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EASTON COLLEGE CORPORATION

Minutes of the Meeting held on Friday 7 November 2008

Present: Mr M Andrews, Mr R Baines, Mrs F Baugh, Mrs V Bowyer, Mr J Burford, Mr M Gamble (Chairman), Mr D Lawrence (Principal), Mr I Mawson, Mr D Ramsay.

In Attendance: Mrs P Bell, Mr T Cawkwell (Clerk), Mrs C Sadler, Mr G Lambert, Mr C Nix.

1 Apologies for Absence

Apologies for absence were received from Mr J Burrage, Mr B Grindrod, Mr J Hunter, Mr M Livermore, Mr B Miners, Mrs J Moss, Mr M Pant, Mrs J Strudwick.

2 Minutes of the meeting held on 17 October 2008

The minutes of the meeting held on 17 October 2008 were approved as a correct record and signed.

3 Matters arising from the minutes

a) Code of Conduct

The Clerk reported that all Governors except one had so far signed the form notifying receipt of the Code of Conduct.

Action: Clerk

b) Governor access to intranet

The Clerk explained that he had yet to circulate to Governors the page of instructions now received from Ms Mylchreest.

c) Amendment to Standing Orders regarding appointment of Student Governors

The Clerk explained that in order to underpin present practice whereby Student Governors were appointed by the Student Council, the Standing Orders needed to be amended as follows: "The two Student Governors shall be nominated by the *Student Council* [altered from '*student body*'] and appointed by the Corporation for a term of office of one year or until the Governor ceases to be a student of the College." This amendment was proposed by David Lawrence, seconded by David Ramsay and agreed.

d) Local Authority representation

The Principal had spoken to Sandra Dineen, the new Chief Executive of South Norfolk Council, who was willing to become a Governor, and had followed this up by writing to the Leader of the Council seeking such an appointment. If the Council approved it, then a

formal proposal would be made at the meeting of the Corporation in December, and Ms Dineen would attend the March meeting.

5 Submission of an Approval in Detail (AiD) capital bid to the Learning and Skills Council

The Chairman introduced this item by saying that the proposals came with a recommendation for approval from the Capital Projects Sub-Committee. A paper was tabled for Governors.

Mrs Sadler explained that the Application in Detail would be considered by a meeting of the LSC capital committee on 5 December. Prior to that it will go to a regional meeting, and that the deadline for submission was the following week.

Tender process for construction Mr Nix reported that tenders had been received for the Jubilee 3 building and for the equestrian facilities. See confidential minutes attached.

Finance Mrs Sadler then referred to the financial tables contained in the paper. These covered the income and expenditure account, the balance sheet, and most importantly, the affordability statement in respect of all three stages of the project. In particular, the following was noted:

- Income and expenditure figures had been updated to show the actual outturn for 2007/8.
- The College returned to a break-even position in 2013.
- The affordability statement was important because LSC Capital Committee studied this set of figures in particular before taking a decision. The LSC financial team has reviewed this statement showing 27 days cash in hand in 2013, and of borrowing as a percentage of income at 31.2% in 2013 in the table showing 68.1% capital support and is prepared to accept it as the basis of the College's application.
- Capital support at 66% would be within the 30 to 40% range but Mrs Sadler contended that the borrowing percentage against income should be at the lower end of this range because Easton was a small College. Capital support at 70% fell outside this range and was rejected. The LSC will therefore recommend the 68% capital support.
- The role of the LSC is very important, as they had given considerable assistance in writing the commentary that would accompany the application. The Principal explained that the application would not be going to Capital Committee without the regional LSC being in support.

There was general consent from Governors that the figures at the 68% support level mixed prudence and realism in a sensible manner, and that the application should go forward on this basis.

Net Present Value figures Mrs Sadler explained that Jubilee 3 and the infrastructure works showed a positive NPV of 2.012 million. Equestrian/ animal welfare facilities have a NPV of 0.514 million negative, since the relocation of students would have a cost. If phase 2 was done on its own, then the overall NPV was 1.397 million positive.

Timescales Mr Nix explained that construction could start on site in January 2009, with the equestrian/animal welfare centre facilities ready for September 2009 and Jubilee 3 would be completed by February 2010. It was hoped to start the residential facilities and the permanent tennis facility by the end of November 2008.

CONCLUSION

Having given due consideration to the College's Property Strategy, the Corporation resolved to submit an Approval in Detail application to the LSC for phase 2 of the capital project in order to address the issues raised in the Property Strategy.

Overall Project Cost changes

The Governors considered the total project cost increase of £757k from £20.7m to £21.4m in respect of the Jubilee 3 and Equestrian/animal welfare buildings. Governors identified that this was due to an additional £598k allocated to moving Jubilee 3 from BREEAM good to BREEAM excellent in line with the LSC Capital Committee guidance when considering AiP and the balance was due to price inflation due to the delay in project start date. It was noted that as a result the NPV of the total preferred option had therefore reduced from £2,215k to £1,718k.

It was proposed by David Ramsay, seconded by Fran Baugh and agreed to accept changes in the overall project cost.

Project Funding and Financing

The Corporation resolved a maximum spend on the whole project of £21.440m subject to LSC approval and support. The Corporation authorised the Finance and Enterprises Committee to arrange suitable financing and contractual arrangements in line with the College's financial memorandum and subject to LSC support and approval, and not exceeding £3.6m of long-term loan liability and a maximum of £16m short-term loan financing.

The Governors noted that since the preparation of AiP the maximum short-term borrowings had increased from £12m to £16m. It was explained that this was as a result of potential changes in the LSC grant profile. Although it is hoped that this worst-case scenario would not occur, it was considered prudent to ensure sufficient short-term finance is in place.

It was proposed by Iain Mawson, seconded by Mike Andrews and agreed to proceed on the basis outlined with a maximum spend on the whole project (all three phases) of £21.440 million.

INDIVIDUAL ELEMENTS OF THE CAPITAL PROGRAMME

New-build teaching building (Jubilee 3)

The Governors considered the detailed plans and fully tendered price for the proposed Jubilee 3 building and noted full planning permission had now been obtained. It was noted on 13 August 2008 that it was resolved to award the contract to RG Carter Ltd and the Governors now considered and approved the fully tendered price.

Governors noted that the project has a positive NPV of £2,012k after incorporating the additional costs of the onsite infrastructure costs. Governors resolved to submit an AiD application to the LSC with a project cost of £9,904k and funded by LSC grant of £7,428k and College contribution of £2,476k.

It was proposed by David Ramsay, seconded by Mike Andrews and agreed to approve the fully tendered price for Jubilee 3.

Equestrian/ Animal Welfare Centre

The Governors considered the detailed plans and fully tendered price for the proposed equestrian and animal welfare centre and noted that full planning permission had been obtained. Following extensive negotiations and on the basis of advice from Ian Kendall Associates it was resolved to appoint Mansell Construction Services to construct the Equine/Animal Welfare Centre.

Governors considered the fact that the project generated a negative NPV of £514k and noted that this is due to the fact that the project was a replacement of existing facilities which will be lost to the College on the Royal Norfolk Showground and therefore attracted little student-growth funding.

It was proposed by Veronica Bowyer, seconded by Fran Baugh and agreed to submit an AiD application to the LSC with a project cost of £4,727k and funded by LSC grant of £3,545k and College contribution of £1,182k.

On- site infrastructure

The total cost of the on-site infrastructure was noted at £487k to be funded £365k by LSC grant and £122k by College contribution. No separate NPV has been prepared for this element but rather it is included within that prepared for Jubilee 3 above.

It was proposed by Robin Baines, seconded by Mike Andrews and agreed to note the total cost of the on-site infrastructure.

Summary of phase 2

In conclusion the Governors resolved to submit an AiD application for the sum of phase 2 of the project which may be summarised as total cost of £15,118k, LSC grant of £11,338k and College contribution of £3,780k.

It was proposed by Iain Mawson, seconded by David Ramsay and agreed to submit an AiD application on the above basis, noting that the NPV for phase 2 was £1,397k.

Finally, reference was made to the cashflow and Iain Mawson proposed that the relevant staff be thanked for the work that has been carried out. This was readily agreed.

7 Date of Meeting

It was agreed to hold the next meeting of the Corporation on Friday 5 December July 2008 at 2 p.m. Opportunity would be taken to bid farewell to retiring Governors, and at this point the Chairman thanked Mike Andrews in particular for his many contributions as a Governor during his term of office.

8 Confidential items

It was agreed that the discussion relating to the appointment of contractors should be confidential, to be reviewed in 12 months time.