

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF THE CORPORATION HELD ON 4 OCTOBER 2007

Present: Mr. Bernard Vaughan (Chair), Mr. Rowland Foote (Principal), Mr. Geoff Richardson (Vice Chair) Mr. Peter Taylor, Mr. Peter Adams, Ms. Gillian Drewitt, Mrs. Sibyl King, Mrs. Joy Postings, Mr. Mark Pitcher, Mr. Mike Humphries, Mr. Guy Spencer and Mr. Scott Oliver,

In Attendance: Mrs. Sue Ratcliffe, Clerk to the Corporation
Mr. Lawrence Vincent, Vice-Principal (Academic & Student Affairs)
Mrs. Diane Grannell, Executive Director of Finance
Mr. Roger Simons, Vice-Principal (Business Development)
Ms. Sue Clyne, Executive Director of Human Resources.
Mr. Ken Roberts, Director of Estates

APOLOGIES FOR ABSENCE

64/07 Apologies for absence was received from Ms. Gill Rushton, Mr. Tony Heaton and Mr. Paul Bennett and permission granted.

CODE OF CONDUCT

65/07 Members had nothing to declare.

CAPITAL BUILD PROGRAMME – APPLICATION TO THE LSC FOR APPROVAL IN PRINCIPLE (AiP)

66/07 The Chair reported that a meeting of the Finance and General Purposes Committee had been held on 27 September to consider the financial strategy and investment appraisal and reported that the Committee had supported the submission of the application, subject to consideration by The Board at the meeting today.

Members were reminded that Members had previously reviewed the Stage C concept drawings and today, after consideration of the initial financial strategy, members would be asked to consider submission of the application for approval in principle to the Learning and Skills Council.

The Principal updated members on progress with the preparation of the submission and reminded members that this is a once in a lifetime opportunity which The College has been working on for a considerable time. He outlined the process of consideration by the local LSC over an 8 week period before submission to national committee in December 2007 or January 2008.

- a) The Principal gave a PowerPoint presentation explaining the curriculum growth profile which will form the basis of the curriculum case and the 10 year investment appraisal. He explained the assumptions and reported a total 18% growth over an 8 year period, which some members considered may be slightly optimistic. However, The Principal suggested that Government benchmark figures could support the assumptions and The College had a very good track record for 16-18 provision. He reported his confidence that the numbers would be maintained. The Principal indicated that the accommodation strategy and curriculum case were underpinned by a "good" college, as defined and supported by our OfSTED inspection and LSC reports.
- b) The Board received the space utilisation chart and noted that no special allowance was made for the listed buildings. After discussion it was agreed that as we move forward, it is important that The College can deliver the changing pattern of provision and the demand-led agenda within the space allocations of the new buildings.

- c) The Executive Director of Finance handed round the updated draft of the financial strategy and investment appraisal and explained that she was still waiting for feedback from the LSC. She continued by explaining that this was an initial view which had been shared with the Finance and General Purposes Committee. She highlighted the assumptions that the figures have been based on and confirmed that there is more work to do before it is submitted to the LSC. The initial appraisal shows a Net Present Value (NPV) at - £10m, growth assumptions have not yet been debated and there are more to be factored in following discussion with the LSC. Members were also informed that an initial review of our "base case" to do nothing, shows a negative NPV of £29million, without the structural repairs which have very high costs.
- d) Members noted that following discussion with the LSC, The Fulcrum would no longer be included as part of The Project. This decision will not impact on our affordability assessment but will be considered in the assessment of our capacity to borrow. This decision was supported by the Finance and General Purposes Committee.
- e) Long Term borrowings have been assessed at 30% of income, in line with LSC requirements and will include the existing loan on the Fulcrum. Sale of College assets have been included using Red Book valuations on The Field and Constitution Hill but reserves have been used to fund short-term borrowings that will be required during the construction phase.
- f) Members noted that the LSC expects to see a Category A College dip to Category C and recover three years after completion of the project. Members accepted the importance of ensuring we focus on the underlying business of the College throughout the build, and reshape that business to meet new demands. Members were also reminded that the new funding methodology will be introduced by the LSC in 2008/2009 which will remove our protection in respect of the adult contract. That year in particular will be a challenging year for The College.
- g) The Director of Estates presented an update report as prepared for the Estate Committee (ref: 16/07 I E) and circulated to all Board Members. He highlighted the outcome of the CABE review and highlighted the outcome of the recent sustainability review.

Mr. Peter Adams left the meeting.

RESOLVED TO:

Agree the proposed capital project as a basis for action by The College. It was recognised that presentation of the strategy was at present conceptual and did not show final design detail.

In consideration of all the information presented, give consent to:

- a. The submission of the capital project to the Learning and Skills Council seeking in principle consent, as presented to the Board on 4 October 2007.
- b. The project being:
 - i) the complete renewal of The College estate, by:
 - The construction of 33,093 m² (new build) and 4,295 m² (refurbishment) on The College's two main sites at Lansdowne in Bournemouth and North Road in Poole.
 - the reduction of The College estate from 47,446 m² to 38,898 m² through the demolition and asset sales inherent in the project.
 - ii) All at a quoted price of no more than **£123.649 million** (without Inflation (or £148.925 million with inflation).

c. Financed by:

A request to the Learning & Skills Council for capital support of	(without inflation) £109,317,000	(with inflation) £134,092,000
Asset sales of £3,060,000, of which £1.50 million will be offset against dilapidations and the remainder against The project.	1,560,000	
A long-term debt of	12,772,000	
Total	£123,649,000	

- With a revolving credit facility to allow for the forecast timing delay in project payments from the Learning and Skills Council. This facility is estimated at £30million, to be reviewed and monitored on a monthly basis.
- d. Seeking further development funding from the Learning and Skills Council to enable the AiP Master plan of the capital project on both Lansdowne and North Road sites to be further developed to RIBA Stage D. Detailed information will be provided, prior to seeking Board approval to go back to the Learning and Skills Council with a case for the detailed consent for this project.
- e. Note and agree the financial forecast and investment appraisal as presented, accepting there may be minor changes following detailed consultation with the LSC.
- f. The final bid document, seeking approval in principle, should comply with LSC requirements with regard to the financial forecast and in particular show The College achieving an operating surplus in each of the years after the completion of the property strategy.
- g. Grant delegated authority to The Chair and The Principal to authorise the submission of the final bid document, seeking approval in principle, in accordance with LSC requirements.

PROJECT PROCUREMENT – DESIGN TIME AND PROJECT MANAGER/QS SERVICES

67/07 The Chair reported that these matters had been discussed by the Estate Committee at their meeting on 3 October 2007.

- i) Design Team Appointment - The Committee had supported sending invitations to tender to the 22 companies that had been selected as part of the pre-qualification process.
- ii) The Estate Committee has also considered the proposal to continue the appointment of Lend Lease as Project Managers and QS services for RIBA Stage D to Project Completion under the terms of the OGC National Framework. After discussion, it was agreed to arrange a meeting with Lend Lease, before the appointment is confirmed, to give Board members the opportunity to explore with Lend Lease their commitment to The Project, the terms of their appointment and to hear the company's philosophy and how they propose to ensure communication with The Board as we move into the next crucial stages of the project. **Note: This meeting has been arranged to take place over lunch, prior to the meeting of the full Board on 25 October 2007.**

RESOLVED to confirm the recommendations of the Estate Committee.

MATTERS BROUGHT FORWARD BY THE CHAIR

Recent College Successes

68/07 The Principal reported on the recent successful bid for HEFCE – Centre of Excellence in Teacher Training.

CITB Foundation Degree with Southampton Solent University for October 2009. Still awaiting outcome of our bid for the National Academy in Culinary Arts.