

GREENHEAD COLLEGE CORPORATION
Minutes of Capital Development Committee meeting held virtually using Teams
Wednesday 19 April 2023, 4pm

Govs present: Adrian Barrass; Craig Shannon; Elliot Gill; James Reeve; John Holroyd; Richard Armstrong (Chair); Richard King; Simon Lett (Principal) (from 16.09)

In attendance: Mark Jones (from 16.06); Karen Wood; Sharon Roper (Clerk)

Apologies: Stuart Irving

AGENDA ITEM	DISCUSSION	ACTION
<p>1. Welcome, apologies</p>	<p>RAR welcomed members. Apologies received as above.</p>	
<p>2. Declarations</p>	<p>No declarations of pecuniary/prejudicial interest on the part of Governors or S.L.T. participants.</p>	
<p>3. Minutes 1/3/23</p>	<p>3.1 Capital Development Committee 1/3/23 minutes, previously circulated, Item 5.10, to be changed to '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'. Signed by Chair, returned to Clerk for filing, subject to the above amendment to the minutes being made.</p> <p>3.2 Matters arising: To be covered during the items already on the agenda.</p>	<p>Clerk</p>
<p>4. Update of DfE development</p>	<p>4. Update of DfE development (the Hirst Building):</p> <p>1. MJO said the handover date for the Hirst Building is likely to be 25/8/23. GT are well aware that they need to be quiet during the exam period as they don't want to get a stop notice like they did last year, as this could affect the handover date. Start of term is 29/8/23, this will be a busy week including enrolment, induction and the decant into the Hirst Building.</p> <p>2. Scaffolding is starting to come down and the outside of the new building is becoming visible. The first fixes for</p>	

	<p>mechanical and electrical are complete, plastering and screed on the floors are underway.</p> <p>3. MJO will start taking select staff into the Hirst Building from May. RAR said that he would like the July Development Session on 3/7/23 to be a governors tour of the building.</p> <p>4. RKI asked what the contingency is if the handover is missed on 25/8/23. MJO said it would revert to the original date of October half term.</p> <p>5. JRE asked if staff could decant into the new building earlier and be compensated for that, so they can take part in enrolment week as staff from all departments are needed. MJO said that the building will not be available until 25/8/23, packing crates from the affected departments should have been moved across by that date, and staff won't be allowed to access Hirst Building prior to this date.</p> <p>6. ABA asked about the handover process, MJO said this hasn't been discussed yet. ABA said the handover should start weeks or months before the official date, and asked who will approve the build and check that the punch list items are completed to an agreed level. MJO said in every meeting, he, Mace and DfE ensure quality and deliverables are discussed and checked. RAR pointed out that GT will continue to be onsite after handover and will want to keep GC and DfE happy. He said that GT think they will be finished before the handover date subject to them not getting a stop notice during exams. ABA said there is a level of risk with any handover, once we're in the building we own it and are using it, and our ability to leverage is low. EGI added that quality of installation is important and inspection and snagging meetings need to take place, together with agreed meetings running up to the handover date. RAR said it needs to be explicitly agreed with DfE that when we're in the building if we find anything, it must be put right, as DfE have told us they're the customer not us and they will be approving the building. At his meeting with them (20/4/23) MJO will ask about the lead-in process to the handover date. EGI said that we should ask for a handover schedule, ABA added this should also include who signs what and when and what is the leverage afterwards. EGI said hard landscaping can be noisy, but the trades inside the building should be relatively quiet during the exam period.</p> <p>7. The MUGA pitch surface has been chosen.</p> <p>8. MJO will begin to buy furniture, mainly for the student social area in the Hirst Building.</p> <p>9. The Hirst Building will become the main building of the campus, with most of the social areas, most of the catering, the hall and big subjects housed in it.</p> <p>10. MJO is working on what the phase 3, the demolition work, will look like. Students and staff will experience a very</p>	<p>MJO/Clerk for agenda</p> <p>MJO</p>
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	<p>different site after the summer breaks, staff briefings will be held to keep them updated.</p> <p>RAR added that governors will also need to be kept updated with the site changes.</p> <p>EGL asked if MJO knows where the hoarding lines will be and how the building will be sealed off. MJO has a hoarding drawing and has asked the GT site manager for a walk through of the demolition and hoarding areas.</p> <p>GT do not know where the services are in the demolition areas so they may need to work on the wrong side of the hoarding to sort it out. EGL said that might lead to night working or out of hours working for them. MJO said the demolition phase will be challenging as it's next to a live site, will include asbestos removal, noise, and dust.</p> <p>RAR said governors want to know about the phase 3 demolition in detail and would like a face-to-face meeting with GT to understand the risks involved in the next phase. EGL asked that the meeting with GT be onsite with a walkthrough.</p> <p>MJO to advise clerk if this can be done at CDC meeting on the 17/5/23 or 7/6/23, and the clerk will advise all committee members.</p> <p>EGL suggested that GT put insulation tape on the floor where the hoardings will be, so governors, staff and students can get a feel of how the site will look.</p> <p>11. MJO reported that the power down at Easter was successful, there were a few ADT alarm issues, satellite cabinets that nobody was aware of were found, Protec fire systems went smoothly, and Greenhead House is outside of the main substation.</p>	MJO/Clerk
<p>5. Post 16 Developments</p>	<p>5.1 SLE gave an update on the 16-19 Free School bid.</p> <p>The Free School application took place on 12/4/23 with DfE. The interview team were SLE, RAR and ABA from GC, Mary Ahern from Conway Education Trust, and Kerrie Norman.</p> <p>It was a formal and serious interview, and the questions were about the vision, the education plan, and the financial plan. They asked about the high level of the entry requirements in respect of widening participation and being in a disadvantaged area, the interview team responded that this was a work in progress.</p> <p>The interviewers asked if this will damage GC and take away the top end students. There was also scrutiny about the governance structure and the relationship with the University of York.</p> <p>Kerrie Norman who has experience of these panels from both ends felt it went very well. The decision will be announced in the summer.</p>	

CET have now met three times, and a series of meetings have been scheduled to hone the vision and mission. Kerrie Norman has been asked to help set up a project steering group.

RAR added that the interviewers asked if GC will be forming a MAT with the free school if it is approved. Their expectation was that the free school should be in a MAT, and asked what the risks were to the free school regarding subcontracting services if GC wasn't in a MAT with them. If approved the free school will be expected to find another partner if GC doesn't join them in a MAT.

ABA said the interview seemed positive, there were affiliative conversations saying lets work with you to find a way forward.

The panel were appraised of the alternative site in the cultural quarter, and the LA remain very keen for GC to use the site.

SLE has also spoken to Tim Thornton, Deputy VC at Huddersfield University who has advised of another building that may be of interest to us, which is part of their ongoing redevelopment.

1. RKI asked about the response to the financial forecast, SLE said on Kerrie's advice the original forecast was used, and the panel did not ask detailed financial questions and the focus was more about what will you do if you don't recruit enough students.

RAR said they were asked why more wasn't being spent on teachers rather than loaning them from GC.

2. CSH asked about the free school financials as the revised version has numerous outstanding issues. RAR said this is a CET issue, they will have to make decisions about it, and it doesn't impact on GC finances. CSH said it has a big impact on SLT, RAR said governors will be having discussions with CET about arrangements that need to be put in place and the risks to GC.

ABA said CET will need to subcontract services from GC to make the financial model work. He said CET needs to build a startup plan looking at governance structure, budget, and an operating model.

CSH said he still questions if the free school is viable financially and operationally. SLE replied further work is needed on the financial forecasts which GC governors and CET need to be appraised of. If the free school is approved a formal decision will be needed about SLE being released to work with CET, this will have an impact on GC.

SLE said if the free school is approved lobbying should take place to get an increased level of financial support for the free school.

ABA asked that GC governors and committees support the time that SLT are putting into this project.

Kerrie Norman has suggested a meeting between SLE and CET to put in place a timeline for the pre-opening group and the work programmes including financial models and secondments.

3. RAR said that the DfE panel questioned around independence between CET and GC and CET and the University of York, he said the next free school paper will go to CET first.

4. CSH asked if CET is functioning, ABA said it's forming, and they have been conscious not to do too much work in case the bid is not approved. The next meeting of CET (26/4/23) will review and continue to plan. SLE said if the bid is approved key appointments like the clerk and a business manager will be made.

5. RAR said CET needs to procure a Project Manager, CSH asked how this will be funded, RAR said Kerrie is currently working on a fixed contract, SLE added that if we are successful CET will receive £30,000 immediately. ABA said CET needs to use the expertise of the GC Corporation, being clear on accountability and that governance is fair and transparent during the transition phase.

6. CSH asked if the costs GC has paid out already will be recovered from CET. SLE said that CET does not have a budget yet and won't until the decision on the free school is announced. RAR feels that costs incurred so far have been agreed by GC governors and should not be charged to CET, but any further costs should be recovered from them.

7. ABA assumes that Kerrie is working on a no fee basis as her company are likely to be a favoured potential future supplier. SLE said CET need to decide if Flinders Chase (Kerrie Norman's company) manages the development of the free school, and a tender process will have to be undertaken.

8. SLE said If the free school is approved GC Corporation will need to decide if it wants to continue to work with CET, the expectation from DfE is that the free school needs to be partnered in a MAT.

9. It was agreed that this committee be kept informed of the progress of CET, with individuals potentially being asked for their expertise, on the understanding that no further cash costs are incurred to GC's balance sheet without agreement by governors.

5.2 SLE gave an update on the Capacity Fund bid.

The outcome of the bid is now expected in May. Not being able to borrow commercially following the ONS reclassification is the reason for the delay, the DfE have been looking at how this will have affected the bids.

In the event of a positive outcome from the bid, there is still an expectation of working towards an August 2024 deadline.

MJO had a site visit of Trinity West, met with the developer, and went inside the building. The developer has a Section 106 contribution of approximately £400,000 to fit a new roof, board the building up and vent it. This work hasn't taken place yet and he's willing to hand over some of this contribution as a discount on the purchase price. He said there was interest from other parties and that he would like GC to have the building.

KWO said included in the revisions to the capacity fund cashflow forecast are additional teaching costs which show that operating the facility does cover its costs, but it would not cover the finance that is needed or the cost of the freehold. The capital costs put into the plan do not cover furnishing the site. Overall, it will cost GC main college rather than the site being able to fund itself.

SLE said that if DfE agree the bid it's still unclear if the borrowing request will be approved, this may further slow the project down.

RAR said that the initial delay by DfE regarding the capacity fund decision and then any additional delay about our borrowing request strengthens our argument that a September 2024 opening is unrealistic.

1. SLE voiced his reservations about the capacity fund being realistic for GC, due to the site, the financial forecast, uncertainty about the loan and the timeline.
2. RAR asked if the governors want to pull the capacity fund application. SLE replied that he doesn't think we should withdraw our application, if the response is positive, we should explore with DfE and ESFA if there is scope to negotiate the timeline and an alternative site.
3. RAR said in his experience government want money committed and if we can't hit a timeline to commit to spend the money, they will move on.
4. ABA commented that any potential bid will have the same timeline issue but said financially the bid doesn't make sense.
5. RAR said if the bid was successful a case could be made to DfE/ESFA to secure a larger grant, KWO agreed that a bigger grant would give a better gearing ratio. CSH said a risk to this strategy is to muddy the waters with DfE and ESFA.
6. CSH asked if the loan calculation has been worked through correctly, his workings show a higher figure, and he also asked if the assumptions about base rate are overly pessimistic, what is the net of these and what extra grant is needed to make the numbers work.

MJO/KWO

	<p>7. KWO asked about a grant for the freehold, RAR said DfE guidance expects GC to secure the freehold themselves.</p> <p>8. JHO said the free school and capacity fund applications have been run in parallel with each other, if the free school is approved will that mean we don't want to proceed with the capacity fund. SLE replied that we still want to get both bids approved.</p> <p>8. RKI feels that the models for GC and the additional building should show a similar return per number of students. CSH agreed that metrics in the forecast should be compared to the GC model otherwise it's difficult to make a judgement.</p> <p>ABA said the budget and metrics need to be similar to the GC logic.</p> <p>9. CSH said the objective is to spend the surplus well.</p> <p>10. JHO said in the figures there is a net annual surplus, and our cash balance increases between now and 2030 and potentially that gives us extra capacity and he feels further tweaks can be made to the financials to make it work.</p> <p>SLE asked JHO if his analysis of the financial forecast is such that it might be possible, JHO replied that he isn't ruling it out, but he is totally supportive of looking at the metrics in respect of return per pupil and percentage of staff costs etc. and said we need to consider how we will increase the physical capacity of the college.</p> <p>11. RKI asked what the government view is about leasing a property rather than buying it, RAR said the view is long term leasehold (probably 100 years) is possible.</p> <p>12. CSH said if we can't overcome minimum financial hurdles how much are we prepared to pay in order to support the public good. Clerk to distribute an email exchange to all committee members regarding this.</p> <p>13. KWO asked what price should be forecast for the freehold, RAR said the developer indicated to MJO that they might accept £200,000.</p> <p>14. SLE checked that KWO can continue to help with the financials as long as GC need her. If governors want to support MJO and KWO with the financial forecasts, please email them your ideas.</p> <p>15. As we're currently rated outstanding financially in working capital and gearing ratio measures KWO will apply these to the forecast.</p> <p>16. RKI asked that the full financial forecast (all tabs) be available to view at the next meeting, and KWO clarified that this should include the workings out.</p> <p>17. SLE was asked to discuss with SLT if overhead and associated costs of running a separate site need to be built into the forecast.</p>	<p>Clerk</p> <p>KWO</p> <p>Governors</p> <p>KWO</p> <p>SLE</p>
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	<p>18. There were differing opinions from several governors about the capacity fund bid.</p> <p>RAR suggested a more detailed discussion is needed about the bid and proposed that the next CDC meeting (17/5/23) is used for a further discussion and decision about the options with the capacity fund.</p> <p>RAR said the fundamental question is does GC survive as it is with better facilities for students and staff or spend GC's surplus on further facilities to increase capacity.</p> <p>SLE asked what further work is required to prepare for this meeting, the following were agreed:</p> <ul style="list-style-type: none"> • Data regarding the demand for college places over the next fifteen years • metric comparisons with the GC model • what do we want to spend capital on if it's not a new build • a steer to discuss with DfE and ESFA the amount needed to make the project work and clarifying the timeline • what does good look like, what level do the numbers need to reach • revised financial forecast including the freehold cost • look at other possibilities and the cost of any potential development for a satellite site 	SLE/MJO/ KWO
<p>6. Highfields Development</p>	<ol style="list-style-type: none"> 1. APE, the PE HOD, has made SLE and MJO aware of the Football Foundation that works with Sport England and the FA. 2. APE feels it may be worth applying to the Football Foundation to improve the external sports pitches and changing facilities at Highfields which are in a poor state. 3. A successful application will mean that the improvements will be 80% funded and could also lead to revenue making opportunities for GC. The financial contribution required from GC will equate to approximately £200,000 with a £20,000 annual investment from GC. All figures exclude VAT. The improvements will be for the middle pitch of three. 4. Objections to the application may come from the local area and the nearby Brambles Academy. 5. RAR asked for a paper with further details so governors can make a decision. 	SLE/MJO
<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 reformatted the risk register. 2. MJO wants the document to be reviewed objectively by others, the register will be scrutinised at A&R meeting 24/4/23. 	

8. AoB	RAR requested further information of the proposed site available at the University of Huddersfield redevelopment.	MJO
9. Confidentiality	No confidential items identified.	
10. Future meetings	Next CDC Meetings are: Weds, 17 May, 4pm, Teams Weds, 7 June, 4pm, Teams Weds, 5 July, 4pm, Teams	Govs note

Minutes prepared by Sharon Roper (Clerk to the Corporation) on 28/4/23

Approved & signed by Richard Armstrong, Chair on 17/5/23