

**HARROW COLLEGE FURTHER EDUCATION CORPORATION
MINUTES OF THE MEETING OF THE
PROPERTY & ACCOMMODATION COMMITTEE
TUESDAY 8 JULY 2008**

1. ATTENDANCE, APOLOGIES FOR ABSENCE & WELCOME

Membership: Mr P Harding
Mr T Medhurst (Principal)
Ms J Radia (Chair)

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

Apologies: Mr C Hurst

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 4 June 2008 were confirmed as a correct record, and were signed by the Chair.

4. MATTERS ARISING

There were no matters arising.

5 ACCOMMODATION & PROPERTY REPORTS

5.1 One Harrow Progress Report

The Committee received the One Harrow Progress Report updating members on developments since the last meeting and a written update on matters since the publication of the papers.

It was reported that:

- 5.1.1 Transport of London (TfL) remained unable to commit to selling the land required for the new College. It was noted that TfL wished to support the College and had confirmed that they understood the seriousness of the situation, but that until they had identified both the feasibility and any additional operational costs, they could not commit to the sale. Members were advised that the assistance of others, including Peter Hendy, the London Transport Commissioner and the general response had been positive.
- 5.1.2 Project costs remained unchanged from those previously reported of £142 million, after completion of extensive value engineering to reduce costs, the figure that the College proposes to submit in its Application in Detail to the LSC.
- 5.1.5 The College's planning application for residential development on the Harrow-on-the-Hill campus was submitted to the GLA after its surprise refusal by the London Borough of Harrow. It was noted that it was currently being considered and that a response was anticipated by 18 July 2008.

5.1.6 An offer had been received from Dandara Developments for the purchase of the Harrow on the Hill Campus, previously considered and approved by Governors on 4 Jun 2008. Members were advised that following the town planning consent decision, Dandara Developments had withdrawn their offer because of the increased risk now attached to the proposed development and that a revised offer had been submitted which the College was advised by its professional advisers, was a reasonable offer in view of the current market and the lack of Town Planning Consent:

- Worth £7 million plus a Section 106 allowance of £5.2 million.
- That included a new planning overage clause linked to the quantum of accommodation that could be achieved under Town Planning Consent. It was noted that if successful, the College could achieve an additional £900K making the offer worth a total £7.9 million plus the Section 106 allowance, but effectively £600K less than the original offer.

5.1.6 The failure to achieve town-planning consent had effectively reduced the value of the site and had added risk. It was noted that the College had been meeting with the London Borough of Harrow to look at alternative options and that an alternative option had been developed involving the sale of the campus to the London Borough of Harrow under heads of terms:

- A purchase price of £7 million
- An overage provision providing for any value above £7 million to be shared equally by the College and the London Borough of Harrow
- That if the London Borough of Harrow purchase the land, an independent valuer would be used for the price.
- For the London Borough of Harrow and the College would work together to maximise value and to share the costs equally.
- No deposit.
- The land reverting back to the College if it remained unsold by 31 December 2012.

It was noted that the minimum value would be the same as for the Dandara offer but that the overage value was potentially higher. It was reported that the major risk was that land values fall even further and the land remained unsold at the end of the contract. It was noted that it was currently unclear how the LSC would view the risk and that it was suggested that the option is explored further with them.

5.1.7 The offer originally received from Miller Homes of £19.5 million for the purchase of the Harrow Weald Campus, was also subsequently withdrawn on the basis that it was no longer viable in the current climate, and a new offer received for £13,073,007. Members were advised that a planning overage clause had been added which, if the right town planning consent was achieved would add a further £1,676,993, making a total of £14,750,000. It was noted that this represented a reduction in value of £4,750,000. It was reported that the College was advised by its professional advisers, that it was a reasonable offer in view of the current market.

5.1.8 The Application in Detail (AiD) had been due to be submitted to the LSC on 14 July 2008. It was noted however, that it was a fundamental requirement of the AiD that Town Planning consent had been achieved and that of equal concern was the lack of formal contracts for the purchase of both campuses, both factors giving concern about the submission of the AiD by the time stated. Members were advised that a meeting with the LSC was arranged for 16 July to discuss matters.

It was noted that the implications for late submission had been discussed by the College and its advisers and that it was considered that it remained important to avoid delaying the submission and to do so as soon as GLA consent had been received.

There was a discussion of the revised offers, construction costs and the issues with TfL and town planning and in particular:

- 5.1.9 The revised offers and how these would be viewed by the LSC.
- 5.1.10 The alternative option had been developed involving the sale of the campus to the London Borough of Harrow, of which the Committee was not in favour.
- 5.1.11 The surprise refusal by the London Borough of Harrow of the College Town Planning Application for residential development, particularly as the College had been led to believe that there would not be any problems and that the Application went forward with the full support of officers who had recommended its approval.

After further consideration it was **RESOLVED**, subject to the outcome of the forthcoming LSC meeting, to **RECOMMEND** to the Corporation:

- 5.1.9 **ACCEPTANCE** of the revised offer from Dandara Developments for the sale of the Harrow-on-the-Hill campus, subject to final negotiations on contract.
- 5.1.10 **ACCEPTANCE** the revised offer from Miller Homes for the sale of the Harrow Weald campus, subject to final negotiations on contract and the outcome of negotiations with alternate bidders.
- 5.1.11 **APPROVAL** for the submission of the Application in Detail at a contract sum of £142.9 million to the LSC on the 18 July 2008 with reserved matters to be concluded by 1 September 2008.

5.2 Minutes of the One Harrow Project Board Meeting.

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

6. FINANCIAL REPORTING

6.1 Cash Flow & Monitoring Report

The cash flow and monitoring report were tabled by the Director of Finance.

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

Members were advised that:

- 6.1.1 The cash flow to the end of March 2008 was buoyant, mainly due to the LSC front-loading of the recurrent funding profile by over £3million. It was noted that if this support had not been received then the current balance at bank would have been around £800K.
- 6.1.2 The current predicted cash flow showed that the College was likely to go into overdraft in July 2008, with a prediction that the College would be overdrawn by £227K during that month. Members were advised that this potential position had been discussed with the College's Relationship Manager at its bank and that overdraft facilities of up to £2.5 million would be put in place pending receipt of borrowing consent from the LSC.

After discussion it was **RESOLVED** to:

- 6.1.3 **NOTE** the cash flow and monitoring report

7. OTHER BUSINESS & DATE OF NEXT MEETING

There was no other business

The date of the next meeting was confirmed as **Wednesday 8 October 2008**.