

SOLIHULL COLLEGE AND UNIVERSITY CENTRE

MINUTES OF THE CORPORATION MEETING HELD ON TUESDAY 4th JULY 2017 AT THE BLOSSOMFIELD CAMPUS

PRESENT: John Bolt (Chair)
Stan Baldwin
Scott Beasley
John Callaghan (Principal)
Jane Coleman
Mark Hayes
Barbara Hughes
Joe Kelly
Lucy Lee
Keith Marriott
Sukhy Nijjar
Geraldine Swanton
Sally Tomlinson
Liz Watson

IN ATTENDANCE: Lindsey Stewart (Deputy Principal)
Heather Evans (Vice Principal Finance)
Pete Haynes (Vice Principal HR and Student Services)
Beth Selwood (Vice Principal Teaching, Learning and Assessment)
Theresa Lynch (Clerk to the Corporation)

1. Apologies for Absence

There were apologies for absence from Summiya Khan and Alex Palethorpe.

2. Declarations of Interest regarding this Agenda

There no new declarations.

3. Minutes of the Meeting held on 21st June 2017 and matters arising

The minutes of the meeting held on 21st June 2017 were **agreed** as a correct record and were signed by the Chair.

3.1 Incident Management and Business Continuity Plan

The Clerk explained that the Incident Management and Business Continuity Plan had been considered at the Audit Committee on 12th June 2017 and was recommended for approval.

RESOLVED to approve the Incident Management and Business Continuity Plan.

4. Strategic Plan 2017-19 and Annual Priorities 2017/18

The Principal explained that the Strategic Plan had had minor amendments to reflect progress during 2016/17, but would largely remain as presented in 2016. This was due to the imminent merger with Stratford upon Avon College, as this would require an in-depth review of the Strategic Plan and Annual Priorities going forward.

RESOLVED to approve the Strategic Plan for 2017-19 and Annual Priorities 2017/17, as presented and subject to full review upon merger with Stratford upon Avon College.

5. Stratford upon Avon College (SUAC) Merger Report

5.1 Merger Update

Discussion took place regarding the arrangements being set up to work towards a full merger with Stratford upon Avon, with a scheduled date of 1st January 2018 to merge. It was noted that companies had been invited to tender for the contract to provide due diligence services for both legal and financial information. Governors would be invited to feedback regarding legal and financial due diligence. **ACTION.**

Q. Are the colleges committed to a 1st January 2018 merger date and is this realistic?

A. This has been the date indicated throughout the appointment process and was still planned as the merger date, although if required this could be flexible, ie moved to 1st February or March 2018, as appropriate. It was felt that the earliest date for merger would be best for both colleges, given the financial difficulties currently being experienced by SUAC. It was noted that the consultation proposal had to be published 4 months prior to merger and it was anticipated that this would be during August, with a deadline of mid-late September, to ensure full engagement by all stakeholders. It was further noted that SUAC had a commitment of financial support from the ESFA to 31st December 2017, so it was important to work to the timelines, although this would be done in the best interests of both colleges and ultimately for the merged college.

Discussion took place regarding visits by staff between the 2 colleges and it was noted that SUAC staff had been very positive about facilities at both Blossomfield and Woodlands campuses. Further visits would be taking place.

The financial position was discussed and it was noted that SUAC's bankers, Lloyds, wanted to be involved in phase 2 of the due diligence process.

Merger Steering Group – it was noted that a group was to be set up to oversee the merger process between the 2 colleges. It was suggested that the Chair and Vice Chairs of the Solihull College's Corporation be appointed as members of the Steering Group, with Sukhy Nijjar as a reserve member.

Financial Due Diligence – the Principal explained that KPMG would be undertaking the financial due diligence for both phase 1 and 2 and that the Chair of the Audit Committee had taken Chair's Action to confirm KPMG's appointment, as they are also the College's financial statements auditors. It was noted that BDO had provided the lowest priced quote, but that they were acting on behalf of SUAC, so could not also be appointed by Solihull College. KPMG had now fixed the price and confirmed inclusion of pension and VAT advice (unless specialist advice was required and this would incur additional costs). The date for phase 1 financial due diligence feedback was Friday 21st July 2017 at 10am and governors were invited to attend.

RESOLVED to

- Confirm Solihull College and University Centre's intention to progress with the merger with Stratford upon Avon through the due diligence and consultation processes.
- Agree the terms of reference and Solihull College and University Centre membership of the Merger Steering Group.
- Ratify the Audit Committee Chair's Action taken with regard to acceptance of the

5.2 Achievement Data

The Deputy Principal presented achievement and value added information for SUAC and Solihull College and University Centre and discussion took place. She noted that colleges due to merge could encounter an Ofsted inspection, so this could happen for either or both of the colleges in the Autumn term. Once the colleges had merged an inspection could take place within 3 years, although based on other merged colleges, this did seem to take place after the first year.

It was noted that both colleges delivered a lot of level 3 programmes. SUAC tended to have substantial provision at level 2, but this was largely distance learning programmes. Value added at level 3 for SUAC tends to be good in vocational subjects, however, Alevels are a concern. Progress measures are good for English and maths.

6. Financial Plan 2017-19 and Budget 2017/18 and Review of Financial KPIs

The Vice Principal Finance presented the Financial Plan for 2017-19 and the Budget for 2017/18 and noted that both had been fully presented at the previous Corporation meeting and in the finance briefing prior to that meeting. An additional £250k costs had been included in the budget for 2017/18 to account for merger-related costs that were likely to be incurred. It was noted that the budget presented ensured that KPIs would be met, the College would continue to have outstanding financial health and maintain good cashflow balances.

Discussion took place regarding College reserves and it was noted that there were not specific plans to use the reserves, other than to meet liabilities post-merger. It was anticipated that reserves would increase from £15m to £16.2m in the next 2 years.

RESOLVED to approve the Financial Plan 2017-19 and Budget 2017/18 and the Financial KPIs, as stated below:

ESFA Financial Health Scoring criteria listed below:

- An adjusted current ratio of, at least, 2.0 (net working capital)
- EBITDA as a % of income (education specific) between 5% and 6%
- Borrowing as a % of income to be no more than 30% and

EBITDA is surplus before interest, tax, depreciation and amortisation costs and also excludes interest & release of capital grants from income and takes out FRS 17 pension adjustments.

Aiming to ensure that staffing costs are no more than 65% of total income excluding capital grants.

Cash Balances above £6m (over 60 days cash in hand).

Contribution from faculties of 45%.

Meeting the banking covenants agreed as part of loan negotiations for the Blossomfield Redevelopment.

7. Dashboard 2016/17 Update – Finance and Funding Quadrants

Finance - The Vice Principal Finance presented the Finance Quadrant of the dashboard and noted that the May 2017 PMR was available. It was noted that the forecast outturn for contribution was currently 43% against a target of 45%.

Funding – The Deputy Principal presented the Funding Quadrant of the dashboard and it was noted that numbers had not changed very much since April. It was, however, hoped that the first levy-paying apprenticeships would be enrolled during July.

8. **Property Report**

The Vice Principal Finance presented the report and provided an update on the sale of TGH, demolition of the Halls of Residence and construction of the new car park. Discussion took place regarding whether all students had now moved out of the Hall of Residence and it was confirmed that they had all now found alternative accommodation.

RESOLVED to approve:

The sale of Tudor Grange House (TGH) to Octopus Healthcare Development Ltd for £2.9m unconditional on planning permission with an estimated further £1.976m from overage payments

That the Principal and Chair of Corporation will sign the documents in relation to the sale i.e. the contract for the sale and the transfer deed.

The demolition of the Halls of Residence.

Building of a replacement car park to replace spaces lost when TGH is sold.

9. **Health, Safety and Safeguarding Report**

The Vice Principal Finance presented the Report. It was noted that insurance claims can take a period of time to resolve.

10. **Contribution Analysis 2016/17 and 2017/18**

This item was deemed confidential.

11. **Election of Chair/Vice-Chair(s) for 2017/18**

The Chair explained that a proposal for Chair and Vice-Chairs to 31st December 2017 had been circulated. Any other nominations were requested.

The Chair left the meeting during the election for Chair.

The Vice Chair confirmed that there were no further nominations and John Bolt was duly elected as Chair of the Corporation from 1st August to 31st December 2017.

The Vice-Chairs left the meeting during the election for Vice-Chairs.

The Chair confirmed that there were no further nominations and Stan Baldwin and Jane Coleman were duly elected as joint Vice-Chairs from 1st August to 31st December 2017.

12. **Minutes of the Remuneration Committee held on 29th June 2017 and related reports**

This item was deemed confidential.

13. Regular Update Reports

13.1 Bids and Projects Update – the contents of the Bids and Projects Update Report were noted.

13.2 Tender Update – the contents of the Tender Update Report were noted.

13.3 Use of the College Seal - it was noted that the College Seal had not been used since the last meeting.

14. Dates for 2017/18

The dates for 2017/18 were noted.

It was noted that an additional Corporation meeting would take place on Monday 24th July 2017 at 6pm.

15. Governance Items

15.1 Membership

The contents of the Membership Report was noted.

15.2 Register of Interests

The contents of the Register of Interests for EMT and Governors were noted.

Signed : _____ J R B U

Date : _____ 24 July 2017.