

BRIGHTON HOVE & SUSSEX SIXTH FORM COLLEGE

MINUTES OF THE SPECIAL MEETING OF THE CORPORATION HELD ON WEDNESDAY 25th FEBRUARY 2009 at 6.00 p.m. IN THE SPORTS CENTRE CAFE

Present: Helen Andrews, Dominic Blythe, Vanessa Brown, Peter Freeman (Chair), Rosa Friend, Melissa Gibbon, Yvonne Hillier, Howard Kidd, Elizabeth Lamb, Jamal Salman, Pippa Smith, Chris Thomson, Chloe Tomlinson, Chris Wellings, Marion Wilcock, Sam Wolfe.

In Attendance: Rod Mallinder (Premises Group), Neil Cole and Alex Black (Drivers Jonas), Glenn Welland and Paul Shrimpton (AYH), Sally Bromley, Anne Fielding Smith, Jutta Knapp and Louise Pennington.

C09/01 Apologies and Welcome

Neil Cole, Alex Black, Glenn Welland, Paul Shrimpton and Rod Mallinder were welcomed to the meeting.

Apologies were received from Leslie Ironside and Richard Schaverien.

Nigel Fisher was also not present.

C09/02 Update on National Context

Governors were advised that the new Building Project images were still available to view via the website.

Peter Freeman and Chris Thomson gave an update as follows:

- a) The Government has two large building programmes in the education sector – building schools for the future and building colleges for the future.
- b) In the current financial 3 year round, the Government announced a sizeable increase in the capital budget for the LSC to offer to all Colleges. The LSC invited Colleges to submit proposals and BHASVIC, along with many other Colleges, has been working on its capital project since 2002.
- c) Although the LSC has been monitoring individual and overall colleges' plans, including costs, the Government were not certain that that projected costs totalled accurately, particularly in the light of the current economic climate. In the light of this, in December 2008 the Government advised the LSC to suspend all applications for a 3 month period, including the 22 applications in detail which were due to be considered by the National LSC Committee in December. The Government has requested a review to be carried out, involving Sir Andrew Foster (appointed by Chris Banks (Chair of LSC) and John Denham (Secretary of State for Innovation, Universities and Skills) and an initial outcome will be generated on 4th March, with a final report due on April.
- d) John Denham has advised announced in parliament that a rationing system will have to be introduced, although no details are yet available.
- e) Peter Freeman has written a letter to the local MP, Celia Barlow explaining the circumstances and BHASVIC's concerns. (Copies available for LEP on request).
- f) Peter Freeman, Chris Thomson and Jutta Knapp met with the LSC in London

on 29th January 2009 to discuss BHASVIC's case and latest position (all Colleges with capital applications underway, have had meetings with the LSC to go through various key questions). PF, JHK and CT were encouraged by this meeting as the College was advised to continue its process and submit its AiD by the 2nd March 2009 deadline.

- g) CT explained the importance of Governors' involvement, in supporting the work done internally at the College and thanked Peter Freeman for efforts in recent weeks to assist the College in moving its plans forward.
- h) In response to a query from Marion Wilcock regarding the significant level of professional fees already incurred by the College, JHK confirmed that the LSC were only obliged to contribute a percentage of the overall fee level, which for BHASVIC is £975,000 to date. BHASVIC's total costs to date (since July 2007) amount to £1.9M with another £400,000 to £500,000 expected. The Corporation agreed that should there be difficulty in getting the project support from the LSC, despite the fact that the LSC had encouraged the College to proceed with the plans devised, would place the College in a difficult financial position, should the LSC not meet the overall fee deficit. Within the I & A, the Corporation is responsible for the effective and efficient use of resources, the solvency of the institution and the Corporation and safeguarding their assets.
- i) The AOC (Association of Colleges) has also been involved in discussions with various Government officials to explain Colleges' position, both sixth form and further education colleges.
- j) On a more positive note, the College not only has planning permission, it has AiP approval with AiD expected to be submitted by Friday of this week. It also does not have property/land to sell as part of its proposal and has its borrowing facilities in place and on favourable terms.

C09/03 Capital Building Project – Application in Detail (AiD)

Peter Freeman referred to page 86 which lists the documents which will have to be included as appendices with the main AiD. These documents continue to be finalised and have not been included in the pack, but will be available for reference purposes at the March Corporation Meeting. The complete AiD will also be available electronically to Governors.

CT gave a summary of the Capital Project to date and tabled a one page summary demonstrating this. He also explained that some of the documents which they were required to include within the AiD had been written some time ago e.g. Property Case (approved Corporation July 2006) and therefore that some adjustments might be required. The Corporation was reminded that Ofsted, in its last two inspection reports had highlighted the buildings' inadequacies, particularly the facilities available within College House which is not DDA compliant (30% of teaching occurs within College House). He also explained that it was usual to submit the AiD within a year of gaining AiP approval, but that there had been a delay in finalising the AiD for a number of reasons including the fact that there had been a change of Project Manager, the original lead Architect had also left Nick Evans Architects. Isabelle Wragg, the National Property Adviser had advised the College not to return to the AiP but advised that the AiD be submitted as soon as possible.

At this point Yvonne Hillier joined the meeting.

a) Education Case

Sally Bromley presented the revised case to the Corporation and gave a summary of

developments, since the AiP, which incorporated the Education Case, was last approved by Corporation in July 2007.

- i) Maria Bailey, the previous Assistant Principal had had the responsibility for producing the original Education Case for BHASVIC, working with the two other Colleges within the Accord (Varndean and City) to ensure that an integrated case was produced for Brighton and Hove, in accordance with the LSC's requirements and to avoid duplication of projected student numbers.
- ii) The document has been updated to reflect changes in courses offered by BHASVIC, student numbers and curriculum planning. Discussions have been held in recent weeks with the local LSC to ensure continued compliance with their requirements. The LSC had advised BHASVIC not to completely re-write the AiP education case for the AiD but to update to reflect the changes proposed. The revised document has been cross-referenced to reflect any changes made when compared to the original case. Reference has also been made in the revised case to the two main LSC documents – LSC's National Priorities and the Local LSC's Statement of Area Needs. The LSC's emphasis is upon ensuring that the new diplomas are offered – in fact BHASVIC has already offered certain new diploma courses at Level 3 from September 2008. The College will only be able to offer certain new courses, via the space provisions of the new build. Finally the Case talks about of the proposed Falmer Academy developments (sixth form etc), taking into account the overall City's student numbers.

b) Property Case

c) Financial Case

JHK presented the Property and Financial Cases to the Corporation and noted the following:

- i) Until the LSC are satisfied with the revised Education Case, they will not review the Property or Financial Cases. However recent meetings with the LSC have indicated their support for the overall AiD.
- ii) Since the AiP was approved, the Government has announced plans to transfer the funding of sixth form Colleges from the LSC to the Local Authorities, although no details have become available yet. Early discussions with the Local Authority have taken place though and Sally Bromley has been in regular contact with the LA link person, Chris Marshall, who is also working closely with Michael Nix and Valerie Koffman at the LSC.
- iii) The College's AiP was endorsed by the LA Partnership Board in 2007, so it is hoped that the College's plans will continue to fit in with the education plans for the local area too (school sixth forms). The NEET (not in education, employment or training) problem in Brighton and Hove is unique and is not repeated in the areas of East and West Sussex, apart from Worthing and may help to support the Brighton and Hove Colleges' Capital Projects.
- iv) The College's Property Case was approved by Corporation in July 2006 with the AiP gaining Corporation approval in July 2007. The document is not required to be revised and has been well proven with both Ofsted and the LSC noting the inadequate state of the buildings.
- v) Within the Financial Case, the College is required to submit its projected income and expenditure for the next 10 years (table 1, page 54), and

takes into account factors such as the student numbers as quoted within the Education Case and taking into account various assumptions having been made regarding projections forward to 2018 including funding rates, staff costs and inflation.

- vi) Schedules 7a, 7b and 7c on pages 78, 79 and 80 give an analysis of the methods of financing and affordability respectively. The total project cost is £42.8M. The financial plan is based on 88% percentage contribution towards funding from the LSC being £37.676M, with the balance coming from bank loans and a small contribution from BHASVIC's own funds (approx £300,000). As previously reported an £11M revolving credit facility has been approved and agreed with Barclays Bank for the duration of the project, with a £4.5M long term long over 20 years after this. Both facilities have been agreed at extremely favourable rates for BHASVIC, with no charges being imposed by the Bank if the College does not utilise these. The College is not allowed to draw down on the loan until AiD approval has been granted. However the Bank has required BHASVIC to submit the signed facility letter already to ensure that the money is earmarked. Referring to page 80 table c Affordability Statement, JHK explained that the LSC focuses upon 2 criteria, the first being the 3 year position post completed and secondly, the financial health category assigned either A, B or C, based upon financial performance, with A being the optimum. It was noted that projections show that the College will move from Financial Health Category A to C through the life of the project and the LSC requires Colleges to revert back to where the College was originally, 3 years post completion. Governors were reminded that the LSC had approved 86% fee support at AiP stage and that although the plan is now based on an anticipated 88% LSC fee support, in order to revert to financial health category A after the project completes, from Category C, through the project duration, 90% LSC fee support would be required. The LSC will not allow capital projects to affect Colleges' financial health position detrimentally in the long term. Understandably since AiP project costs have increased. Should the LSC not support the agreed fee increase to 90%, the College will have to look to provide cost savings. AYH the Cost Consultants, are continuing to work on the various tender packages (40 in total) in respect of the many sub-contractors with the aim of achieving a reduction in overall costs at the same time as ensuring a common understanding within the various contracts for the specific work required. Furthermore, ideally the AiD should match the LSC's cost model and owing to the time difference between submission of the AiP and the AiD, this has not yet been achieved. Hence the need for AYH to continue to work to reduce overall costings in order to achieve this. The College's Design and Build project means that there is 95% cost certainty (any risk of costs increasing is transferred to the contractor). On this basis the price is agreed with the contractor and would only change for BHASVIC if the College altered its design instructions. The College will have the contract in place with the main contractor, whilst the sub-contractors will contract with the main contractor. Should the latter fail in any way, the risk will lie with the contractor. AYH and the project managers have completed a due diligence exercise in respect of the main contractor to ensure as much as is possible, that they are financially viable. Additionally a 10% performance bond has been taken out so that should the contractor go bust, the College would have some recompense to provide finances to seek an alternative contractor etc. Once the contractor is on site, the contract only allows for payment to be made monthly in arrears and only in respect of current work on site.

- vii) Regarding the funding of the project, Howard Kidd emphasised the College's need to operate efficiently financially to ensure sufficient funds to meet loan repayments/interest and capital.
- viii) Marion Wilcock queried the various likely scenarios in respect of the rationing of LSC funding and CT explained that although rationing had been advised, no details had yet been forthcoming. The College has made it clear to the LSC that the project would not make economic sense if completed in phases, bearing in mind that the first phase requires the implementation of ground source heating and various energy requirements which would only be justified if the whole project was completed. In his review, Andrew Foster has been asked to include a review of phasing proposals.

RESOLVED: Taking into account all the points above, the Corporation resolved that the AiD should be submitted by the deadline of 2nd March 2009.

Thanks were passed on to Jutta Knapp for all her work in producing the AiD.

C09/04 Any Other Business

CT updated the position regarding James Parke, the ex-member of staff who was arrested on 1st September (and left the College on 15th September). There have been 2 legal hearings to date with a further hearing in the Crown Court on 6th March. If James Parke pleads guilty there will be intense media interest and CT is putting in place procedures to handle this; all enquires should be directed to CT.

There was no other business.

C09/05 Date of Next Meeting

Tuesday 24th March 2009

Louise Pennington
Clerk to the Corporation

CHAIR.....

DATE.....