

LEEDS CITY COLLEGE GROUP

MINUTES OF THE MEETING OF THE PROPERTY STRATEGY COMMITTEE HELD ON MONDAY 11 SEPTEMBER 2017

Present

Colin Booth	Chief Executive & Principal
Robert Clunas	Governor
Gerald Jennings (Chair)	Governor
Richard Shaw	Co-optee
Robert Sladdin	Co-optee

The quorum for the meeting was two members (including at least one governor)

In Attendance

Steve Bell (item 4 only)	Wates Construction Ltd
Louise Child	Director of Capital Projects
Dave Clarke (item 4 only)	Wates Construction Ltd
Lydia Devenny	Deputy CEO, Services
Michael Diaz (item 4 only)	Project Manager
Melanie Halstead	Clerk to the Board
David Warren	Director of Operational Services (Leeds College of Music)
Chris Weathers (item 4 only)	Wates Construction Ltd

The meeting was held at the Printworks Campus and started at 4pm

MEETING ADMINISTRATION

1. Apologies for Absence

There were no apologies for absence.

2. Declaration of Interests in any Agenda Items

Members of the committee were reminded of the requirement to declare their interest in any agenda items; there were none.

3. Minutes of the Meeting held on 17 July 2017 and Actions/Matters Arising

The following matters arising from the previous meeting were discussed:

Leeds District Heating Scheme

It was agreed that this would be considered as part of any Quarry Hill Phase 2 project rather than the current Phase 1 project.

Quarry Hill Project

It was confirmed that the Director of Capital Projects had circulated the full report on cladding, as requested by committee members. The committee emphasised the need for the college's professional advisors to confirm that the project complied with building and fire regulations. The Director of Capital Projects confirmed that this was the case. It was also noted that the board's decision to have sprinklers installed throughout the building went beyond current regulations.

RESOLVED:

That the minutes of the meeting of the Property Strategy Committee held on 17 July 2017 be approved as an accurate record and be signed by the Chair.

QUARRY HILL PROJECT

4. Project Update

Attendees from Wates Construction Ltd provided the following update:

- Currently at week 9 of the project programme.
- Works on site progressing as expected, although some ground issues had been identified resulting in additional excavation work for the foundations. As a result, a two week extension of time application had been submitted. In response to a question from the committee, it was confirmed that the ground investigation survey carried out pre-tender had trial holes in areas which backed up the original design. Committee members queried whether the site investigation had been thorough enough; the Project Manager advised that he was currently considering this. A discussion took place regarding the plan in place to recover the two weeks via an acceleration to recover programme. The Project Manager reported that this would bring the programme back in line, with Wates taking on any risk associated with this. The cost to accelerate was reported to be £60k and this approach was approved by the committee subject to the Project Manager reviewing and being satisfied with the associated costs. The Director of Capital Projects confirmed that the budget update circulated with the agenda/papers for this meeting included these costs. The committee also asked the Project Manager to look into whether any costs were recoverable in relation to the original ground survey.
- Wates confirmed that they had received from the college all of the design information that they required. The Chief Executive & Principal advised that the end users had signed off every single room and he therefore did not expect any escalation of costs resulting from end user changes.
- The price received from sub-contractors for sprinklers was reported to be c£600k. The committee noted that the previous estimate had been <£400k. The Director of Capital Projects and Project Manager would review these costs and report back to the committee. The Chief Executive & Principal advised that he had approached the LEP/WYCA about the possibility of providing funding to meet the cost of the sprinklers but this had been declined.
- Committee members were provided with samples of the materials for the building envelope. There were no objections to the proposed materials but it was suggested that the lighter shade of gold be used more minimally than the other two darker shades.
- A sample of the material for the rear façade was also shared with the committee. Members were of the view that this worked well with the proposed colour palette. It was reported that the planners were supportive of the proposed materials in principle but had requested a full size model. It was agreed that committee members would also be provided with an opportunity to view the mock up. In the meantime, it was agreed to proceed as per the samples presented at this meeting and to progress to place the order for the façade material.
- The Project Manager advised that it was proposed to provide sufficient power as part of this Phase 1 project to cover any future Phase 2 project. The Director of Capital Projects confirmed that the costs associated with this were included in the overall project budget figures presented. Committee members were supportive of this approach.

- In response to questions from the committee, the Director of Capital Projects advised that the cooling and heating systems were separate and the current design solution was considered to be adequate. The current level of control was +/- 4 but it had been requested to change this to +/- 2 to provide less variation. Committee members acknowledged that +/- 2 was the norm. The Director of Capital Projects advised that this change had been agreed verbally at no extra cost but that confirmation in writing was awaited. A discussion followed in relation to the need for individual rooms not to go above 27 degrees, this being a key employer/client requirement. This was acknowledged and agreed by Wates. It was agreed to add Mechanical & Electrical as a separate agenda item for discussion at the next meeting and Wates were asked to ensure that they were represented by an engineer to support such discussions at future meetings.

(The Project Manager and attendees from Wates Construction left the meeting at this point)

The Director of Capital Projects highlighted the key points from her project update paper that had been circulated to committee members in advance of the meeting. It was reported that the project remained on budget despite the increased construction costs discussed earlier in the meeting. This was due to savings on the enabling works and a reduced aggregate VAT rate.

A brief discussion took place regarding Gateway Court and the college's dissatisfaction with the proposed design. It was noted that a meeting had been scheduled for 12 September to discuss this issue further. The Chief Executive & Principal undertook to escalate these discussions within the Local Authority if necessary.

5. Project Risk Register

The committee considered the Quarry Hill project risk register as at September 2017 and in particular discussed the changes in identified risks during the period July to September. No new risks had been identified but there remained a total of 20 risks on the register. After mitigation, there was one red (significant) risk which related to asset release not achieving the minimum £17m projected. The committee and the board would be kept fully informed in this respect.

PROPERTY STRATEGY

6. Update on Group Property Strategy

Disposals

Horsforth Campus – the Chief Executive & Principal updated members on his recent email exchange with the Education and Skills Funding Agency (ESFA). The college's position on both a potential population of Great Crested Newts and the existence of previously undisclosed mineshafts had been articulated. It was reported that if neither risk rendered more than 25% of the site 'undevelopable' then the college expected the ESFA's original offer price of £12m to stand. A brief discussion took place around the possibility of the college demolishing and going back to the market with a cleared site. However, it was noted that this would likely result in conditional bids from house builders and delay the receipt of funds. Therefore, the preferred option was to continue negotiations with the ESFA. The potential use of 'property guardians' as a way in which to save on security costs was also discussed. The co-opted member (R Sladdin) undertook to provide the contact details for a property guardian company. In response to a query from the committee, it was confirmed that the college was currently aiming for a completion date of December 2017/January 2018.

Thomas Danby Sports Centre – members were provided with an update on ongoing negotiations with the ESFA and a discussion followed regarding the possibility of linking

these negotiations with those relating to the Horsforth Campus which it was felt could be advantageous to the college.

Technology Campus – the Chief Executive & Principal advised that the college was awaiting a response from WYCA as to whether they were in agreement with the offer from Metropolitan & District Securities (MDS), such approval being a condition of the option agreement between MDS and Leeds City College. The ESFA had confirmed their approval to the college disposing of the campus based on the valuations obtained.

Park Lane A Block – it was reported that alternative methods of disposing of A block were to be considered, including direct marketing and retendering for property disposal services. It was noted that there were already a number of interested parties.

Butterley Street

The college had applied for change of use and external alterations planning consent with a decision due on 19 September. It was reported that the project deadline of December 2017 remained achievable, subject to planning consent.

Enfield Centre

Following Board approval to enter into a new lease, Eversheds Solicitors were now drawing up the new lease and making arrangements for the surrender of the existing lease.

(The Director of Capital Projects left the meeting at this point)

LEEDS COLLEGE OF MUSIC (LCoM) PROJECTS

7. Purchase of Skyline Long Leasehold

The committee received a report detailing an opportunity to purchase the Landlord's long lease interest of the Ground Floor Unit of the Skyline building. It was reported that, as Tenant, LCoM had the right of pre-emption to buy the Landlord's interest in their lease with the Superior Landlord. The option period lasted for 12 months from completion of the lease which took place on 21 November 2016. The price negotiated on behalf of LCoM was £825k plus VAT. It was noted that in the event that LCoM did not pursue the option to buy the lease, the Landlord could dispose of its lease interest to a third party. Purchase of the Landlord's lease interest would also bring with it a small newsagent kiosk, currently generating £11k a year in income to the Landlord and reviewed on a 5-yearly basis.

The Director of Operational Services (LCoM) reported that LCoM remained committed to a long term occupation of the building, with the benefits of a standalone library facility on this site within Quarry Hill being a key part of the institution's property strategy.

Cushman & Wakefield had been instructed to undertake a valuation to determine whether the negotiated price offered value for money and would be a sound investment by the Leeds City College (LCC) Group.

Two options appraisals had been carried out to establish whether purchase of the leasehold represented better value for money compared to leasing. Both options presented a low cost over the leasing option. Having considered the options presented, committee members were satisfied that the purchase option provided better long term value for money. However, it was recognised that in the short term, the LCC Group would need to ensure that there was sufficient cash to fund the proposed purchase as well as other elements of the property strategy.

RESOLVED:

To recommend to the board that the option to purchase the leasehold be exercised, subject to the results of cash flow modelling.

8. LCoM Projects Update

The Director of Operational Services (LCoM) presented a paper updating the committee on the progress of two significant building projects for LCoM – a new music library (Skyline building) and the roof top extension for the Venue. A smaller capital project, the reconfiguration of level 5 (3 Quarry Hill) following the relocation of the existing library provision, was also reported upon.

It was reported that a certificate of practical completion had been issued for the music library. The agreed contract sum had reduced further (from £925.5k to £872.8k) due to a number of items being taken out of the main contract. Following handover on 14 July, LCoM staff continued to populate the building with stock and archive materials in readiness for the start of the new academic year.

With regard to the Venue rooftop extension, a new issue had arisen following a review by the M&E consultants resulting in the need for the power supply to the Venue building to be increased to cope with the additional pressures created by the large balcony extension. The Director of Operational Services advised that associated costs were currently being interrogated; as this additional work did not fall within the rentalisation cost, the additional costs would need to be met by LCoM.

It was noted that good progress had been made by the main contractor working on the level 5 reconfiguration project. However, the overall programme was currently delayed by one week and this would affect students as teaching would start one week before the works were completed. However, there would be a partial handover of specific timetabled rooms in time for the commencement of the HE academic year.

The meeting closed at 7pm

Signed:.....(Chair)

Date:.....