

**MINUTES OF THE PART I MEETING OF THE CORPORATION
HELD 02 JULY 2018**

Present:

Mr Del Attah (Chair)
Ms Dawn Hughes
Mr Chris Wright
Ms Phidelma Keating
Ms Yvonne White
Ms Sharmin Joarder
Mr Steve Gooch (Joint Head of College)
Mr Richard Beales (Joint head of College)

In Attendance: Mr Jon Allen (Clerk)

The meeting commenced at 1800.

APOLOGIES, QUORACY & DECLARATION OF INTERESTS

95. Apologies were received from Andy Booth. It was confirmed the meeting was quorate.

96. There were no declared interests against any of the agenda items.

TRIBUTE TO ROBERT HAILS

97. Board members paid tribute to the Chair, Robert Hails, who passed away in June. Robert served the College with passion and professionalism and provided strong leadership at the Board in what were, and still remain, very challenging times for the College.

98. Steve Gooch read out a message sent from David Jeffery, Deputy Director of the ESFA, and it was agreed to record the message in the minutes. ' Robert was a true gentleman, in all the very best senses of that term; but his determination to do the very best for the learners at Coulsdon and Reigate always shone through. I am sure he will be greatly missed at both Colleges'.

MINUTES

99. It was confirmed the minutes of the Corporation Part I meeting, held 26 March 2018 were an accurate record of the meeting.

MATTERS ARISING

100. All matters arising are covered through agenda items.

BOARD MEMBERSHIP REPORT

101. The report from the Clerk was received. Following review it was **RESOLVED**:

- (i) To appoint Mr Del Attah to serve as the Chair of the Corporation up to the date of the proposed merger;
- (ii) To extend the current terms of office for all external governors and the staff governor from 01 August 2018 up to the date of the proposed merger and no latter than 31 July 2019; and
- (iii) To appoint Sharmin Joarder (Chair), Andy Booth and Chris Wright to serve on the Audit Committee.

102. The Chair sought assurances on any personal governor liability that could arise due to the potential insolvency of the College. The Clerk was able to confirm, and to give assurances, the parameters around governor personal liability.

DATA DASHBOARD REPORT

103. The '*Data Dashboard*' monitoring report was received. The report provided the Board with a summary of current performance for 2017-18 as reported to the Board committees over the course of the academic year and the finance report to this meeting.

104. A discussion took place on the shared services that were in place with Reigate College and the impact of withdrawing from these joint services following the decision taken for Coulsdon College to withdraw from the Reigate Learning Alliance. It was confirmed the greatest impact and risk are in the two areas of MIS/IT and finance. On MIS/IT, Croydon College will be used to assist the College. For finance, Coulsdon has engaged the services of a consultant to work on finances including the 2016-17 and 2017-18 financial statements.

105. It was **RESOLVED** to note the report.

FINANCE REPORT

(i) Management Accounts

106. The Board placed on record sincere thanks to Kim Saw for her support given to Coulsdon College and to the Board.

107. The Management Accounts for 7 months up to 31 May 2018 were received

108. The following key points were noted:

- There were 1,005 students on roll at enumeration date against a budgeted level of 1,113, which will result in a reduction in in-year additional funding of (£505k).
- Full year pay costs are forecast to be £4,319k against a budget of £4,486, a saving of £167k, which reflects staff leavers to date and other known adjustments.
- Total non-pay costs are anticipated to be £1,434k for the year which is (£162k) worse than budgeted. The £150k VAT savings envisaged upon academisation have not been realised along with forecast loan interest repayments of £71k, an interest repayment holiday was anticipated upon academisation.
- Retained deficit (after deduction of depreciation and release of capital grants) for the year is forecast to be (£691k) vs. the budgeted loss of (£164k).

- Financial Health Grade Assessment is forecast to be 'Inadequate' at the year-end.

109. It was **RESOLVED** to note the Management Accounts.

(ii) College Budget 2018-19

110. The proposed College Budget 2018-19 was received for Board approval. The budget has been prepared for the 12 months to 31 July 2019, so that it is comparable with the current financial year 2017/18. The target date for Coulsdon College to merge with Croydon College is currently 01 November 2017 and the following points were noted:

- If that date is achieved then the current financial year 2017/18 will run and be reported as normal to 31 July 2018. There would also be a requirement for a further set of accounts for the 3 month accounting period 01 August 2018 to 31 October 2018.
- If the date of the proposed merger is later than envisaged then the accounting period for the post July 2018 financial statements will be extended accordingly. These will require a separate audit; and unfortunately audit costs are not proportional to the length of the accounting period.
- Upon merger there will be no requirement for separate Coulsdon College accounts to be prepared and submitted as we will no longer be a separate legal entity, even though the intention is for Coulsdon Sixth Form College to retain its name, identity, branding and local character.

111. 954 students are forecast to be on roll at the census date (October 2018), and based on current enrolments, the forecast is that the College will meet its funded numbers.

112. Funding negotiations are on-going between the College, Croydon College, the ESFA and the Transactions Unit regarding the loans from Lloyds bank and subsequent cash injections to remain operational. The £450k originally advanced in January 2018, which was originally due to be repaid in June and July 2018, has been rolled-over to 2018/19. A further £350k will need to be advanced in January 2019 and this total injection of £800k has been included within the cashflow projections. For the purposes of this budget interest and capital repayments continue at current levels.

113. The following key points were noted:

- Budgeted for other income of £286k, broadly in line with the 2017/18 forecast outturn.
- Full year pay costs are budgeted to be £3,887k against a forecast outturn for 2017/18 of £4,319, a reduction of £432k, following the recent staffing restructure and other known adjustments.
- Total non-pay costs are anticipated to be £1,454k for the year which is an increase of £20k on the 2017/18 forecast outturn.
- Interest and Capital repayments have been included on the basis of the continuation of the Lloyds loan.
- Retained deficit (after deduction of depreciation and release of capital grants) for the year is forecast to be (£486k).
- Financial Health Grade Assessment is forecast to be 'Inadequate' at the year-end.

114. It was **RESOLVED** to approve the College Budget 2018-19.

PLANNING & PERFORMAMCE COMMITTEE REPORT

115. The following was made available:

- Minutes of the Planning & Performance Committee held 21 May 2018
- Quality Improvement Plan 2017-18 that was subject to a thorough review from the Committee.

116. The College Quality Improvement Plan (QIP) addressed the statements as to why the College is not yet outstanding as set out in the Executive Summary of the Colleges Self-Assessment Report.

117. The Planning & Performance Committee was asked to rate their level of assurance in that the Executive Summary was an accurate reflection of the College and that the QIP 2017/18 sets out a clear plan to address areas for improvement and development at a College level. Following review, the Committee was of the view that a high level of assurance can be drawn from the QIP with no additional actions or monitoring required over and above the already agreed monitoring framework, with the QIP being fixed agenda items at meetings of this Committee and all Corporation meetings.

118. It was **RESOLVED** to note the minutes and Quality Improvement Plan.

AUDIT COMMITTEE REPORT

119. The minutes of the Audit Committee meeting held 16 June 2018 were received.

120. The 2017 and 2018 accounts for Coulsdon College cannot be signed until the merger is completed. So this means that the Corporation of Croydon will have to sign them. As a consequence the Annual Reports from the Audit Committee for 2016-17 and 2018-19 cannot be completed until receipt of the audit opinion from the financial auditor. To address these outstanding matters, the Audit Committee will need to meet early in the autumn term to consider the draft of the Audit Committee Annual Report 2016-17 and the draft of the Audit Committee Annual Report 2017-18. When the drafts of these two reports have been approved by the Coulsdon Corporation, and if the proposed merger with Croydon College is approved, the draft annual reports from the Audit Committee will need to be made available to the Croydon College Corporation when they approve Coulsdon College's Financial Statements for 2016-17 and 2017-18.

121. It was **AGREED** for the need to circulate to governors the risk register for the merger. In addition, the College's Risk Register should be circulated to governors and to be updated to include the risk around not merging and the need for a 'Plan B' should the 01 November merger date not be met.

122. It was **RESOLVED** to note the minutes.

MERGER UPDATE

123. The Board received and **NOTED** to letter from Mr Peter Mucklow (Director of the Further Education Group) that supported the proposed merger with Croydon College as an alternative to the Area Review recommendation for Coulsdon

College to continue to operate as a stand-alone institution.

124. Following governor email approval, it was formally recorded to **APPROVE** the appointment of Eversheds to conduct legal due diligence on Croydon College and Deloitte to conduct financial due diligence on Croydon College, and for the due diligence reports to be made available to the Board for review.

125. Received for information purposes were the terms of reference for the Croydon College/Coulsdon College Project Governance Board.

126. Received for information purposes were the minutes of the Croydon College/Coulsdon College Project Governance Board meetings held on 23 May 2018 and 26 June 2018. Also made available for information purposes were presentation slides from Deloitte's on the outcomes of their financial due diligence.

127. The Board formally recorded **APPROVAL** of the Public Consultation Document that was published in June. It was **RESOLVED** for the outcomes of the public consultation to be emailed to all governors in July and, on the basis of agreement by all governors, for Chairs' Action to be taken to approve the publication of the outcomes of the public consultation by the deadline date of 18 August 2018.

128. Received for information purposes was the current draft of the merger timeline.

129. It was **RESOLVED** to note the merger update.

130. In discussion it was noted that the financial due diligence presentation raised some issues on the finances of Croydon. The raised a broader question around what needs to be addressed and covered through due diligence - do we know what we don't know? It was agreed to circulate the due diligence reports well in advance of the September Board meeting and governors were asked to make available their list of questions in advance of the meeting so that these could be put to the auditors.

LOAN AGREEMENT - LLOYDS BANK

131. The final draft of the proposed Loan Agreement with Lloyds Bank was received.

132. It was confirmed the new loan agreement is based on standard documentation that is in use currently (the original loan agreements were signed many years ago and so the format was quite different) Blake Morgan have been instructed to confirm in a report that the new agreement offers the same terms as the original, the only exception being the charge over the estate. The previous agreement had no charge against the estate.

133. It was **RESOLVED** to approve the revised Loan Agreement with Lloyds Bank, subject to review and acceptance from all governors of the report from Blake Morgan once issued.

MEETING WITH A PARENT

134. Mr Chris Wright reported to the Board on his recent meeting with a parent on a matter relating to their child who attended the College. The update was noted.

ANY OTHER BUSINESS

135. The Board placed on record its sincere thanks to Steve Gooch for his services given to Coulsdon College during his many years of employment at the College. Governors wished Steve well in his forthcoming retirement.

DATE OF MEETINGS NEXT TERM

136. Audit Committee Meeting: To be confirmed

137. Board Meeting Monday 17 September 2018:

The following actions need to be done at this Board meeting:

- To receive and note the Due Diligence Reports (Finance and Legal)
- To note the use of Chairs Action to approve the outcomes of Public Consultation
- To approve the draft merger resolution that has to be published at least 30 days prior to the merger.

138. Board Meeting Monday 29 October 2018:

- To formally vote on the dissolution of Coulsdon Corporation and the transfer of its assets to Croydon College

Signed: _____ Date: _____

SUMMARY ACTION LIST

MIN	ACTION	REVIEW
120	if the proposed merger with Croydon College is approved, the draft annual reports from the Audit Committee will need to be made available to the Croydon College Corporation when they approve Coulsdon College's Financial Statements for 2016-17 and 2017-18.	17/9/19
121	It was AGREED for the need to circulate to governors the risk register for the merger. In addition, the College's Risk Register should be circulated to governors and to be updated to include the risk around not merging and the need for a 'Plan B' should the 01 November merger date not be met	17/9/18
127	It was RESOLVED for the outcomes of the public consultation to be emailed to all governors in July and, on the basis of agreement by all governors, for Chairs' Action to be taken to approve the publication of the outcomes of the public consultation by the deadline date of 18 August 2018	17/9/18
130	In discussion it was noted that the financial due diligence presentation raised some issues on the finances of Croydon. The raised a broader question around what needs to be addressed and covered	17/9/18

	through due diligence - do we know what we don't know? It was agreed to circulate the due diligence reports well in advance of the September Board meeting and governors were asked to make available their list of questions in advance of the meeting so that these could be put to the auditors.	
133	It was RESOLVED to approve the revised Loan Agreement with Lloyds Bank, subject to review and acceptance from all governors of the report from Blake Morgan once issued.	17/9/18
136	Audit Committee Meeting: To be confirmed	17/9/18
137	Board Meeting Monday 17 September 2018: The following actions need to be done at this Board meeting: <ul style="list-style-type: none"> • To receive and note the Due Diligence Reports (Finance and Legal) • To note the use of Chairs Action to approve the outcomes of Public Consultation • To approve the draft merger resolution that has to be published at least 30 days prior to the merger. 	17/9/18
138	Board Meeting Monday 29 October 2018: <ul style="list-style-type: none"> • To formally vote on the dissolution of Coulsdon Corporation and the transfer of its assets to Croydon College 	17/9/18