

WEYMOUTH COLLEGE CORPORATION
Minutes of the Board Meeting held on 5 February 2019

Members Present:		In attendance:	
Richard Noah	Chair	Sue Ratcliffe	Clerk to the Corporation
Nigel Evans	Principal	Jenny Stiling	Associate Member
Rosie Darkin-Miller	Vice-Chair	Jacqui Gerrard	Associate Member
Jane Nicklen		Phil Templeton	Vice Principal
Stephen Prewett		Julia Rogerson	Vice Principal
Steve Webb	Apologies	Kelly Bush	Vice Principal
Andy Matthews		Liz Hurst	Director of Finance
Lyn Bourne		Rob Cole	Director of Finance Designate
Rod Davis			
Peter Vowles			
Megan Barnes			
Joanne George	Apologies		
Louise Matthews	Apologies		
Alex Wyatt			
Harry Williams			

The Chair welcomed everyone to the meeting and extended a special welcome to Rob Cole, the newly appointed Director of Finance and Megan Barnes following the birth of her baby and return from Maternity Leave.

Apologies for Absence

01/2019 Apologies for absence were received and accepted from, Steve Webb, Louise Matthews and Jo George.

Declarations of interest

02/2019 Members had nothing to declare.

Notification of Any Other Business

03/2019 One item of other business was notified.

Minutes of the meeting held on 11 December 2018

04/2019 the minutes of the meeting held on 11 December 2018 previously circulated, were confirmed as a correct record and signed by the Chair. The Chair reminded members that the Vice Chair attended the breakfast meeting detailed under minute 112/2018, she met the CEO of the new Dorset Council and her report/comments had been circulated. Members felt the feedback would help to inform our review of our Strategic Plan and our relationship with the newly formed Dorset Council.

Audit Finance Committee held on 15 January 2019

05/2019 a) Draft Minutes Members received the draft minutes of the meeting, previously circulated. The Committee Chair explained that the Committee had asked our internal auditors what additional input would be needed to reinstate an Annual Opinion. Since the reduction in audit days, no Annual Audit Opinion was provided. This matter was still being reviewed as the Committee felt this was an important plank in the Committee's tools in providing its report to the Board.

b) Risk Register - Members received the Risk Register for 2018/19 and agreed it would be regularly reviewed by the Audit Finance Committee. However whilst reviewing items highlighted as “Red”, it was noted some of the comments could not be completely accurate because the report included comments for the “Summer” term when we are not yet in the Summer Term. It was agreed the register be reviewed and presented to the next meeting.

Members discussed local demographics in future years related to our not yet meeting our current year 16-18 enrolment target. The Principal reported that demographics improve in 2021.

However, Academy chains will have implications for future numbers:

- Aspirations have recently announced Budmouth will be joining them.
- The Ambitions chain should be more positive for the College if we can maintain our good relations with Wey Valley and All Saints Schools.
- The Atlantic Academy on Portland are improving and they are encouraging students to come to our open evenings.
- The Chair suggested it might be a positive move if we looked at a possible Governor event to network with the Academy Governors.

Financial Report

06/2019 a) The Board received the P5 Financial Report, previously circulated and on the GVO. The Director of Finance emphasised that cash remains tight, especially in March, but the potential additional £400k drawdown from the TU is not included in the figures.

Members noted:

- The expected upfront grant monies have still not been received.
- Although we remain behind with forecast income as detailed in the report, there are currently no HE withdrawals.
- Further ESIF monies have been received but this has not been recognised as there could be a potential clawback following the recent audit.
- Apprenticeship enrolments are to plan, although there was no process for carry-ins for those started prior to 2017.
- NCS Careers service contract not renewed
- Improved high needs income although there is a slight overspend to cover teaching needs.
- Savings will be made on the Outdoor School to offset reduced provision.
- Depreciation figures will be ready for the P6 report but there are no issues expected.
- The College will re-budget when the outcome of the refinancing application to the TU is known. It is expected this will be ready for Board approval in March.
- The need to keep a sharp focus on income at all times.

b) Appointment of Director of Finance

The Chair welcomed Rob Cole to the meeting. Rob introduced himself, explaining he was currently Director of Business and Finance at Wey Valley School and he would be leaving to take up his new post at the College on 22 April 2019 after 15 years at the school.

Report from Student Governors

07/2019 The Student Governors reported on a successful Christmas Show with over 100 attendees for each performance. Members were also pleased to hear how the students participated in the

February Open Day on 4 February 2019. Harry highlighted an increased interest in Music and reported on a forthcoming tour in May. Members were pleased to see advertisements promoting our Youth Parliament Candidate, Emily Marshall and encouraging student support in the forthcoming election. ***(Note to the minutes - on 11 February 2019- Emily a L3 Performing Arts student, was elected as one of two Youth Parliament members for Dorset. This is a stunning achievement on Emily's part, because the schools use block votes (students vote by a show of hands and teachers just record totals on a tally sheet), whereas we used the traditional voting method, with each person having a voting slip and their vote being private).***

Equality and Diversity Annual Report

08/2019 Members received the Annual Report at the last meeting and this item provided an opportunity for questions and further discussion. Members highlighted some typing errors, in particular a spelling mistake on page 10 and an all-female focus on the E and D poster. The Vice Principal Performance and Delivery confirmed this was being addressed as part of a re-launch in College.

Members offered congratulations on a good broad report and especially, the outcomes for looked after children. The Vice Principal Performance and Delivery reported on a successful E and D fair the previous week and whilst acknowledging there is work to do, she hoped members would agree the College was moving in the right direction. As promised an Action Plan is being prepared and future reports will include more apprenticeship data and staffing information.

Principal's Report

09/2019 The Principal presented a written report and highlighted the good news from the LEP on our Pipeline Project applications, a £250k outcome for motor vehicle technology, with opportunities for PR and sponsorship and possible further future bids. Members suggested that bids that were scalable may be helpful for the future, to meet available funding, readiness of projects and links to the Industrial Strategy. Members highlighted the need to link bids to our Strategic Plan.

Strategic Plan Review

Discussion followed on the need to review the Strategic Plan as we move forward with the re-financing application and meeting immediate priorities. The Chair reinforced the importance of linking the Strategic plan, which is now out of date, to local priorities, including the new local council and future Ofsted and Health Plans. The Vice Chair agreed to write a follow-up letter to the CEO of the new Dorset Council following her Breakfast Meeting. It was agreed to include more information and ask for the opportunity to meet other officers of the new authority, to encourage good future working relations.

Members also suggested establishing a small task and finish group –to start the review of the Strategic Plan, before being brought back to the Board for final approval. Andy Matthews, Jenny Stiling, Jane Nicklen, Rod Davis and Lyn Bourne offered to be part of the group.

KPI Performance Report

10/2019 Members received the KPI Performance Report and noted:

- 16-18 enrolment is currently below target at 1220. With other expected groups in March/April, the total is expected to increase. The Lagged funding model means it will affect us in 1920-21. 1211 is our target for 2019-20.

- There is a risk of not meeting the Minimum levels of performance (MLP) for Apprenticeship Achievement which needs to be above 65%. The Vice Principal explained this is the current position not an end of year prediction, she was confident this will be achieved.
- Student satisfaction at 77% is below the target level and lower than last year, however the response level is up. A new survey will provide future data.

Application to the Restructuring Fund

11/2019 a) The Principal gave a presentation, previously circulated and available on the GVO, to remind members of the College's journey from making our initial application to receipt of a letter from the ESFA Department of Education Provider Market Oversight Department dated 4 February 2019 concerning our application for Restructuring Facility Funding. Copies of the letter were handed round to members of the Board. **The letter confirmed "Funding for the Restructuring Facility case for Weymouth College is now fully approved"**. It also explains that it is intended to complete all cases by the end of March. This includes agreeing all terms and conditions and finalising all necessary legal and associated documentation. The Clerk confirmed that the College had engaged Blake Morgan Solicitors to provide the legal support required.

b) The Principal reminded members of the background to our application, emphasising that we were encouraged to make application to the Restructuring Fund, which was originally set up to pay for costs incurred with the implementation of recommendations from Area Reviews. Funds were then still available and opened up for applications from Colleges outside this criteria. Our issue was cash flow and the ability to meet repayment of our exceptional financial support loan over a short period of time

The Board were reminded that our first presentation to the Transaction Unit was in May 2018. With an intension of putting resilience into the sector. Our application was submitted in September 2018, asking to write off our debt, as the FE Commissioner identified us as a college with a single financial issue. We also asked for the return of what we had already paid back, to enable re investment.

It was then suggested that perhaps we would stand a better chance of success if the proposal was for a 3 year holiday and payback over a 10 year period, with some extra funds to cover, until start of the repayment schedule. We were told this might successfully get through the various panels and committees.

Now we have a final offer, an approved solution, an offer as detailed in the papers uploaded to the GVO. This is still subject to final negotiation but in summary provides:

- A 2 year holiday, and payback over 7 years, with interest added.
- A cash drawdown of £400k, cash to provide us with enough funds to ensure we meet our cash flow requirements.

The Principal continued to identify how the TU were looking at our payment schedule for the AIB Loans, increasing the repayments to the DfE once our AIB loan repayments decrease.

The Chair responded by stating that the position was disappointing but good in that we have been offered the support which has now been fully approved. He continued by stating that the support is very small compared to some others in the sector which have been recently reported. Members said they felt the College had been poorly treated when compared with others and may at some future point feel this should be challenged.

The Chair emphasised the requirement that the £400k drawdown needs to be kept in hand to meet our cash day requirements, to stabilise and underpin our financial position. We should reach out locally and develop our position with partners. He also reminded colleagues that the new resilience rules, the Insolvency Regime is now in place, they have tried to make us resilient, but we must make investments to make up for the lack of investment over recent years.

Members questioned the fees the College has incurred to make this application and future legal fees that will be incurred before completion. Members noted this looks in the region of £100k total costs and the cost of this has been raised as part of recent discussions with the Transaction Unit.

12/2019 The Clerk read through a draft resolution prepared for **Approval in Principle** by the Board to:

- i) Refinance the College's current loan facility with a £2.419m new loan facility (total new borrowing) made up of existing balance of £2.019m plus £400k additional redraw – see below), and
- ii) Drawdown of the additional £400,000 as a stand-alone facility.
 - Stand Alone Drawdown Availability Period – A £400k additional draw down is available as a one-off stand-alone facility to be completed by the end of February 2019.
 - This will enable the College to replace its existing BIS EFS term loan facility with a new loan amending the payment profile, to facilitate College expenditure on essential maintenance and investment in capital projects.

At the time of this resolution the Board has only had sight of the new loan facility in draft form and the DfE has not yet sent through the final proposed terms of the facility. Any resolution to approve the new loan facility is therefore subject to negotiation of its terms by representatives of the Board, and receipt of satisfactory terms from the DfE.

iii) If such conditions are met, the new loan facility will be formalised by:

- a. Provision of certain documents to the DfE, including:
 - The constitutional documents of the College;
 - The Finance Documents including a completed drawdown request, priority searches, a letter of undertaking from the Bank and copies of the legal charge;
 - Other documents in relation to the College's management including the financial model, an implementation plan and accounting reports.
- b. Negotiation and agreement of the terms of the documents concerned, in particular the funding agreement itself and the deed of priority between the DfE and the Bank (if required).

iv) The proposed commercial terms of the new loan facility are as follows:

- a) Interest Rate – The new facility will be subject to interest at the prevailing PWLB (public works loans board) rate – (around 2% as the rates change daily). Fixed annually with a review on 31 March each year. Interest is paid separately and in addition to the capital repayments below and is payable from 1 August 2019. Accrued interest to be paid quarterly on the standard payment date in the months of March, June, September and December. Therefore first payment due September 2019 (payment dates still to be confirmed).
- b) Capital Funding - Repayment Profile

Repayment free period: No capital repayments are due in the College financial years 2018/19 and 2019/20.

Mandatory repayments: Capital repayments to be paid annually at the end of the financial year (payment date still to be confirmed)

- College financial year ending July 2021 - £100,000
- College financial year ending July 2022 – £200,000
- College financial year ending July 2023 – £200,000
- College financial year ending July 2024 – £300,000
- College financial year ending July 2025 – £550,000
- College financial year ending July 2026 – £550,000
- College financial year ending July 2027 - £519,000

Loan Expiry - 31 July 2027, at which time any outstanding balance will be repayable in full.

- Voluntary prepayment and cancellation
 - Accepted without penalty
 - Any amount of the Term Loan prepaid may not be redrawn.
 - Prepayments are to be made with accrued interest but otherwise without premium or penalty
 - Prepayments will be applied against repayment instalments in reverse-chronological order.
- Ranking All Facilities will rank behind the Senior Facilities (Bank loans).
- Security Legal charges over [site(s)] - site(s) still to be confirmed, with Certificates of title provided.

Conditions

- Key performance indicators - Quarterly monitoring of agreed KPI's. KPI's are still to be agreed with the college.
- The College must also fully develop its investment plan and submit a profile of milestones for college expenditure no later than 3 months from completion, i.e. 30th April 2019.
- The College must undertake for so long as any liability remains outstanding under the agreement that, save with the prior written consent of the Lender:
 - Historic CFADS for each Historic Test Period shall be no less than 100% of its Historic Debt Servicing Costs for each Historic Test Period.
 - Projected CFADS for each Projected Test Period shall be no less than 100% of its Projected Debt Servicing Costs for each Projected Test Period.
- The College is to maintain cash days at a minimum of 15 days, at least 9 months out of the 12 months in each financial year throughout the forecast period. (*We are currently subject to negotiation regarding a request for a cash amount rather than specific number of cash days*).

IT WAS RESOLVED that the College:

1. Shall negotiate and agree the final terms of the new loan facility;
2. Enter into a Finance Agreement (definition as per the Term Loan Agreement) which enables refinancing of the College's existing BIS EFS term loan facility with a £2.019m new loan facility; this will include approval for the DfE taking a second charge on the property at Cranford Avenue.
3. Complete the drawdown of an additional £400,000 as a stand-alone facility (total new funding subject to Finance Agreement is £2.419m); and
4. Approve the terms as set out in the report above, subject to final negotiation of these and the transactions contemplated by the Finance Documents; and
5. Execute, deliver and perform the Finance Documents to which it is a party.

IT IS FURTHER RESOLVED to authorise:

6. The Chair and the Principal with the Director of Finance to negotiate and agree the final terms of the funding agreement (and such other documents as may be required to enable the entering into of the facility arrangement) on behalf of the Corporation, with further authority to seek professional advice in support of the same;
7. The Chair and/or the Vice Chair and any one other member of the Board to execute the Finance Documents (definition as per the Term Loan Agreement) to which the College is a party, on its behalf; and
8. The Principal and the Director of Finance and/or any one other member of the Board to sign and/or dispatch all documents and notices (including any drawdown request) to be signed and/or dispatched by it under or in connection with the Finance documents to which the College is a party.

In the event that significant changes or additional terms are made to the new loan facility which are not within the contemplation of the Board at the time of this resolution, IT IS RESOLVED that the Chair and the Principal shall be authorised to negotiate and agree such changes, and complete the necessary documentation to enter into the loan facility on behalf of the College.

Proposed by Rosie Darkin-Miller, seconded by Jane Nicklen, All in favour. No abstentions

Details will be uploaded to the GVO as they are confirmed.

The Student Governors left the meeting

Higher Education Self-Assessment Report and Development Plan

13/2019 The Board received the Higher Education Self-Assessment Report and Development Plan in addition to other documents from the Office for Students previously uploaded to the GVO.

Members noted the College has capacity to develop its provision and considered the action plan, asking for updates on areas highlighted as Amber or Red. Lyn Bourne apologised that she had not yet been able to establish her Ink role with this area. The Vice Principal Curriculum explained the action plan was prescribed by our HE partner. The new Head of HE Appointment had been made and the TEF application process was underway. Our own overall self-assessment judgement is "Good" and there will be regular feedback from termly reviews.

Any Other Business

14/2019 Appointment of Members

The Board confirmed a second term of office for the Chair, Richard Noah, for a four year period 5th February 2019 to 4 February 2023.

Date of Next Meeting

15/2019 The next meeting was confirmed as Tuesday 26 March 2019

(Apologies received from Jane Nicklen for the March meeting)

Confidentiality

16/2019 there were no items deemed to be confidential.

Signed _____ Chair

26 March 2019