

APPROVED Minutes of the F&GP Committee held on Tuesday, 13th May 2008

Present: Mr M Murray (Chair)
Mr R L'Amie
Mr D Quail
Mrs J McAllister
Mr M Dixon

In Attendance: Mrs S Shaw (Deputy Clerk)
Mr J Stott (Clerk)
Mrs L Swift (Head of Finance)
Mr J Williams (Lloyds TSB Education Sector)

Apologies: None

Meeting commenced: 19:02

Meeting closed: 20:58

The Chair of the Committee welcomed John Williams of Lloyds TSB Education Sector to the meeting. It was noted that John Williams is a member of the Park Lane College Corporation.

23/08 Disclosure of financial and/or personal interest

There was no disclosure of financial and/or personal interest.

24/08 To agree agenda and order of business as circulated

The agenda and order of business were agreed as circulated.

The Principal explained that item 4 of the agenda (26/08 of this minute) was a general update with a view to keeping the Committee informed and generating debate. The detailed Application in Principle would be considered by the Committee at a later meeting. She explained that John Williams had been invited to present under item 3 since Lloyds TSB were the College's bankers.

25/08 Training Item – Presentation from Lloyds TSB on Capital Project Funding Arrangements

John Williams explained that Lloyds TSB is one of currently only two loan providers to the FE sector for capital projects. A tender process would need to be engaged with before a decision on a loan provider was reached. John Williams then gave a presentation on the current climate and arrangements for capital project funding in the FE sector

and circulated copies of the presentation and a document entitled "Top 10 Tips for Governors".

Mr Williams indicated that the importance of considering the current opportunity to secure LSC funding to access funds to improve the College estate. The LSC currently required Colleges to borrow up to 40% of their income 3 years following completion of their project.

Bank loans were currently unsecured and the primary concern of the Bank when lending would be repayment ability. He indicated that the funding structure could be quite flexible with mixes of fixed, variable and capped rates all possible currently. He explained that the Bank would be able to discuss the specific needs of the College as and when it was ready to engage in a detailed discussion about funding needs.

Mr Williams outlined the risks involved and some hints as to how to manage these. He indicated that the LSC is currently keen to commit to capital projects and has been known to fund 100% of the costs. However, this position could change as the end of the funding programme approached in 2012.

19:48 The Chair opened up the meeting to questions.

Discussions on the following subjects then ensued:

- the mix of funding vehicles and the economic climate
- the possibility of "forward fixing" loan rates
- the possibility of taking out a loan at an advantageous rate in advance of a project starting
- the advisability of getting funding in place before final project approval

20:00 Mr Williams departed.

20:02 Roger L'Amie departed.

Committee Members agreed that it would be useful to find out the cost of a "non utilisation fee" and the "arrangement fee" for taking out a loan in advance of a project starting.

Members agreed that it would be worth receiving a presentation from the other current main funder to the sector.

26/08 To consider aspects of the Capital Project preparatory work

The Principal presented an update paper entitled "Update on the Capital Project" that had been circulated with the agenda.

- (a) She outlined the key elements that would determine the ability to put a full Application in Principle together: -
 - the joint work of Bradford Council and Yorkshire Forward to identify and acquire a site in Central Shipley;
 - continued support of Bradford Council and Airedale Regeneration for the Gaisby Lane site and its successful acquisition;
 - success of negotiations with the Salt Foundation
- (b) Members noted that, as far as the Mill Building was concerned, the greatest challenge was an operational one which would involve relocating students in temporary accommodation whilst building works were conducted.
- (c) The Committee noted plans to incorporate some energy efficiency improvements to Salts and the Exhibition Building and the progress towards this in the recent successful application for an energy efficiency grant of £80k.
- (d) In terms of risk factors, the Principal indicated:
 - that the current schedule indicated all three projects completed in 2010. There was little room for slippage since the capital programme was due to end in 2012.
 - The LSC had just introduced an approved "Framework" of contractors for capital projects. Whilst DTZ (Donaldsons) were on that list, the current architects and quantity surveyors were not.
 - In 2010, the Salts Foundation would wish to engage with the College in the next 5-yearly rent review.
- (e) The Principal outlined the way in which the Capital Project would be managed by the Corporation Committees. She explained that F&GP would scrutinise the financial detail of the updated investment appraisal when it is ready. She explained that Estates Committee would review the detail of the design to ensure that the College had the "sustainability, connectivity and accessibility" that it required into the future. The Curriculum and Quality Committee would concern itself with the impact of the Project on quality issues and the student experience.

- (f) The Principal confirmed that she hoped that the Application in Principle could be approved by the Corporation on 22nd July. If the Application was not ready by then, management would ask the Corporation to delegate authority to F&GP to approve the Application in Principle. She explained that the F&GP Committee may need to have additional meetings in the months to come and that the current meeting was one of many updates that would form a regular part of every F&GP Committee agenda throughout the project period.

The Chair of the Committee thanked the Principal for this and asked for further comments or questions. There were none.

27/08 Dates of scheduled meetings to January 2009

- (i) Tuesday 24/06/08
- (ii) Tuesday 15/07/08
- (iii) Tuesday 23/09/08
- (iv) Tuesday 02/12/08
- (v) Tuesday 13/01/09

The meeting concluded at 20:58.