shows that it would have sufficient cash to finance operations even if student numbers were only 70 per cent of the number anticipated, although this needs to be considered in light of the risk highlighted by the independent assessment of market demand. The College has also been successful in raising sufficient funds from both BIS and business to this stage of its development, but its projections do rely on an on-going annual revenue fundraising requirement of c£0.5 million. As a new institution it has also not

been able to build up any funding reserves so would need to manage the project within the grant funding available and would only be able to finance any capital overspend risks that materialise from the project contingency.

- 5.3 The recommendation to progress the reduced scheme, pending confirmation of the post-CSR 2016-17 FE Capital grant funding, excludes funding for a Whitechapel campus amongst other things. However, the College's own appraisal indicated that in purely monetary terms the addition of the Whitechapel campus build could not demonstrate value for money and its inclusion would rely solely on non-monetary considerations. This issue would need to be considered in more detail should sufficient 2016-17 grant funding be confirmed to progress the full scheme.

6. Legal comments

- 6.1 The foregoing sections of this report indicate that:

- 6.1.1 the proposals appear to fall broadly within the GLA's powers to do such things as are considered facilitative of and conducive to the promotion of social and economic development and wealth creation in Greater London in a manner which enables its co-operation with, and facilitation and co-ordination of the activities of, public bodies providing education services; and
- 6.1.2 in formulating the proposals in respect of which a decision is sought officers have complied with the GLA's related statutory duties to:
- (a) pay due regard to the principle that there should be equality of opportunity for all people;
 - (b) consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
 - (c) consult with appropriate bodies.

- 6.1.3 Section 31(3) of the GLA Act 1999 provides that the GLA shall not (by virtue of its general powers under section 30) incur expenditure in providing, inter alia, any education services, in any case where the provision in question may be made by any other public body. By section 31(6), this is not, however, to be taken to prevent the GLA incurring expenditure in co-operating with, or facilitating or co-ordinating the activities of, any public body.

- 6.2 It would appear from the content of this report that the expenditure proposed is on or incidental to the acquisition or improvement of locations or facilities, which will be used for educational purposes, rather than on the provision of educational services. If that is so, then the proposed expenditure would not be in contravention of section 31(3).

- 6.3 If this were not the case, expenditure on the provision of education services would be permissible, notwithstanding section 31(3), if and to the extent that it was incurred in co-operating with, or facilitating or co-ordinating the activities of, a Further Education college or provider which is a public body. The term 'public body' is not defined in the GLA Act, and in other contexts it has been given a very wide construction, so as include anybody operating in a public field or providing a service of public benefit. Accordingly, if a college or provider is not publicly owned, it may still, if it performs a public role, be a public body for these purposes. If the college is open, or the provider provides services, to the public, then it performs a public

role. Co-operating with such a college or provider, or facilitating or co-ordinating its activities, would therefore not be prohibited by section 31(3).

- 6.4 Officers have indicated that the proposed expenditure constitutes the provision of grant funding and not a payment for works, services or supplies. Officers must ensure that such grant funding to be awarded by the GLA as part of the proposals shall be disbursed in a fair and transparent manner in accordance with the GLA's Contracts and Funding Code, and an appropriate grant funding agreement is put in place between and executed by the GLA and NCDS before any commitment to the funding is made.
- 6.5 Officers should also ensure, seeking legal advice as required, that the proposed award of grant funding is structured and made subject to conditions designed so as to constitute the provision of compatible State aid. Particular attention should be paid to funding proposed for property refurbishment costs, property acquisition costs, works, services and supplies to NCDS as a further education College where the market price or below market price is paid. Additionally, to the extent that any benefit of the refurbishment of the short term leasehold property is taken to the new build, officers should ensure that there is no significant value left in that the short term lease property, or if there is, that anything of value left behind falls below the de minimis threshold (200,000 Euros at the relevant conversion rate when taken with other un-notified/exempt aid over a three year fiscal period).
- 6.6 To the extent that it is intended BIS funding is to be made available to the GLA as a contribution to the costs of the funded project officers must ensure that they secure a legally binding commitment from BIS/HM Treasury (as applicable) to the provision of such funding before placing any reliance upon the same.
- 6.7 To the extent that the proposed funding period extends beyond the current mayoral term officers must also observe the principle that an incumbent administration should not unreasonably fetter the discretion of any future administration, ensuring that all of the funding and contract documentation contain provisions enabling the GLA to terminate at any point for convenience and milestones and payments should be structured so as to minimise the impact of the exercise of such termination rights.

7. Investment & Performance Board

- 7.1 Two options were presented to Investment and Performance Board for consideration. These were:
 - 7.1.1 to defer any decision on funding of the project now and allow a later decision to be taken which would enable September 2017 opening on the basis of the risks set out in the body of the paper; or
 - 7.1.2 to allocate £7.165m FE Capital Funds to the National College for Digital Skills project to enable a September 2016 opening in short term accommodation and land for longer term development of a campus to be secured subject to the commitment by BIS of £13.4m match funds.
- 7.2 The Investment and Performance Board approved in principle the option at 7.1.2 to allocate £7.165m to the project now and a total capital expenditure of £20.6m including the £13.4m from BIS. It should be noted that IPB Members were advised that the FE Capital Steering Group were supportive of deferring a decision to fund at this stage, as were the majority of LEP Members who had provided comments on the proposals. The Steering Group and the LEP had however been consulted prior to further information being made available regarding the

risks associated with deferral, which IPB Members considered considerable enough to warrant progression at this stage.

8. Planned delivery approach and next steps

Activity	Timeline
IPB approval sought	30th October
Mayoral Decision sought	Mid-November
Enter Agreement	Late November
College purchases land, agrees lease and commences refurbishment of short term accommodation	Late November
LEP's 2016/17 funding allocation confirmed	December / January
Recommendations to Steering Group / LEP to commit further funding to the project	February 2016
Refurbishment of existing building for short term accommodation	Feb - Aug 2016
College opens	September 2016
New build construction	Jan – Aug 2018
College opens in new building	September 2018

Appendices and supporting papers:

Appendix 1 – Project Information and Scenarios

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? YES

If YES, for what reason:

It contains information which would prejudice the proposed grant recipient's commercial interests in negotiating the deal for land acquisition potentially impacting adversely on the efficient and value for money delivery of the project which is not in the public interest.

Until what date: 30 March 2016

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form - YES

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Laura Dubeck has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

Assistant Director/Head of Service:

Debbie Jackson has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Sponsoring Director:

Fiona Fletcher-Smith has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Munira Mirza has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

M. J. Hille

Date

17. 11. 15

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

E. [Signature]

Date

18. 11. 20 15

Appendix 1 - Project Information

National College for Digital Skills (Round 2 Fast Tracked Application)

Description

The National College for Digital Skills was announced by David Cameron in December as one of the new wave of FE colleges addressing strategically important skills shortages for the UK economy. It has been endorsed by the Department for Business, Innovation and Skills (BIS) and Government. The National College for Digital Skills will be the first new FE College in 23 years to address the number one skills shortage. The three guiding objectives are that the college is:-

- a centre of excellence for teaching and learning of higher digital skills
- an aspirational alternative to top-tier universities
- a beacon of good practice for employment focused provision that other institutions can benefit from and learn from.

The College will support all of its students into highly skilled digital jobs with its flagship qualifications being higher level apprenticeships and it will share its good practice with other education institutions.

The College has £1,984,000 of committed matched funding of which £867,000 has come from industry, £52k from High Net Worth donations and £1.065m from BIS / Skills Funding Agency (SFA) Development funding grants. The College is seeking to raise £5.5m over the next decade as part of its business case comprising of industry cash contributions, High Net Worth and foundations, pro bono and in-kind funding amounting to £550k per annum. This will all fund the development of the project, operational costs and support bursary and equipment needs for students.

The College has support from industry, including King, Deloitte, IBM, Gamsey and Bank of America Merrill Lynch and they also sit on the Shadow board of trustees. To date the College has already brokered apprenticeships with Bank of America Merrill Lynch and Credit Suisse. They are in further discussions with Barclays, IBM, EY and Deloitte. There is also an ongoing commitment from the College to fundraise for equipment due to the cutting edge nature of our work and its short lifecycle.

The College undertook a property selection process driven primarily by consideration of value for money due to the high cost of locating in central London with the need for proximity to industry backers also important and therefore proximity to good transport links has been key. Over the course of a year 24 sites were considered across London and the College has chosen two of these sites. The first is a site in Tottenham Hale that allows them to start the college on a short term basis in Berol House and scale up to fill a new build, long term college site adjacent to Berol House. The new build will be state of the art. The College is in advanced negotiations with the Property owner who owns a large site in which both Berol House and the new build site are contained. The college development is supported by Haringey Council for regeneration in this area and it is in line with the Tottenham Hale District Centre Framework. Tottenham Hale is a priority regeneration site for the Mayor with various projects supported in this area. The second site is for a satellite campus in Whitechapel. It is located in close proximity to the heart of the digital sector in the UK in East London and is currently used a car park. The college are in discussion with Queen Mary University regarding this.

With regards to BREEAM the college aspires to achieve a Very Good rating for the refurbishment and an Excellent rating for the new building which is in line with the FE Capital Programme requirements.

There is a strong fit with the FE Capital Programme including collaboration with employers, schools and college. The project will fund space that is versatile and responds to industry and learners needs. This project responds to demand from the market, growth areas and skills shortages. With regards to equalities the college aims to recruit 50% of students from disadvantaged backgrounds and 40% of female students.

The Expression of Interest (Eoi) was approved with a project cost total of £20.5m and an £11m request for FE Capital grant. At this stage no specific site had been identified and therefore the cost plan was conceptual and undeveloped. The changes from Eoi to full application stage relate to the selection of the most appropriate premises from ten other potential sites and the development of appropriate refurbishment, construction, equipment and other costs. The outputs have generally increased positively from Eoi stage.

**1. National College for Digital Skills
£37.6m Full Scale Proposal**

FE Capital Request: £24,210,551
(BIS request: £13.4m)

Total Project Value: £37,651,379

Description

The college will refurbish 3 floors of Berol House in Tottenham Hale to enable the college to open in September 2016 and purchase a site adjacent to Berol House to build a new state of the art National College that will open in September 2018. The college will also develop a satellite campus in Whitechapel and spend £1.8m on equipment.

Outputs and outcomes

- 4,584 learners supported (over first 5 years)
- 1,212 apprenticeship starts (over first 5 years)
- 40 jobs created
- Working relationship with Queen Mary University, Whitechapel – the first Russell Group university to partner with an FE college at the Whitechapel satellite campus
- NPV is £71.257m, NPV / Capital Cost ratio is 1.74
- Total GIA 8,663m² (Refurb 1,663m² and new build (2 sites) 7,000m²)

The table below shows the student numbers.

	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Key Stage 5	-	100	240	385	625	760	760	760	760	760
Higher Level Apprenticeships	-	80	192	259	318	363	518	723	793	793
Foundation Degree	-	-	-	27	47	90	144	144	144	144
Adult learning / re-skilling	100	100	200	200	300	300	400	400	500	500
Other provision	400	100	100	105	107	111	118	118	118	118
Online	-	-	100	250	250	450	800	1,200	1,500	1,500
Total	500	380	832	1,225	1,647	2,074	2,740	3,345	3,815	3,815
Cumulative total	500	880	1,712	2,937	4,584	6,658	9,398	12,743	16,558	20,374

Recommendation

Further consideration once funding availability known

Activity	Timeline
Refurb of floor 3 Berol House starts	Feb 2016
Refurb of floor 3 Berol House completes	Aug 2016
College on floor 3 of Berol House opens	Sep 2016
Refurb of floors 2 and 4 Berol House starts	Feb 2017
Refurb of floors 2 and 4 Berol House completes	Aug 2017
College on floors 2 and 4 in Berol House opens	Sep 2017
New build in Tottenham starts	Jan 2017
New build in Tottenham completes	Aug 2018
New build college in Tottenham opens	Sep 2018
Whitechapel new build starts	Mar 2016
Whitechapel new build completes	Mar 2017
Whitechapel satellite campus opens	Sep 2017

2. National College for Digital Skills £20.6m Scaled Back Scenario

FE Capital Request: £7,165,000
(BIS request £13.4m)

Total Project Value: £20,569,828

Description

The £20.6m scaled back scenario includes refurbishment of 1 floor of Berol House in Tottenham and the purchase of a site adjacent to Berol House to build a new scaled back college. This means that the college will not refurb floors 2 and 4 of Berol House, the new build at Tottenham Hale will be reduced by circa 36% and they will not develop a satellite campus at Whitechapel. The equipment budget has also been reduced to £1.47m.

Outputs and outcomes

- 2,567 learners supported (over first 5 years)
- 700 apprenticeships starts (over first 5 years)
- 40 jobs created
- NPV is £30.813m, NPV / Capital Cost ratio is 1.25
- Total GIA 5,094m² (Refurb 1,254m² and new build (1 sites) 3,840m²)

The table below shows the student numbers.

	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Key Stage 5	-	85	161	216	350	426	426	426	426	426
Higher Level Apprenticeships	-	60	114	145	178	203	290	405	444	444
Foundation Degree	-	-	-	15	26	50	81	81	81	81
Adult learning / re-skilling	100	100	200	200	300	300	400	400	500	500
Other provision	400	100	100	105	107	111	118	118	118	118
Online	-	-	-	-	100	250	250	450	800	1,200
Total	280	213	466	686	923	1,161	1,534	1,873	2,137	2,137
Cumulative total	280	493	959	1,645	2,567	3,729	5,263	7,136	9,273	11,409

- Enables College to open in September 2016 and build long term facilities however College would be degraded proposition with initial student volumes and long term growth reduced
- Whitechapel campus would be lost. This would degrade and derail relationship with Queen Mary University.
- Reduced refurbished short term space limits ability to grow student volumes rapidly
- Reduced equipment budget weakens ability to become centre of excellence, however College will continue fundraising efforts to support this
- Significantly reduced foundation degree student volumes and level 4+ qualifications
- Ability to scale up adult learning and professional development is reduced
- Reduction in student volumes reduces college income and financial stability reducing economies of scale and ability to fund future growth and address the national skills shortage

Recommendation Full approval of £20.6m scaled back scenario before CSR and option to look at funding the £37.6m full scale project

Activity	Timeline
Refurb of Berol House starts	Feb 2016
Refurb of Berol House completes	Aug 2016
College in Berol House opens	Sep 2016
New build in Tottenham starts	Jan 2017
New build in Tottenham completes	Aug 2018
New build college in Tottenham opens	Sep 2018

