

WEYMOUTH COLLEGE CORPORATION
Minutes of the Board Meeting held on 26 March 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	Apologies	Phil Templeton	Vice Principal Apologies
Stephen Prewett		Julia Rogerson	Vice Principal
Steve Webb		Kelly Bush	Vice Principal
Andy Matthews		Liz Hurst	Director of Finance
Lyn Bourne	Apologies	Rob Cole	Director of Finance Designate Apologies
Rod Davis			
Peter Vowles			
Megan Barnes			
Joanne George			
Louise Matthews			
Alex Wyatt			
Harry Williams			

The Chair welcomed everyone to the meeting.

Presentation Ofsted new framework consultation document

The Vice Principal Performance and Delivery gave an overview of the new framework to be implemented from September 2019. The consultative document is available for members on the GVO. It was agreed a whole College response to the consultation will be submitted by the closing date of 5 April 2019.

Members noted:

- Rather than being a framework for all establishments, the revised framework would be more targeted to FE.
- The College’s window for inspection started in November 2018. We are due a short inspection to see if we are still “good”. If inspectors anticipate a change, they will come in within 15 days for a full inspection, which can work both ways, either evidence to improve to “outstanding” or a deterioration to “requires improvement”.
- Safeguarding is judged either effective or ineffective.
- New quality of education judgement: intent, implementation, impact.
- The College is looking to realign performance and delivery team to fit with this new Ofsted outcomes. Including looking at changing quality cycle and SAR to the new framework.
- Personal development now has behaviour and attitudes and personal development.
- Leadership and Management remains and continues to include governance.
- Desktop exercise transparency showing concerns which are highlighted to The College.

Apologies for Absence

17/2019 Apologies for absence were received and accepted from Jane Nicklen, Lyn Bourne, Phil Templeton, Vice Principal Funding and Operations and Rob Cole, Director of Finance Designate.

Declarations of interest

18/2019 Members had nothing to declare.

Notification of Any Other Business

19/2019 No other items of business were notified.

Minutes of the meeting held on 5 February 2019

20/2019 the minutes of the meeting held on 5 February 2019, previously circulated, were confirmed as a correct record and signed by the Chair.

Audit Finance Committee held on 5 March 2019

21/2019 Members received the draft minutes of the meeting, previously circulated. Members noted the substantial item on the TU Bid and the updated financial model; a report on a GDPR Breach and an update on the bid to the LEP for a Motor Vehicle Technology Pipeline Project.

The Principal updated the Board on the initial acceptance of the bid with a full business case to be submitted in April, with the support of our LEP Link Officer. He explained initial plans for the location of the project and works that will be required on site including possibility to consider an offer to deliver motorcycle and hybrid and electric vehicle maintenance. Colleagues were scheduled to visit CEMAST, (*Fareham College Centre of Excellence in Engineering, Manufacturing and Advanced Skills Training, located at the Solent Airport in Lee-on-the-Solent*), on Friday of this week. Members endorsed the comments made by the Audit Finance Committee, including expenditure approvals required and gave their "in principle" support to the project.

Financial Report

22/2019 a) P7 Financial Report

The Board received the revised P7 Financial Report, previously circulated and available on the GVO. The Director of Finance emphasised the continued very tight cash flow, which has not improved as we had expected the Transaction Unit facility and drawdown to be completed by this time. This means continued daily monitoring by the Finance team. However the cash flow forecast figures include receipt of the cash drawdown.

Members noted that income continues to fall short on projections whilst apprenticeships continue to improve against plan. Expenditure is very well under control with more staff savings expected before the end of the current financial year.

b) Approval of Capital Expenditure

The Principal explained that included as part of the case submitted to the TU , was the capital project to move ahead with the establishment of the electrical and gas testing centres to be funded from the money not used to pay back the previous loan in the current financial year, i.e. our agreed payment holiday. The proposal to go ahead with this was unanimously approved.

Andy Matthews left the meeting

c) R07 Presentation

In the absence of the Vice Principal Funding and Operations, the Principal presented an RO7 Report.

Members noted:

- A small improvement of 1226 against a projection of 1232 and allocation of 1302.
- High Needs above allocation, with 80 directly funded and accepted for next year.
- Adult Skills remains an issue, currently £106k down.
- Apprenticeships currently 204 against a plan of 238. Over the projected 231. Value depends on the course. Members noted the new Business Development Manager appointment is making a big difference, but it is a long game.
- Adult Learner Loans currently only 61% of our facility is expected to be used, this means a smaller allocation next year.

d) Insurance Contract

The Board agreed a one year extension to the current contract due to the additional work insurers undertook to provide the reassurances needed by the TU. It was agreed to undertake market testing through the CPC Framework next year.

Report from Student Governors

23/2019 Alex reported on her apprenticeship being provided through Hays Travel meaning she will be retiring as student member in the near future. Members wished her well. Harry reported on the Uncovered Music tour in June and provided details of the programme in local venues.

Health and Safety Annual Report

24/2019 Members received the Annual Report. With an apology from the Vice Principal Funding and Operations, it was agreed that this item be deferred until the next meeting. Members were asked to put any questions on the GVO for feedback at the next meeting.

Principal's Report

25/2019 The Principal presented a written report and highlighted the good news from the LEP on our Pipeline Project application, a £250k outcome for motor vehicle technology, with opportunities for PR and sponsorship and possible further future bids as detailed in the report from the Audit Finance Committee. The Principal also highlighted the popularity of the DCCA provision with plans to run ceramics in September.

i) Updated Strategic Plan

The Principal shared an example of a more concise Plan which was well received by members. The process for review was discussed and it was agreed that SLT would work with local partners, including the LEP and the new Dorset Council to develop a draft plan that addressed local priorities, then work with a small group of Board Members, as agreed at the last meeting, before bringing the final draft to the full Board.

The Principal to prepare a timeline as soon as possible, present it to the small group of governors and meet them in the Summer Term. Members noted, business planning and curriculum planning are at an earlier stage this year.

ii) Risk Register

The Board received an updated copy of the Risk Register and queried the RAG rating and scores applied to some of the risks. Members also questioned what actions are being taken and felt that in its current form it did not meet the needs of the Board. Members felt they should be

concentrating on the College's top 6 risks and what action is being taken, i.e. Are we tolerating or treating the risks.

It was agreed that the Register be reviewed for the New Academic Year. Jo George will help in developing a more fit for purpose model.

KPI Performance and QDIP ReportS

26/2019 Members received and noted the KPI Performance Report and QDIP Report.

The new KPIs will need to be incorporated for the future as they are required by the TU.

Members discussed the one red action on the QDIP and noted this was related to the quality of destination data being collected.

Alex Wyatt left the meeting

Application to the Restructuring Fund

27/2019 The Director of Finance confirmed:

- Final negotiations were now completed and the College would be replacing its BIS Loan with a refinancing loan of £ 2.019 million with an additional £400k drawdown on Friday, 29 March 2019. Total funding provided is £2.419million on which Interest will be payable.
- There is a payment holiday for the College and Capital Repayments will start in July 2021, but interest starts to accrue on the day we drawdown funding.
- Interest is currently at 1.7%. Interest is payable annually. We are assuming the July interest payment will be deducted from our payments received from the ESFA.
- KPI's have been proposed, awaiting agreement.
- A £300k cash balance to be retained for 3 months in any one year.
- Second Charge on the property after the bank.

Members discussed their concerns, they were hopeful they were not setting themselves up for something they could not achieve in the future, but noted that the timescale for capital repayments took into account the timing when the AIB loans would be completely paid.

The Board approved the final wording of the minute required by the solicitors, to enable the transaction to be completed by the end of March 2019. The agreed wording of the minute is provided as an extract to the full meeting minutes, as an appendix t and are attached.

Members were reminded that all documents have been published on the GVO.

It was unanimously RESOLVED to approve the documents and enter into the refinancing agreement with the Department for Education.

Weyco and Redlands

28/2019 Confidential Minute

Governance Matters

29/2019 **Remuneration Committee meeting – 5 February 2019**

- i) Draft Minutes – Members received the draft minutes of the meeting.
- ii) Revised Terms of reference – The Board approved the revised terms of reference and the recommendation to adopt the AoC Code for Senior Post holders.

- iii) Appointment of Remuneration Committee Chair - the Board confirmed the appointment of Jane Nicklen as Chair of the Remuneration Committee.
- iv) Committee Membership – the Board confirmed the appointment of Jacqui Gerrard to the Committee and her appointment as a full member of the Board. Remuneration Committee Members were confirmed as: Jane Nicklen (Chair), Richard Noah, Rosie Darkin-Miller, Stephen Prewett and Jacqui Gerrard.

Any Other Business

30/2019 The Chair reported this will be Liz Hurst’s last meeting as she will be resuming her retirement, leaving her post as Director of Finance at Easter. All members expressed their sincere thanks to Liz, for her time at Weymouth College and especially for her hard work completing the Facility Agreement with the Transaction Unit.

Date of Next Meeting

31/2019 The next meeting was confirmed as Tuesday 21 May 2019

Confidentiality

32/2019 It was agreed Agenda item 12 should remain confidential.

Signed _____ Chair

21 May 2019

CONFIDENTIAL MINUTES

WEYMOUTH COLLEGE CORPORATION			
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628/2019 Proposal to join the two College Companies (Confidential)

The Board received a copy of the Minutes of the Weyco and Redlands Joint Directors Meeting and legal advice received. Both companies are solely owned subsidiaries of Weymouth College.

Following recent discussions held at two joint meetings of the Directors of both Weyco Services Limited and Redlands Community Sports Hub Limited, Members proposed to the Corporation a merger between the two companies. Legal advice has been sought to explore options which would aim to simplifying accounting, audit and governance processes and costs as well as reduce the administrative burden.

Blake Morgan Solicitors suggests there are three options for how the merger might proceed which have been considered by the company Directors.

- Option 1 – a new company is established and both of WeyCo and Redlands transfer their entire assets, undertakings and liabilities into it – both WeyCo and Redlands close thereafter;
- Option 2 – Redlands transfers its assets, undertakings and liabilities into WeyCo, before closing;
- Option 3 – Redlands becomes the subsidiary of WeyCo – this is less a merger, and more a repositioning of Redlands, but can be a useful precursor to a full merger.

The Directors recommend to the Board of the Corporation that the College proceed with Option Two, i.e , that Redlands transfers its assets, undertakings and liabilities into WeyCo, before closing the Redlands Company.

Redlands would then become part of Weyco Services: Weyco Services to provide the following services to College Departments:

- Catering Services
 - Ground Maintenance Services
 - Cleaning Services
 - Sports Facilities at Redlands
-
- The Staff Terms and Conditions and Pensions to be reviewed to ensure there is no change for those transferring from Redlands.
 - Complete the changes by the end of the current financial year, i.e. 31 July 2019 as required by the terms of our facilities agreement with the TU.
 - The two Boards be disbanded and all responsibility revert back to the Corporation until a new Board of Directors is appointed when the merger is completed. It was noted Jenny Stiling would not wish to continue as a Director after 31 July 2019.

Resolved to agree the proposal as detailed above. Further legal action be sought to ensure the smooth transfer of Redlands into Weyco by 31 July 2019 and an update on progress be provided to the Board before final submission of the transfer agreement for final approval in July 2019.

Proposed by the Weyco/Redlands Directors, all in favour.

Signed _____ Chair

21 May 2019

EXTRACT OF THE MINUTES OF A MEETING OF THE BOARD OF WEYMOUTH COLLEGE

Extract from the minutes of a meeting of the Corporation of Weymouth College (the Corporation) duly convened and held at 4.15 p.m. on 26 March 2019 at The College, due notice of the meeting having been given to all members, a quorum being present, and any applicable declarations of interests having been declared by the relevant members in accordance with the Corporation's instrument and articles of government (the "Constitutional Documents"), at which the following individuals were present (the "Board"):

WEYMOUTH COLLEGE CORPORATION			
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Board Members Present:		In attendance:	
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Nigel Evans	Principal	Jenny Stiling	Associate Member
Rosie Darkin-Miller	Vice-Chair	Jacqui Gerrard	Associate Member
Stephen Prewett		Julia Rogerson	Vice Principal
Steve Webb		Kelly Bush	Vice Principal
Andy Matthews		Liz Hurst	Director of Finance
Rod Davis			
Peter Vowles			
Joanne George			
Louise Matthews			
Alex Wyatt			
Harry Williams			

Apologies for Absence were received from Jane Nicklen, Megan Barnes and Lyn Bourne and Phil Templeton, Vice-Principal.

1 INTERPRETATION OF MINUTES

For the purposes of these minutes, terms and expressions defined in the Facility Agreement (as defined below), shall have the same meaning in these minutes, unless otherwise defined herein or unless the context otherwise requires.

2 APPLICATION TO THE RESTRUCTURING FUND (27/2019)

2.1 The Chair reminded the Board that the Corporation had entered into:

2.1.1 a secured term loan facility agreement originally dated 30 January 2004 (as amended, varied or restated from time to time), between (1) the Corporation (as borrower); and (2) AIB Group (UK) plc. (as lender) (the "**Bank**") (the "**Bank Facility Agreement**"), pursuant to which the Bank agreed to make available to the Corporation, a term loan facility in the aggregate principal amount of £5,200,000 (five million and two hundred thousand pounds sterling); and

2.1.2 an unsecured term loan facility agreement originally dated 27 March 2015 (as amended, varied or restated from time to time), between (1) the Corporation (as borrower); and (2) the Secretary of State for Business, Innovation and Skills (as lender) ("**BIS**") (the "**BIS Facility Agreement**"), pursuant to which BIS agreed to make available to the Corporation, a term loan facility in the principal amount of £3,839,000 (three million and eight hundred and thirty nine thousand pounds sterling) (the "**BIS Facility**").

2.2 The Chair further reminded the Board that as security for the Bank Facility Agreement, the Corporation had entered into, amongst other things, a legal charge (the "**Bank Legal Charge**") granting security over the freehold title situated at and known as Weymouth College, Cranford Avenue, Weymouth, registered at the Land Registry with title number DT28826 (the

"Property").

- 2.3 The Chair reminded the Board that it was proposed that the BIS Facility be refinanced, and the amounts payable under the BIS Facility Agreement and any related documents (together with any other costs and expenses payable under the BIS Facility Agreement and any related documents) (the **"BIS Debt"**) be discharged, by a term loan facility agreement to be made between (1) the Corporation (as borrower); and (2) the Secretary of State for Education (as lender) (the **"DfE"**) (the **"Facility Agreement"**).
- 2.4 It was reported that pursuant to the Facility Agreement, and in connection with the refinancing, the DfE would agree to make available to the Corporation a sterling term loan facility in the principal amount of £2,419,000 (two million and four hundred and nineteen thousand pounds sterling) (the **"Commitment"**), and that:
- 2.4.1 approximately £2,019,000 of the Commitment would be used to discharge the BIS Debt; and
- 2.4.2 the remaining amount of the Commitment (approximately £400,000) would be utilised by the Corporation for general working capital purposes, including expenditure on essential maintenance and investment in capital projects.
- 2.5 The Chair further reminded the Board that under the terms of the Facility Agreement and as conditions precedent to the drawdown of any amounts under such Facility Agreement the Corporation would be required to enter into certain documents, including but not limited to:
- 2.5.1 a legal charge granting security over the Property, which would secure to the DfE the payment of all monies and liabilities owed to the DfE by the Corporation under the Finance Documents (the **"Legal Charge"**);
- 2.5.2 a deed of priority to be made between (1) the Corporation; (2) the Bank; and (3) the DfE, containing terms and conditions regulating certain rights between the parties thereto, including the ranking of the Bank Legal Charge in favour of the Bank in priority to the Legal Charge in favour of the DfE (the **"Deed of Priority"**);
- 2.5.3 a letter from the Corporation to the DfE, setting out a number of disclosures in respect of the Corporation (including without limitation, the Bank Facility Agreement and related documents) (the **"Disclosure Letter"**); and
- 2.5.4 a formalities certificate, to be delivered by the Chair to the DfE certifying certain matters on behalf of the Corporation (the **"Formalities Certificate"**).
- 2.6 The Chair reminded the Board that at a meeting of the board of governors of the Corporation held at 4.30 p.m. on 5 February 2019 (the **"Previous Meeting"**), it had been resolved (amongst other things) to authorise:
- 2.6.1 *"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";* and
- 2.6.2 *"the Chair and/or the Vice Chair and any one other member of the Board to execute the Finance Documents to which the Corporation is a party, on its behalf."*
- 2.7 The Chair further reminded the Board that at the Previous Meeting, it had been resolved:
- "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 Corporation."*

2.8 The Chair explained that notwithstanding the resolutions at paragraphs 2.6.1, 2.6.2 and 2.7 having been passed by the Corporation, significant amendments to the Facility Agreement had been negotiated and that it was considered prudent that the Board have an opportunity to review the terms of the Facility Agreement. The Chair also noted that since the Previous Meeting, the Corporation had been provided with copies of, and had negotiated the terms of, the documents listed at paragraphs 2.5.1 to 2.5.4 above, which the Board had not previously had an opportunity to review.

2.9 The Chair explained that the purpose of the meeting was to consider and if though fit, approve the terms of, and the transactions contemplated by the Documents (as defined below), and the ratification of any documents or actions taken by the Corporation in connection thereof.

3 DOCUMENTS PRODUCED TO THE MEETING

The Chair produced the following near final form documents to the Board:

3.1 the Facility Agreement;

3.2 the Deed of Priority;

3.3 the Disclosure Letter;

3.4 the Legal Charge; and

3.5 the Formalities Certificate.

4 CONSIDERATION OF THE DOCUMENTS

4.1 The Chair outlined the principal terms of the documents described in paragraph 3 above (each a "**Document**" and together the "**Documents**") and in particular the Chair:

4.1.1 advised that the terms of the Documents were considered to be market standard, and that the security arrangements pursuant to the Legal Charge and the Deed of Priority were satisfactory; and

4.1.2 noted the reporting requirements set out in the Facility Agreement and the provisions of the Facility Agreement dealing with the Corporation's exempt charitable status and the laws and regulations applicable to the Corporation as a further education corporation.

4.2 The Chair noted that, in order for the Documents to be entered into by the Corporation, the Board must form the opinion, in good faith, that the Corporation's execution of the Documents and the performance by it of its obligations under the Documents would be of benefit to the Corporation and in the best interests of the Corporation for the purposes of furthering its objects, educational character and mission, and carrying on its activities.

4.3 The Board carefully considered the terms of the Documents and also considered their duties as members of the Corporation pursuant to the Constitutional Documents.

4.4 The Board unanimously expressed the opinion that:

4.4.1 the Corporation had taken such advice as it considered necessary to make its own independent decision to enter into the Documents;

4.4.2 the terms of the Documents were fair and reasonable and likely to be of benefit to and promote the success of the Corporation as it would: (i) assist with the refinancing of the financial indebtedness of the Corporation owed in connection with the BIS Facility Agreement; and (ii) provide the funds to continue to develop the Corporation over the coming years, including essential maintenance and investment in capital projects;

- 4.4.3 the Corporation is entering into the Documents in good faith and on arm's length and bona fide commercial terms;
- 4.4.4 the Corporation has the requisite authority, capacity and power to enter into and perform its obligations under the Documents and no limit on the powers of the Corporation to borrow money, to give guarantees or to create security would be exceeded;
- 4.4.5 the execution and delivery of the Documents and the performance of the Corporation's obligations thereunder do not contravene any agreement or any obligations binding on the Corporation and would not breach its Constitutional Documents; and
- 4.4.6 having made all appropriate searches and investigations of the Corporation's books and records:
- (a) the value of the Corporation's assets is more than its liabilities, taking into account prospective and contingent liabilities;
 - (b) the Corporation is able to pay its debts as they fall due and would not become unable to do so as a consequence of entering into or granting security under the Documents; and
 - (c) no steps have been taken or are pending to appoint an administrator, special administrator, receiver or insolvency practitioner in respect of the Corporation or any of its property, undertaking or assets, as far as they are aware.

5 RESOLUTIONS

Following consideration by the Board of their duties, and in particular having considered the terms of the Documents, the transactions contemplated by the Documents and the requirements for funding, **IT WAS UNANIMOUSLY RESOLVED THAT:**

- 5.1 the execution and delivery of the Documents, and the performance of its obligations thereunder would be for the benefit to the Corporation and in the best interests of the Corporation for the purposes of furthering its objects, educational character and mission, and carrying on its activities;
- 5.2 each of the Documents and any ancillary or supplemental documents, certificates or statements, and the exercise by the Corporation of its rights and the performance by the Corporation of its obligations thereunder, be and are hereby approved for and on behalf of the Corporation;
- 5.3 the Corporation should execute, deliver and perform the Documents and any other ancillary or supplemental documents, certificates or statements, and all action already taken or to be taken by the Corporation in relation thereto be approved and ratified in all respects;
- 5.4 the Chair, the Vice-Chair or the Principal, and any one other member of the Board (together the "**Authorised Signatories**") are authorised to sign and dispatch, for and on behalf of the Corporation, the Documents and any related documents and notices which are not required to be executed as a deed (including, any Drawdown Request), to be signed and dispatched by the Corporation under or in connection with the Documents with such amendments as they may in their absolute discretion consider necessary or appropriate (and execution thereof by the Authorised Signatories will be conclusive evidence that such amendments and modifications have been accepted by them);
- 5.5 any Authorised Signatory be and is hereby authorised to, for and on behalf of the Corporation, do and perform any and all such other acts and things, to sign or make such other agreements,

certificates, notices, requests and other documents and communications and to take and omit such other actions as he/she in his/her sole discretion may deem necessary or desirable for the completion of the transactions contemplated by the Documents; and

5.6 any two Authorised Signatories be and are hereby authorised to, for and on behalf of the Corporation, affix the Corporation's seal to the Legal Charge and the Deed of Priority and any other ancillary or supplemental documents, certificates or statements to be executed as a deed by the Corporation pursuant to the terms of the Documents in accordance with the provisions of the Constitutional Documents.

6 FILINGS

IT WAS RESOLVED THAT the Clerk to the Corporation would make all the necessary entries into the relevant records of the Corporation and affect any necessary filings in connection with the Documents or otherwise required as a result of the business transacted at the meeting on the Corporation's behalf.

..... Chair

21 May 2019