

Minutes



Leading learning and skills

Date 4 January 2007
Subject Council Meeting
Location Dalton House, Middlewich
Time 16:00
LSC office Cheshire and Warrington
Publication intent Public

Present Andrew Gurr (Chair)
David Collins
Bill Rutter
David Rowlands
Alistair Tranter
Tim Wheeler
Lorelly Wilson
Liz Davis

In attendance Meredydd David (Principal Reaseheath College)
Mark Embrey (Reaseheath College)

LSC staff John Barber
John Warham
Geoff Wright
Steve Dunmore
David Johnson

Apologies Apologies have been received from:
David Black
Christine Gaskell
John Heritage
Tara Jade
Karen Russ

Item 1. Welcome and introductions

- 1.1 Andrew Gurr welcomed members and visitors to the forty-first Council meeting.
- 1.2 No members of the Council had an interest in either of the two substantive agenda items.

Item 2. Minutes of last meeting

- 2.1 The minutes of the meeting which took place on 29 November were agreed as a true record of that meeting.

Item 3. Matters arising

- 3.1 As this was a special meeting of the Council to consider to capital project proposals, matters arising would be held over until the next full meeting, on 31 January.

Item 4. Reaseheath College Capital Project (Paper 248)

- 4.1 Meredydd David gave a presentation to the meeting setting out the background of Reaseheath College and explaining its need for funding in order that it could become recognised as the premier land based college in England, and enable it to deliver Government strategy even better, particularly with regard to 14-16 year olds and to support the development of sector skills academies.
- 4.2 The college had submitted two capital bids for consideration, comprising of an application in principle to undertake phased works, estimated to cost around £18.1m, together with a detailed application to undertake works costing £2,802,934. The detailed application works were included within the Approval in Principle applications and had already been competitively tendered by the college.

Recommendation

- 4.3 The Council was being asked to recommend the total project (Phases 1 and 2) as follows:-
- give approval in principle to the capital application at a level of LSC grant support of 65% (£11,770,000);
 - recommend approval by the National Capital Committee;
 - approve borrowing consent of up to £13,000,000 reducing to £4,000,000 by the end of August 2012

For Phase 1 (project value £2,802,934 – in detail

- give final consent to this capital application at a minimum level of LSC grant support of 10% (£280,293);
- recommend approval of the project by the National Capital Committee
- approve the grant of 10% (£280,293) but highlight that the overall level of intervention required for the entire £18.1m AIP project is 65% i.e. £11.770m. This estimated project cost includes the expenditure which is currently ineligible and will be funded directly by the college. The extent of the ineligible costs, estimated at £4.9 million means that the likely level of grant for the later phases will be around 100% of the eligible costs. A review of land based provision is being undertaken which may widen the extent of eligible costs. When considering the next phase detailed consideration will also be given to the project spend profile and grant payments will need to be paid so as to minimise the requirement for short term borrowing, thereby reducing the overall grant percentage.

- In response to a question from Tim Wheeler regarding the 65% grant applied for, Steve Dunmore confirmed that it was likely to be sufficient. Meredydd David explained that there was a residential component to this cost, currently over 70 students were on a waiting list for residential accommodation, mainly from the 16-18 years age group.
- 4.4 Bill Rutter asked whether sustainable energy systems were being considered for the project, work was only just starting on Phase 2. Meredydd responded that they were not included as yet but would be looking into this and would request match support.
- 4.5 In response to a query over whether the Council should be recommending that the 10% requested for Phase 1 should be raised to 35%, Steve Dunmore explained that phase 1 project is relatively small and therefore affordable with 10% grant support, assuming this is progressed ahead of the rest of the project. However, the College will soon be commencing the remainder of the project and will incur significant expenditure on professional fees. These will be partly reimbursed in arrears but to help manage the cash flow demands it may be considered reasonable to request a slightly higher grant intervention rate of 35%. However, the Capital Committee would normally only authorise 10% given in isolation that this project is affordable with this level of support..
- 4.6 Alistair Tranter said that it was important to support the rurality of the proposal, given Cheshire and Warrington's unique environment.
- 4.7 Andrew Gurr thanked Meredydd David and Mark Embrey for their attendance and input and they then left the meeting.
- 4.8 Steve Dunmore raised a couple of additional points:-
- There was an assumption that the college would borrow 30% of its income three years after the project completion date but it was possible that the Capital Committee would require borrowings to increase to 40% with the additional funds being used to reduce the grant requirement.;
 - A minimum of 10% grant support was requested in Phase 1. It was important to acknowledge that the total amount of capital grant funding would equate to £11.7m for the total project. It was anticipated that that the college would require the full £11.7m.
 - Since writing the recommendation (above), it had been found that the college was asking for borrowing consent of up to £2.8m. The Finance team had looked at this and considered it would be prudent.
- 4.9 Andrew Gurr enquired about the level of risk attached to this funding if the financial climate changed. Steve Dunmore responded that as it was a phased project, the college would be asked to reconsider its plans if problems arose.
- 4.10 The Chair commended those involved for an excellent paper but asked that some grammatical errors were corrected.
- 4.11 There was no opposition to the capital proposal.
- Decision:** The recommendation, outlined at 4.3 above, and the additional requirement for borrowing consent, highlighted in 4.8, was approved unanimously.

Item 5. Mid Cheshire College Arts Block (Paper 249)

- 5.1 Geoff Wright introduced this item. The construction of the arts block on the main Hartford campus would be the first phase in the implementation of the overarching property strategy which was developed in 2003.
- 5.2 The financial appraisal had not shown any concerns and the college had sufficient resources. They would be looking for a minimum of 10% support (£355,000).
- 5.3 Planning permission had been sought on 19 December and this was given. It was anticipated that work would commence on site in January 2007, with college occupation targeted for the end of November 2007.
- 5.4 **Recommendation**
The Council was asked to:-
- give final consent to this capital application at a level of LSC grant support of 10% (£355,000);
 - recommend the application for approval to the Regional Director for the North West region;
 - approve the grant of 10% for the project.
- 5.5 Steve Dunmore anticipated that the college would get the minimum requested as it had sufficient funds.
- 5.6 David Johnson confirmed that the college was in a position to award a contract and this would need to be done by the end of January 2007.
- 5.7 Andrew Gurr sought views from the Council for the capital application and all were in approval.

Decision: The recommendation was unanimously approved.

Item 6. Any other business

- 6.1 The Chair referred to discussion of the Chester campus of West Cheshire College, which was not concluded at the Council meeting on 29 November. This would now be a substantive item at the next meeting of the Council.

Item 7. Date of next meeting

The next meeting of the Committee will take place at 4.00pm at Dalton House on 31 January, 2007.

7.1

Meeting chair	Andrew Gurr
Minute taker	Shelagh Page
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