In response to the Foster Report into Capital Funding for Colleges, Learning and Skills Council (LSC) Chair Chris Banks, who commissioned the report, says:

“I am very grateful to Sir Andrew for the thorough and professional way in which he approached the task and accept his recommendations for the way forward.

There have been major issues with the management of the college capital programme, in particular the forecasting and management of demand for funding (i.e. the expanding pipeline of projects waiting for final approval). The LSC’s approach to managing the capital programme was designed for a situation where funding for capital projects was in balance with demand from the sector. Continuing to use that approach as demand started to outstrip available funds, led to the difficulties we have today.

The LSC accepts the criticisms that have been directed at it.

I am taking immediate action to strengthen the governance of the capital programme and other key elements of the LSC’s work. I have commissioned a review of our governance arrangements and this will be presented to National Council on 22 April.

I will be working closely with our new Chief Executive, Geoff Russell to ensure that all Sir Andrew’s recommendations are implemented swiftly and effectively.”

New LSC Chief Executive, Geoff Russell said:
“I welcome Sir Andrew’s report which provides a clear analysis of the issues and a helpful set of recommendations for the future management of capital in further education.

The LSC will now implement each of Sir Andrew’s recommendations as quickly as possible and I am writing to all College Principals today to give them more information on next steps.

Working with the Association of Colleges (AoC), we have already begun to consult the FE sector on developing the new needs based criteria which will be necessary to prioritise demand. I am appointing an external team of property specialists to assist in ensuring that the information held by the LSC is accurate and comprehensive and a sound basis for taking future decisions. As the new criteria are developed, we will consult widely with representative college groups, Regional Development Agencies and local authorities.

We support this move to a needs-based approach and will work with stakeholders to develop new criteria and a process by which future bids for capital funding will be prioritised.

An initial assessment of costs already incurred by colleges with Approval in Principle has been carried out. LSC regional finance teams will be working with these colleges to establish their financial position and to address any cash flow issues. Once criteria are agreed, colleges are welcome to assess themselves against it, and these will considered by independent financial advisers when making their judgements. I repeat the commitment that we have already given, that no college will become insolvent as a result of capital project delays.

A joint project team involving LSC and Department for Innovation Universities and Skills (DIUS) staff has been set up. I have appointed David Hughes (currently Regional Director for London) to take personal responsibility for LSC’s capital programme. David will lead on the college funding issues including consultation with the FE Sector, as well as working with Chris Banks to develop recommendations on new governance arrangements.
Finally, discussions are underway with DIUS and the Department for Children Schools and Families (DCSF) about the future arrangements for capital in the Skills Funding Agency and the Young Peoples Learning Agency. The new arrangements include regulation and oversight of capital by DIUS and DCSF, a new financial strategy and best practices procurement methods. I want to ensure that the new organisations are designed to be as successful as possible.

I am determined that we will quickly continue the capital programme to ensure it delivers outstanding learning facilities for further education students.

Notes to editors:

Learning and Skills Council:
The LSC exists to make England better skilled and more competitive. We are responsible for ensuring the availability of high-quality education and training for everyone. We have a single goal: to improve the skills of England’s young people and adults to world class standards. Our vision is that young people and adults in England have knowledge and skills matching the best in the world and are part of a truly competitive workforce.

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