

UNIVERSITY OF ABERDEEN
POLICY AND RESOURCES COMMITTEE

MINUTES OF MEETING HELD ON 18 NOVEMBER 2019

Present: Anne Minto (Chair), Nuala Booth (*by teleconference*), George Boyne, Karl Leydecker, Gary McRae (*by teleconference*), Lyndsay Menzies (*by teleconference*), Cecilia Wallback, David Watts, Neil Vargesson; with Angus Donaldson, David Beattie, Steve Cannon, Iain Grant and Bruce Purdon (Clerk).

20 DECLARATION AND FORMAL BUSINESS

20.1 There were no declarations of interest.

21 KING'S COLLEGE TRANSFORMATION

21.1 The Chair noted that as the papers for the meeting had been circulated on Friday 15 November and as there had been technical problems with meeting squared, members who had been unable to review the papers would be welcome to submit comments after the meeting. The Chair proposed that due the size of some of the documents, it would be helpful to provide Court with printed copies.

21.2 The Committee received from the King's College Transformation Programme proposals and the supporting business case for investment in the King's College estate using the £50 million of funding raised by the University via a private placement bond. The proposals were focused on two projects: the redevelopment of the Johnston site as a new home for the Business School and the transformation of the King's Quarter into a modern educational environment able to meet the demands of future student populations. It was noted that the proposals had been developed following an extensive process of consultation and input from key user areas.

21.3 The Committee noted that the proposals had a total estimated cost of £50million, in line with the available budget. Projected costs included a 10% contingency and annual inflationary increases to construction costs of 4.4%; which was above the current level of 3.5% affecting the construction sector, thereby providing an additional safeguard against any uncertainty or potential cost increases. The paper detailed the return on investment projections, including financial returns and expected strategic benefits. The Committee noted that the Pay-Back Period for the building was estimated as being 20 years with a Return on Investment being 104% over a thirty-year period (being the estimated life of the refurbished buildings). It was noted that this was forecast to generate sufficient cash (£52M) to pay back the borrowing on maturity at year 30 (including the associated annual interest payments). The importance of growth in student numbers to the business case for the investment, in particular in the Business School, was noted and it was agreed a sensitivity analysis of the return on investment would be provided to Court.

21.4 The Committee also noted the programme scope and approved the programme scope to enable progression of the programme to the detailed design phase(s). In particular, the Committee considered and agreed that due to affordability the redevelopment of New King's would be excluded from the scope of this programme but agreed in principle that its redevelopment be factored in as priority under a notional Phase 2, using alternative funds.

21.5 The Committee approved the governance and reporting requirements proposed in the paper, noting that Court would receive updates at key stage-gates throughout the programme lifecycle.

BP
20/11/19