

**HARROW COLLEGE FURTHER EDUCATION CORPORATION
DRAFT MINUTES OF THE MEETING OF THE
PROPERTY & ACCOMMODATION COMMITTEE
MONDAY 4 FEBRUARY 2008**

1. ATTENDANCE & APOLOGIES FOR ABSENCE

Membership: Dr B Field (Principal)
Mr P Harding
Mr C Hurst
Ms J Radia (Chair)

In Attendance: Ms J Chaplin Clerk
Mrs S Harrison
Mrs R Prindiville
Mr M Westmore

2. DECLARATIONS OF INTEREST, CONFIDENTIAL ITEMS & AGENDA ORDER

There were no declarations of interest declared.

3. MINUTES OF PREVIOUS MEETING

The Minutes of the Meeting held on 12 November 2007 were confirmed as a correct record, and were signed by the Chair, subject to the correction of the date in Minute 3 from "12 November 2007" to "2 October 2007".

4. MATTERS ARISING

There were no matters arising.

5. ACCOMMODATION & PROPERTY REPORTS

5.1 One Harrow Progress Report

Mr P Harding joined the meeting at this point.

The Committee received:

- 5.1.1 The One Harrow Progress Report.
- 5.1.2 A tabled report updating members on developments since the papers were distributed.
- 5.1.3 A verbal report from the Vice Principal advising members on recent changes in personnel in Pall Mall Consult, the consultants assisting the College in the One Harrow Project.

It was reported that:

- 5.1.4 The College had been advised that Baroness Glenys Thornton, the former Chair of Pall Mall Consult, had left the Company after accepting a role as Minister of the Government Whips Office in the House of Lords. It was noted that a new director, Steven Harding, had been appointed and that he had experience and expertise gained in the Labour Party, Ministerial Departments and an MP's office.
- 5.1.5 The refreshed Application in Principle had been approved by the LSC at the National Capital Committee meeting on January 18th 2008.

5.1.6 Whilst overall progress with the project was good and running on programme, an issue had recently arisen with Transport for London that was of concern.

Members were advised that:

5.1.7 An exclusivity agreement signed with Transport for London (TfL) limiting TfL's ability to treat with other parties had expired and that TfL had agreed to extend for further period of two months. It was reported however, that subsequent negotiations with TfL had reached a difficult stage following notification, at a meeting on January 18th 2008, that a new operational requirement had been identified by London Underground Limited (LUL) that could have a very significant impact on the project. It was reported that:

- As part of the modernisation of the Metropolitan Line, LUL had now selected Harrow on the Hill as the location to station train crews, which would require new accommodation for train drivers in the region of 1,400 sq m.
- As a consequence, a considerable redesign would be required, the impact of which would mean that the scheme would have to be re-submitted to the LSC.

It was noted that further meetings have been held with TfL who, accepting the seriousness of the situation for the College, had now identified three possible solutions and were reasonably hopeful that a mutually acceptable solution could be found.

It was reported that in the meantime TfL had agreed to extend the exclusivity agreement for two months.

5.1.8 TfL had just advised the College that they may no longer be able to sell to the College all the land previously identified as a new operational requirement had been identified. It was noted that this could have serious implications for the project but that TfL were working with the College to identify a solution.

5.1.9 The town planning application had been delayed by two weeks because of issues raised by English Heritage. It was noted however, that in terms of the overall programme, this remained manageable.

5.1.10 Marketing of the two campuses closed on 25th January 2008. It was noted that both campuses would be sold on the basis of conditional contracts with lease-back arrangements and that contracts would become unconditional on receipt of a satisfactory approval from the LSC for the full funding application. It was reported that the offers received had exceeded expectations in respect of both campuses and were currently being analysed, with a detailed report to be provided in due course.

With regard to the implications for the programmes it was reported that:

5.1.11 Strategically, the project was on programme but could not tolerate any delay. It was noted that, in particular, the situation with TfL would need to be resolved very quickly.

5.1.12 Financially, expenditure was within budget and on profile and the Initial appraisal of the offers received for the two campuses was good.

5.1.6 Detailed internal consultations for stage D had begun and were involving staff from all parts of the College.

5.1.7 Actions to address identified risks had been developed but some risks were outside of the College's control to manage. It was noted that if the new TfL operational issue could not be resolved, it would present a significant risk to the project and alternative options were being identified.

5.2 Minutes of the One Harrow Project Board Meeting.

The minutes for the One Harrow Project Board Meeting were received and noted.

5.3 Items for Approval

A report was received outlining the issues requiring Committee approval.

Members were advised that with regard to:

5.3.1 The submission of Town Planning Application:

- This would need to be submitted to the London Borough of Harrow by February 8th 2008.
- The design has been finalised and has not changed significantly since the presentation to Corporation.
- The Project Board had considered samples and confirmed materials and colours for the external elevations. It was noted that the east and west elevations would be a deep red acrylic render with vertically arranged anodised aluminium bries soleil and that the south elevation will be primarily glass and the north elevation zinc.

5.3.2 Resolution of TfL issues:

- Given the complexity of the TfL land acquisition, the project board had considered options that would help resolve the situation. It was reported that notwithstanding the need to identify a practical solution it has proven very difficult to reach agreement on value. It was noted that the project board had recommended increasing the maximum offer that might be made for the land, subject to reaching agreement on the land to be acquired.

After discussion it was **RESOLVED** to:

5.3.3 **APPROVE** submission of town planning application and the capacity for an increased offer to Transport for London.

5.4 Outcome of Capital Applications

A report was received advising on the outcome of the Capital Applications to the LSC.

Members were advised that:

5.4.1 The refreshed AiP was submitted to the LSC on 24th September 2007. It was noted that this was considered and approved by the London Regional Capital Task Group on November 28th 2007.

5.4.2 The application was then considered by the National Capital Committee on December 13th, but that it had not been approved as the committee had requested independent advice on two matters regarding the proposed size of the College; the increase in size since the original application, and the proposed use of escalators for vertical movement instead of lifts because of an increase in cost to fund the use of escalators. It was noted that the consultants had reported back to the LSC, in support of the College, and that the application had been considered and approved, without change, by the Committee on January 18th 2008.

5.4.3 The refreshed AiP was reviewed and approved by the LSC at the National Capital Committee meeting on January 18th 2008.

It was reported that the next (and final) application to the LSC would be the application in detail in June 2008 and members were advised that approval of the refreshed application was at a rate of 67% support.

After consideration it was **RESOLVED** to:

5.4.4 **NOTE** the report.

6. FINANCIAL REPORTING

6.1 Cash Flow & Monitoring Report

The cash flow and monitoring report was received from the Director of Finance.

The actual and predicted cash flow forecast for the period was considered.

After discussion it was **RESOLVED** to **NOTE** the cash flow and monitoring report

6.2 Proposed College Company

A report was received outlining proposals regarding a college Company for the One Harrow project.

It was reported that:

- 6.2.1 There was potential for Corporation Tax at a future date when all the units in the residential development at Harrow-on-the-Hill had been sold by the developer.
- 6.2.2 This liability might arise because of the overage clause in the sale contract allowing the College to share in the future profit that might arise because of an increase in sale value of the residential units above that predicted by the developer at the time of purchase.
- 6.2.3 The tax could be mitigated by transferring the land to a college company which would then sell the land.

The benefits in setting up such a company were considered and it was noted that:

- 6.2.4 If the future tax liability was greater than the cost of setting up and running the company then the setting up of such a company would be beneficial.
- 6.2.5 The tax due would not be payable until the last unit was sold, estimated to be in 2013.
- 6.2.6 The college company would need to be set up now and operated until 2014. Members were advised that the estimated cost of setting up and operating was about £200,000.
- 6.2.7 The estimated tax liability was very hard to quantify, particularly given the current state of the housing market but is thought that it would be unlikely to exceed £200,000.

Members were advised of the financial implications in setting up such a company:

- 6.2.9 If a company was setup now then the setup costs would be met by the capital project. It was noted however, that the operational costs would have to be found from the annual budget each year.
- 6.2.10 Any future tax liability was extremely difficult to predict but it was noted that the tax would be paid from the receipts so that if a tax liability did arise there would in effect be extra income for the College in that year.

It was reported that taking into account the fact that the tax that would be paid at the time of receipt out of the receipts, it was recommended that there would be no value in setting up a college company.

After consideration it was **RESOLVED** to:

6.2.11 NOTE the report

6.2.12 APPROVE recommendation not to set up a college company.

7. **OTHER BUSINESS**

No other business was raised.

8. **DATE OF NEXT MEETING**

It was agreed:

8.1 To cancel the meeting scheduled for Wednesday 5 March 2008 @ 7.00pm.

8.2 That the next meeting would take place on **Tuesday 1 April @ 7.00pm.**

A handwritten signature in black ink, consisting of a horizontal line with a stylized, looped flourish in the center.