

The full minutes include several matters which have not been published on grounds of commercial confidentiality and have been excluded from this published set of minutes

**COMMERCIAL IN CONFIDENCE**

**CENTRAL SUSSEX CORPORATION**

**Minutes of a Special Corporation Meeting held at 4.00 p.m. on  
Wednesday, 31st October 2007 in T11 Crawley Campus**

**Membership:** Clive Behagg\*, Patrick Berry\*, Michael Coughlin\*, Martin Delbridge (Vice-Chair), Mark Froud, Paul Harding\*, Binita Kataria, Gill Marshman\*, Sylvia Meli\*, Andreia Moniz, Alan Morris, John Peel (Chair)\*, Mark Read\*, Charlotte Wright\*, and Russell Strutt\*

**Also in attendance:** Suri Araniyasundaran, Sue Dare, Adrian Dodwell, Maureen Kilminster and Nick Whitley (Clerk)

\* = present

**APOLOGIES FOR ABSENCE**

1. Apologies for absence were received from Martin Delbridge, Mark Froud, Binita Kataria, Andreia Moniz and Alan Morris.

**DECLARATIONS OF INTEREST**

2. There were no declarations of interest at the beginning of the meeting.

**INQUORATE CORPORATION MEETING OF 11<sup>TH</sup> OCTOBER 2007**

3. The Chair reminded the meeting that they had received a copy of the notes of the inquorate meeting from the Clerk with a request that they raise any matters of clarification. They had also been advised that he proposed to take the resolutions arising from that meeting en bloc, unless any Corporation member gave advance notice that he or she wished to raise any matter of substance.
4. There had been no matters raised for clarification, neither he nor the Clerk had received notice that there was any matter of substance to be discussed. He therefore proposed that the resolutions be put to the meeting en bloc.
5. **The eight resolutions were agreed unanimously.**
6. For the sake of clarity, they are reproduced in full:
  1. That the minutes of the meeting held on 19<sup>th</sup> July 2007, be signed as a correct record. (*agenda item 4*)
  2. That the Chairman's Actions to commission further work by Dyer up to a value of £20k (plus VAT), to authorise a feasibility study on the sale to developers of surplus land from the Crawley campus and to review and retain as confidential the confidential minutes and related papers be ratified. (*agenda item 6*)
  3. That the Annual Health & Safety Report be received, subject to the addition of a paragraph under section 4.2.9 giving a summary analysis of sickness absence. (*agenda item 7*)

4. That the 2007-2008 Success Measures and Targets be updated to include WBL ALL: target to be **621 apprentices** and WBL Income: target to be **£2450k**. (*Agenda item 8 – Principal's Report*)
5. That the Report of the Resources Committee be received. (*Agenda item 9*)
6. That paragraph 3.1.9 (review of Financial Regulations) and 3.1.14 (review of Student Association/Student Union audited accounts) be deleted from the Resources Committee's Terms of Reference and equivalent provision be included in the Audit Committee's Terms of Reference. (*Agenda item 9*)
7. That the Report of the Masterplan Task & Finish Group be received. (*Agenda item 10*)
8. That the Report of the Burgess Hill and Haywards Heath LCB meeting held on 1<sup>st</sup> October 2007 be received. (*Agenda item 11*)

### **CRAWLEY MASTERPLAN – SUBMISSION TO THE LEARNING AND SKILLS COUNCIL (LSC)**

7. Paul Harding introduced the proposed submission of the Crawley Masterplan to the Learning and Skills Council (LSC) for Approval in Principle. He reminded the meeting that the Task and Finish Group had been looking at the detail of the Masterplan for some time and were now ready to place the essential elements before the Corporation for approval. He would be asking the Principal to present an overview of the Educational Case and Property Case and Suri Araniyasundaran to take the Corporation through the Financial Case. It was the Task and Finish Group's view that these proposals represented the most appropriate strategic way forward for the College in respect of its properties.
8. The Principal then took the meeting through his presentation, copies of which had been sent out in advance of the meeting. He started by reminding them of the original aims for the merged College. The current proposals had been shaped by the vision for the College within the national and regional context.
9. The Educational Cases for both Central Sussex and The College of Richard Collyer (Collyer's) had been shared and compared by the Principals of both Colleges; they fitted together well and complemented each other. The major new Government initiative to introduce the new 14-19 Diplomas was driving colleges and schools to develop area plans to meet the needs of young people; it was essential that some of the costs of providing the additional vocational centres that would be needed must be borne by the respective Local Education Authorities (West Sussex County Council in Central Sussex College's case).
10. The Principal stressed that the Educational Case was thoroughly underpinned by research, market intelligence and vigorous testing of its robustness. The individual elements had been considered by the Corporation on a number of occasions over the last eighteen months and discussed thoroughly. The Principal then gave a brief summary of key points affecting each of the campuses in turn. Haywards Heath campus was moving towards becoming a tertiary centre as it responded to the broader needs of the local residents, although it was still branded as the sixth form for the area.
11. In Burgess Hill there was a small sixth form at St Paul's Catholic School, which was very academically focused; there was a clear need to link with Oakmeeds Community College a specialist school in Business and Enterprise.
12. The proposals for new build at Crawley were aspirational and would provide exciting world-class facilities with fit for purpose, flexible space for the future.

13. The size and cost of the Haywards Heath development had recently risen, primarily because LSC Officers had agreed the inclusion of a new sports hall in place of the original plans to refurbish the existing facilities.
14. A key point to note was that LSC Officers had agreed that the proceeds of the planned sale of Three Bridges and West Green could be used to fund the cost of dilapidations and disposal of current leasehold premises.
15. It was noted that an additional 2500 houses were to be built between Crawley and Horsham; this had been taken into account in establishing the demand for further education and training.
16. The full 14-19 vocational offer would need to be provided in conjunction with local schools and Collyer's. The College was exploring with the schools how best to develop facilities on school sites; this might include providing one or more mobile workshop, to enable the College to deliver programmes on school premises.
17. It was suggested that Horsham businesses were already well served, when Roffey Park was taken into account; however the impact on the East of the area should be considered, where there appeared to be a gap in provision between East Grinstead and the nearest Kent College.
18. The Principal advised that he understood that the LSC had discussed the Central Sussex proposals with the Kent Colleges; however he agreed that it would be wise to follow this up.
19. Sue Dare drew attention to the inward migration to East Grinstead schools of young people from Kent, which she attributed to the impact of the grammar schools that were a feature of Kent County Council's educational policy. The plans for developing vocational provision in East Grinstead would help to address the needs of young people in Kent.
20. Clive Behagg declared an interest as a Governor of Collyer's and also as Deputy Vice Chancellor of the University of Chichester.
21. Clive Behagg stated that from his perspective (and in relation to both the institutions he had declared an interest in) he could confirm the appropriateness of the College's response.
22. Suri Araniyasundaran then introduced the Financial Case. He stressed that it was driven by the Educational and Property Cases. A key issue was the learner profile, which would be considered (and needed to be approved) by the LSC as part of their review of the Educational Case.
23. The Task and Finish Group had considered three options for the Financial Case. One, the break-even option, was not tenable: the College's future would not be sustainable. The most optimistic option, to generate two percent headroom, relied on all the College's strategic initiatives and developments to succeed with no set-backs: while it would be appropriate to aspire towards this it was a very high risk approach and realistically was not sustainable over the whole of the required period. Members of the Task and Finish Group pointed out that one of the assumptions of the two percent option was that the College would achieve a step improvement in corporate income. Given that the College had not achieved its full tuition fee income targets (and neither had Crawley College in the past) it would be an unacceptable high risk strategy to rely on it succeeding every year over the next ten years.
24. The recommended option was therefore to plan on achieving half per cent headroom.
25. Although the Task and Finish Group was recommending that the College should not enter into any additional long-term borrowing, it would be necessary to finance the

three year build phases with additional short-term borrowings; at its peak this would rise to £12m and would cost some £875k in interest charges over the period.

26. Suri Araniyasundaran also drew attention to the fact that, on such a large scheme, it would not be realistic to demonstrate a positive Net Present Value (NPV), because of the way the LSC criteria were set. He also pointed out that he had yet to find a College that was as highly geared as Central Sussex College was already; therefore he considered that it was realistic for the LSC to accept that the College could not afford any more long term borrowing.
27. Suri Araniyasundaran confirmed the time-lines he was working towards: for the Haywards Heath campus, the aim was to start work on site before the end of July 2008, while at Crawley, contractors would be asked to tender on the basis of work starting in November 2008. To achieve this, the Application for Approval in Principle (AIP) needed to be submitted to the relevant LSC Officers at the beginning of November. The Regional Committee would consider the AIP in January or February, with a view to the National Committee receiving it in March 2008.
28. In the meantime the architects and other consultants would need to prepare and submit the detailed planning application in parallel with the review by the LSC Officers, and in advance of any decision on the AIP.
29. The three different elements of the AIP (Educational Case, Property Case and Financial Case) would be reviewed by different individuals within different sections of the LSC. It was likely that each element would require some "fine-tuning" before the AIP was presented formally to the LSC. The Task and Finish Group was therefore recommending that it be given authority to approve minor variations on behalf of the Corporation. If the LSC was asking for significant changes then the Task and Finish Group would ask to convene a Special Meeting of the Corporation.
30. It was noted that there was a risk that the LSC would not be prepared to fund the full costs of the development; however, Officers of the LSC had been encouraging to date. What was clear was that the only way the College could afford to incur a higher level of long-term debt would be if it could achieve further reductions in costs.
31. The Corporation Members then questioned again the basis on which the growth projections had been calculated. The Principal stressed that it had been built up from research on a sector by sector basis. In Burgess Hill the percentage growth appeared high; however the absolute numbers were modest, building on a low baseline. The risks associated with the growth projections was being very carefully managed; the actual potential for growth in Burgess Hill was very significant.
32. Sue Dare reminded the meeting of the Government's intention to raise the age of compulsory participation in education and training; this had been factored in to the assumptions. The population showed a demographic downturn for the 16-18 population over the coming years; this was more than matched by the raising of the participation age.
33. A relatively small aspect of the planned growth was retaining numbers of learners in Area C who currently moved out of the area; it should be noted that Haywards Heath campus had achieved 20% growth in enrolments for the current year.
34. Suri Araniyasundaran then took the meeting through the Schedule of Fees for the development of the Masterplan. These had been reviewed by the Task and Finish Group. The design work was essential for preparing the Application in Detail (AID) to be submitted to the LSC; this had to be carried out in parallel with the LSC's review of the AIP submission if the whole scheme were not to be significantly delayed.
35. 50% of the fees incurred in reaching the AIP stage would be reimbursed by the LSC.

36. Recovery of the additional fees for the Crawley development would be dependent upon the success of the AIP as they would form part of the overall capital costs of the project. The whole sum was at risk, since if the AIP were rejected, none of it would be recoverable. If the AIP succeeded, the costs would be reimbursed at the same contribution rate as for the whole project.
37. As far as the development costs for Phase 3 of the Haywards Heath development were concerned, 65% would be repaid even if the AID were rejected, because that was the overall contribution for the costs approved at the AIP stage. Thus 35% of the fees would be at risk. (If at AID, 100% funding were approved, the fees would be reimbursed in full).
38. It was noted that all the sums quoted were exclusive of VAT. The total amount at risk would therefore be approximately £1.3m. Suri Araniyasundaran confirmed that the existing overdraft facility would be sufficient to manage the cash flow for this.
39. The Chair then took the meeting through each recommendation in turn. **It was agreed that:**
1. **the proposed overall Learner profile and supporting case be approved.**
  2. **Three Bridges**  
**the essential proceeds from the sale of the land be used to rationalise other leasehold campus costs.**
  3. **West Green**  
**the Executive should pursue the sale of the land and buildings and utilise the proceeds to rationalise other leasehold campus costs.**
  4. **Crawley**
    - a) **the Executive be authorised to pursue the proposed new build option (21,000 sq metres – including refurbishment space) at an estimated current day cost of £66 million (Construction RPI is running at between 6-7% pa): a value of £75.2 million to be included in the financial modelling.**
    - b) **the Executive be authorised to pursue the sale of surplus land. A value for this sale of £4 million to be included in the financial modelling.**
    - c) **the Executive be authorised to incur up to £784,000 (plus VAT) additional costs between the 1<sup>st</sup> November 2007 and 18<sup>th</sup> January 2008 for the further development of the design (as set out in, 1, A and B of the circulated schedule).**
  5. **Haywards Heath**
    - a) **the Executive be authorised to pursue a bigger build option for Phase 3 (4000 sq metres) at an estimated current day cost of £14 million (Construction RPI is running at between 6-7% pa): a value of £15 million to be included in the financial modelling.**
    - b) **the Executive be authorised to incur additional costs from 1 November – mid March 2008 of £320,000 (plus VAT) to develop the design (refer to, Haywards Heath Phase 3 schedule).**

- c) Lee Evans be appointed as the architects for the project, a commitment at this stage to pre LSC approval.
6. the Task and Finish Group continue to oversee the capital developments, including the appointment of consultants for the project and continue with the delegated authority set up by Corporation, in accordance with specified financial limits as determined from time to time.
7. **Crawley**
- The following criteria were adopted:-
- a) No long term borrowing on the project.
  - b) NPV using LSC modelling will remain significantly negative.
  - c) Short term borrowing (rates 0.4% above Base rate) to cover build with a maximum limit of £12 million (March 2009) to cover all builds.
  - d) Support a ten year plan at 0.5% head room.
8. **Haywards Heath**
- The following criteria were adopted:-
- a) No further long term borrowing on the project, (current long term borrowing covers phases 1 and 2).
  - b) NPV using LSC modelling will remain significantly negative.
  - c) Short term borrowing (rates 0.4% above Base rate) to cover build.
  - d) Support a ten year plan at 0.5% head room.
9. It was agreed that the Task and Finish Group be authorised in consultation with the Chair of the Corporation to agree minor variations to the Educational, Property and Financial Cases as required by LSC Officers; any significant changes must be placed before the Corporation for its consideration. The Chair of Corporation and the Chairs of the Task and Finish Group and Resources Committee were given the responsibility for determining what is "significant".
40. A vote was taken on each resolution. In all cases the vote was unanimous, with no abstentions and no one voting against. However, resolutions 9(c), 10(b) and 10(c) could be construed as contractual in nature; therefore Charlotte Wright did not vote on these three resolutions as she was under eighteen years of age at the time of the meeting.

There being no other business, the meeting closed at 5.45 p.m.