Minutes of the Finance Committee – Tuesday 1 December 2015

Present:  
Mr Jeremy McIlroy - Chair  
Mr Paul Blagbrough  
Mr Gurpreet Dehal  
Mrs Margaret Jack  
Mr Iain Ross  
Mr David Williams  
Mr Nick Perryman  
Professor Paul Layzell  
Professor Rob Kemp  
Mrs Jenny Febry (and secretary)

Apologies:  
Mr Simon Higman

In Attendance:  
Mr Stephen Cox  
Chair of Council

1 APOLOGIES

Apologies were RECEIVED from Mr Simon Higman.  
FC/15/229

2 MEMBERSHIP

NOTED that had been no changes in membership.  
FC/15/230

NOTED that Council members had been invited to attend the meeting as well as the extraordinary meeting on Thursday 10 December.  
FC/15/231

3 MINUTES

NOTED that the minutes of the Finance Committee Meeting of 22 October 2015 (FC/15/160-FC/15/227) had been approved by circulation.  
FC/15/232

4 MATTERS ARISING FROM THE MINUTES

CONSIDERED matters arising not covered elsewhere on the agenda.  
FC/15/232

NOTED that the Consolidated Financial Statements had been APPROVED by Council on 17 November 2015 and subsequently SIGNED and submitted to HEFCE.  
FC/15/233

NOTED that the Financial Statements for Royal Holloway Enterprise Limited had been APPROVED and SIGNED at the meeting of the board on 12 November 2015.  
FC/15/234

NOTED that the proposed amendments to the Travel, Subsistence and Personal Expenses Policy had been APPROVED by Council on 17 November 2015.  
FC/15/235
MAJOR ITEMS FOR DISCUSSION AND DECISION

5 STUDENT RESIDENCES

RECEIVED a verbal update on the North Campus Residences development. The project was now on hold and there would be no rooms available for September 2016 due to issues with the main contractor, Wilmott Dixon and the sub-contractor responsible for providing the modules, Caledonian.

After a series of meetings, it became clear that Caledonian could not provide any rooms for the start of the 2016 academic year and would not provide a parent company guarantee.

There were discussions with Wilmott Dixon to ensure there are no contractual obligations outstanding which would affect College.

Plans were being formulated to ensure the residences were available for September 2017 but these were at an early stage.

6 PROPOSED PURCHASE OF PROCTER & GAMBLE SITE

6.1 RECEIVED a report which had been discussed at Council on 18 November 2015. Procter & Gamble (P&G), as part of a global restructure wished to sell their site in Egham by the summer of 2016 but lease back the buildings for a period of 3-5 years. The site contained office buildings, laboratories, car parking and some service buildings. Acquisition of this land would shift the focus of the campus away from the village of Englefield Green.

At the Council meeting on November 18, Council had agreed the principle of pursuing the opportunity, and had delegated consideration of affordability and decision on pricing to the Finance Committee.

The land was in greenbelt but rebuild on existing footprint and limited infill. There was no existing planning permission for housing on the site. The tender process was relatively informal and bids had to be received by 17 December. Although price was a factor P&G had other considerations such as certainty of sale, availability of the finance for the purchaser and a good relationship with the buyer.

It was agreed that this was a one off opportunity which should be supported in principle the effect on other capital projects should be considered. The Estates Development Plan would need substantial revision and reprioritisation.

6.2 RECEIVED a report from Savill Estate Agent regarding the valuation of the site. A variety of potential values were indicated depending on the proposed use of the site. These ranged from £14.5 - £15.5m for its existing use to £20.75 - £25.25m for residential redevelopment. As such, it was considered that the guide price of £17m, upon which VAT would be payable, had been set at an appropriate level.

6.3 RECEIVED a report on the affordability of the proposal. The existing capital commitments were mapped against cash flow forecasts and resulted in a projected cash surplus over 60 day liquidity requirements of £23m in July 2021. If the P&G site were also purchased this would reduce to a £863k surplus. All the forecast income and cash were the financial forecast figures submitted to HEFCE in July 2015 and had not been adjusted apart from the cash brought forward figure at 1 August 2015 was amended to actual.
There had been discussions at previous Finance Committees that financing additional capital expenditure identified in the Estates Development Plan (EDP), most importantly condition survey expenditure of £50m and a new media/music building £25m, would require additional sources of funds. The total of such projects was £92m, some of which could be mitigated by use of P&G buildings.

Options to provide funding and reduce the risk were discussed and included release of funds from the Founder’s Endowment Fund to buy the land, sale and lease back of existing or future student residences, additional borrowing and future lease or sale of some or all of the P&G site. An initial review of the EDP and options to reduce the overall cost would also be explored.

It was decided that potential financing strategies would be explored in further detail at the next committee on 10 December.

It was requested that a draft letter to the Agents detailing the basis of College’s bid, both for a one off offer to end the tender and to participate in the tender would be presented to the next committee.

To ensure that Council had sufficient opportunity to participate in the decision a further invitation would be issued to all members emphasising the content of the meeting.

7 ANY OTHER BUSINESS

There was no other business.

8 PUBLICATION

8.1 AGREED that none of the agenda items required broad dissemination around College.

8.2 CONFIRMED the designation of papers as exempt from the Freedom of Information Act requirements.

DATE OF THE NEXT MEETING

Thursday 10 December at 3pm in the Principal’s Meeting Room.

J Febry
3 December 2015