

GREENHEAD COLLEGE CORPORATION
Minutes of Capital Development Committee meeting held virtually using Teams
Wednesday 1 March 2023, 4pm

Govs present: Adrian Barrass; Craig Shannon; John Holroyd; Richard Armstrong (Chair); Richard King; Simon Lett (Principal)

In attendance: Mark Jones; Karen Wood; Sharon Roper (Clerk)

Apologies: Elliot Gill; Emmanuel Matuka; James Reeve; Stuart Irving

AGENDA ITEM	DISCUSSION	ACTION
1. Welcome, apologies	RAR welcomed members. Apologies received as above.	
2. Declarations	No declarations of pecuniary/prejudicial interest on the part of Governors or S.L.T. participants.	
3. Minutes 11/1/23	<p>3.1 Capital Development Committee 11/1/23 minutes, previously circulated, signed by Chair, returned to Clerk for filing.</p> <p>3.2 Matters arising: Min 5.13, Fox Lloyd Jones want to sell the land by private treaty, there is no deadline on bids, there will be no recourse to auction, they are trying to find the right buyer to meet their asking price. Fox Lloyd Jones said via Savills, that they will respond if they have an offer of interest from us. RAR recommended that we shouldn't do anything further at this stage until we hear about the two applications we have submitted. Min 5.15, SLE forwarded a Schedule of Accommodation to committee members. The pre app should be submitted next week.</p>	Clerk
4. Update of DfE development	<p>4.1 Update on DfE development (the Hirst Building):</p> <p>1. MJO met with Mace, DfE and GT. They are ahead of programme and would like to handover the building at the end of August. They have assured us noise will not be an issue during exams, but it has been made clear to them that if there is noise disruption a stop notice will be issued. The works programme is currently being reviewed by Mace. MJO has concerns about handing over at the end of</p>	

	<p>summer and feels an October handover might be better, the handover date has not been agreed yet.</p> <p>2. External brickworks are ongoing, internal walls and screeding are going in, and electrical fit outs are starting.</p> <p>3. They are discussing IP telephone locations, finalising the substation lease, and the size of the reprographics room.</p> <p>4. ABA asked about the potential handover date being holiday time and the resources that will be necessary. MJO said both handover dates are holidays, and he is aware that he will need resources and it will need a lot of organising.</p> <p>5. RAR asked when the decision will be made on the handover date, MJO said within two months.</p> <p>6. RAR asked if a programme for the demolition stage has been agreed yet. This has not been received, MJO has asked for a walk round with them to confirm exactly where the demolition starts and finishes within the building. An Asbestos Survey will be done.</p> <p>7. RAR said some governors may want a walkthrough of the access to buildings and what screening will be in place. SLE said the SLT also want a talk through of stage 2 from DfE as it will be more complex than stage 1.</p> <p>8. SLE said MJO will find out the precise schedule of works taking place during the exam season.</p> <p>9. A third substation has been built. On 3/4/23 (during the easter holidays) a power down will take place while cabling goes in. All our alarm systems, IT systems and anything electrical will be switched off, because this will last three days all the backup supplies will run out. This will cause insurance, access to site and HR issues. Everything will be started up late 5/4/23, except Rostron which will be 6/4/23. IT and premises will have a lot of work to do after the power up.</p> <p>10. ABA feels three days for a power outage is excessive. MJO said this is what Northern Power need, it's a new main feed although they may finish earlier. ABA said we could push harder on the time frame or manage the risks this will cause. MJO will discuss time off and overtime options for staff with JNO.</p> <p>4.2 SLE gave an update on the second phase of the DfE build regarding the proposed changes to the second floor in the hall.</p> <p>1. MMI proposed changes to the second floor in the new main hall to give additional classrooms or computer space. SLE's experience of trying to change anything about the build with DfE has been consistent push backs.</p> <p>2. MMI liaised with Mark Dean at GT who indicated this was possible, and DfE said they would look at it.</p> <p>3. MBR and MMI attended a site meeting with DfE, Mace and GT, they mooted the possibility of a change to the second floor and received a complete push back from DfE.</p> <p>4. It appears Mark Dean from GT may not have had the authority to say this change was a possibility.</p>	<p>MJO</p> <p>MJO</p>
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	<p>Subsequently MMI has tried to contact Mark Dean, but he is not responding. SLE recommended not to pursue this any further with DfE.</p> <p>5. RAR said once GT is off site, we can get costs for remedial work from other companies if we still want to go ahead. Once we know the outcome of our bids we'll know if we want to increase capacity on the GC site.</p>	
<p>5. Post 16 Capacity Fund</p>	<p>5. Increased Capacity Cashflow, papers previously circulated.</p> <p>KWO was asked to create a cash flow for extra capacity on the assumption that three subjects are being taught, to 300 students, several assumptions have been made and the cash flow has been based on that.</p> <p>KWO asked the committee for feedback on the assumptions that have been made.</p> <p>The assumptions that received comments and suggestions from governors are detailed below:</p> <p>1. The overall capacity of Greenhead college will increase to 3,050.</p> <p>CSH questioned the capacity figure, RAR said 2800 students will be on the main site by year 4 and will be funded from year 5, another 300 if the capacity fund bid is successful, bringing the total capacity over both sites to 3100.</p> <p>KWO will increase student numbers to 2800 towards the end of the period.</p> <p>2. Teaching allocation is by block.</p> <p>RAR asked if the assumption was 4.5 blocks with 0.5 block as tutorial or enrichment, this was confirmed.</p> <p>CSH asked if we were loading more cost onto the new site, KWO said half a block has not been allocated a tutorial or teaching time. RAR said this can be refined going forward.</p> <p>3. Enrichment is outsourced to the main college.</p> <p>RAR said space in the new building might be used for some enrichments, KWO said teacher resources are not added from the model, a cross charge to the main college has been assumed. RAR said the teachers in the new site may be involved in their 0.5 block, but this level of detail isn't needed at this stage.</p> <p>4. RKI has looked at the spreadsheet to give the contribution by student, the figures show that we are making more money out of the standalone site, so there's not enough costs in the standalone site or wasted costs at the main site. KWO has assumed that every student will receive the high value premium as they are studying science. RKI feels even taking this into account there's an anomaly, KWO will look at this.</p> <p>5. CSH wants key metrics compared between the two organisations and over a period of time. RAR asked for</p>	<p>KWO</p>

	<p>teacher cost ratio and support costs ratio compared to the main site and the combined figure.</p> <p>6. IT costs are assumed as a cross charge to the main site. RAR said this should be shown as a cost against the new site. KWO asked if a new IT person will need to be at the new site, SLE said this detail wasn't known yet. RAR asked if IT hardware costs will be broken down. KWO said not yet, it's included as a £6 million capital expenditure.</p> <p>7. It is assumed 150 A1 students will enrol in Year 1 and in Year 2 another 150 students will enrol, giving student numbers of 300.</p> <p>SLE said unlike the free school this will be GC and asked for views on starting with 300 students in year 1. RAR said go with 150 initially, and the extra lab space can be used by students from the main site. ABA said we need to find the minimum viable pupil level. SLE said things have moved on since the bid was submitted, the HI site may never be secured and there could be scope to make changes from what was submitted. KWO will look at the minimum number of students required to break even.</p> <p>8. It is assumed that High Value Premium is available every year until 2029/2030.</p> <p>SLE agreed with this, but a sensitivity is needed in the narrative and an awareness that it might not continue.</p> <p>9. All students are retained for both years of study. ABA said the usual attrition rate should be applied, and tactically enrol a larger number as there will be drop off. SLE said assume a 95% retention based on current A1 retention.</p> <p>10. 2% increase in ESFA funding value per year. CSH said it's reasonable to assume the uplifts in government funding will lag behind inflation, which could cause significant problems in the education sector if inflation is significantly higher than funding increases.</p> <p>11. 4% increase in costs per year. RAR asked what has been built into the GC model for future years over the same period and asked for the same model to be used for consistency.</p> <p>12. Catering costs are met by catering income each year. SLE confirmed there will be canteen facilities on the site.</p> <p>13. If students are not studying the above combination, the class sizes are maintained by students from the main site. RAR said an even balance in class sizes could be achieved across the 2 sites, a substantial shortfall in a subject at the new facility could be substituted with a different subject using a classroom on the site.</p> <p>14. Cost for 1 ALS for the new facility – other support may be required from Greenhead College, but not costed in the cashflow.</p>	<p>KWO</p> <p>KWO</p> <p>KWO</p>
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	<p>SLE said potentially more will be needed and this needs looking at further.</p> <p>15. Capital costs of £13 million are spent on the building over the first 2 years.</p> <p>RKI asked if there is VAT on the capital spend.</p> <p>RAR said research was needed because different VAT rules apply to different types of build and buildings.</p> <p>SLE said the schedule of accommodation needs checking to see if VAT is included in the £13 million.</p> <p>JHO asked if £13 million includes the cost of the land. SLE said no, this is the cost of the build, classrooms, labs etc.</p> <p>RAR said the spreadsheet needs to say that the site cost isn't included, and the cost is currently unknown, this will change the model as a consequence.</p> <p>CSH said because of the size of the numbers we're dealing with, the way we deal with capital expenditure and depreciation can cause the numbers to swing significantly and this needs looking at.</p> <p>RKI asked about contingency, RAR said there's £1million built in for capital, it's not for revenue consequences.</p> <p>CSH said a fixed asset register is needed, KWO said there is a fixed asset register which she hasn't looked at yet.</p> <p>MJO needs to start planning ongoing maintenance into long term funding assumptions, and some governors may want to discuss this further with him.</p> <p>16. Loan of £6 million from the bank at a rate of 7.5% over 15 years.</p> <p>RAR said we might not go for a fixed rate loan at this stage as the economy predictions show future improvements.</p> <p>17. Base model for cashflow for Greenhead College, based on current budget (2022/23).</p> <p>CSH said that our current year forecast is significantly behind budget. KWO said this was due to work needed on premises this year and she hasn't started work on next year's budget yet. CSH said if we're up to £300,000 down from the start, the assumption will carry through over the years and swing the numbers by millions.</p> <p>RAR asked MJO for a draft budget for the F&E meeting on 27/4/23.</p> <p>18. Highest spend is in years 0 and 1 when we're paying for the building, by the end of year 1 the cash balance has dropped to £3.3 million.</p> <p>RAR said the remaining capital may be used for other investments like better sports, drama, and music facilities.</p> <p>JHO said we need to look at cash balance at the worst case scenario and our lowest balance is predicted to be in March 2023. RAR said this is caused by uneven funding which may be smoothed out following the ONS reclassification.</p> <p>MJO and JHO to ask about this at the Finance Conference they will shortly be attending.</p>	<p>MJO/ governors</p> <p>MJO</p> <p>MJO/JHO</p>
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19. KWO asked if it's either the capacity fund or the free school, RAR said we would take both if we're offered them, and DfE entirely fund the free school.

20. CSH said the projections appear to have improved, but he can't see how this has happened and he also said the numbers for the extra capacity are better than the current college. KWO hasn't seen the original projections. CSH suggested that there is an independent check made on the projections when they are completed.

21. SLE said if the capacity bid is successful, we need to contact DfE regarding the loan request, the issue regarding the freehold needs addressing, and the figures will need refining and bringing back to CDC before discussing with DfE.

22. RAR said the developer is unlikely to accept £200,000 for the freehold so what tactics can we use and how much are we willing to spend on the freehold, although we need to know DfE's response to our bid and the outcome of our loan request before doing much more work.

CSH said 4 years into this project we're only generating £140,000 cash, experts have told us how much the freehold is worth, although there's a case that it holds a unique value for us, he can't see how paying up to £1 million is justified.

RKI suggested an investment appraisal on the land based on cash flows, forecasts, and profitability of the site.

SLE said there may be unknown structural problems on the site.

JHO would like Savills to speak to Fox Lloyd Jones to get a figure the developer will accept. SLE said this has been asked and the response is £1million and the developer is prepared to wait until he gets it.

ABA said we need to think about an investment appraisal for wherever it may be and not focus solely on one site.

ABA has concerns that the timeline is not feasible. RAR said there is a view that the DfE deadline in the capacity bid may be flexible.

SLE asked if the developer will be shown the investment appraisal, RKI said it might be dangerous to show your hand.

CSH said on the model over 7 years we have a cumulative negative cash flow of minus £4million and annual cash flow of £100,000, the land and building's exit value is limited. He feels on commercial grounds an investment appraisal is unlikely to say this is a good opportunity.

SLE is worried about further spend on an investment appraisal as the HI site is looking increasingly unlikely.

ABA feels there is a benefit if it isn't limited to the HI site.

SLE agreed it could help with the potential LA site.

RKI said it shouldn't be expensive and it can be done from an office, site visits are not required.

	<p>CSH said the investment is about £14 million, so from a purely financial view it's not sound, but need to bear in mind this is the education sector.</p> <p>It was agreed not to do the investment appraisal yet, we need a revised cash flow taking into account the assumptions that have just been amended.</p> <p>If DfE contact us, we need to know if they will agree the loan and its terms and a quick decision from governors will be needed.</p>	KWO
<p>6. 16-19 Free Schools/'Elite' Sixth Forms</p>	<p>SLE gave an update on the 16-19 Free Schools.</p> <ol style="list-style-type: none"> 1. Generic pre-app is due to be submitted which can cover the free school bid. 2. We should hear soon if we've been short-listed for an interview to get through to the next stage. 3. There's a meeting scheduled for the Conway Trust on 16/3/23. SLE will provide an agenda and a temporary chair will run the meeting, SLE is nervous that he is being looked at as a steer for this meeting. 4. Kirklees planning department have requested a joint meeting to discuss the potential site with SLE and Kerrie Norman (they have already spoken to Kerrie separately about GC's free school and capacity fund bids). 5. SLE said he has spoken to Anton McGrath, Ashton Sixth Form College, about staffing structures and the CEO role and his experience with this. Some colleges advertise nationally, and some have restructured their senior team internally. <p>ABA said he expects transparency with any approach taken.</p> <p>RAR said if this is solely about GC, the appointment of the centre principal will be a matter for the Remuneration committee. The appointment of CEO in the Conway Trust is a decision for their trustees and members, GC will be involved unless they take on the direct employment of this person.</p> <p>Academisation conversation is taking place with governors on 13/3/23.</p> <ol style="list-style-type: none"> 6. ABA asked if he should be taking more of a lead in the Conway Trust meetings although he is also a GC governor, SLE will liaise with ABA and Mary Ahern before the meeting. 	SLE
<p>7. New Build Risk Register</p>	<p>7. New Build Risk Register, previously circulated:</p> <ol style="list-style-type: none"> 1. MJO has concentrated on the high risks initially (as he is new into role). 2. MJO doesn't want to make any changes with the building and wants staff and students to occupy it correctly. 	

	<p>3. Parking issues need managing especially as we can no longer use the Park Avenue car park. Part time staff who arrive later are having the most difficulty finding a space.</p> <p>4. MJO is keen to understand the phase 2 demolition works and manage the risks and reduce the impact on the college.</p> <p>5. The new build is ahead of schedule, but MJO doesn't want to be forced into an early handover unless it's right for us.</p> <p>6. As a new post holder MJO is getting up to speed as quickly as he can.</p> <p>7. RAR asked if MJO is happy with the format and layout of the risk register, MJO said A&R committee have made some suggestions to him and he will be doing further work on the register.</p>	MJO
8. AoB	None.	
9. Confidentiality	The potential LA site..	
10. Future meetings	<p>Next scheduled meeting is Wed 19 April 2023, 4pm via Teams.</p> <p>IF DfE contact SLE, a CDC meeting may be organised at short notice.</p>	Govs note

Minutes prepared by Sharon Roper (Clerk to the Corporation) on 20/3/23

Approved & signed by Richard Armstrong, Chair on 19/4/23