

**Minutes of the Special meeting of the TCAT Corporation
Held on Monday 18 December 2017 from 5:00pm in B.009, Haybridge Rd**

Present

Liz Bekker, Corporation member/Staff governor
Rosie Beswick, Corporation member
Roger Betteridge, Vice-Chair of the Corporation
David Gough, Corporation member
Graham Guest, Corporation member and Principal & Chief Executive
Paul Hinkins, Chair of the Corporation
Steve Hogan, Corporation member
David Lowe, Corporation member
Neil Phillips, Corporation member
Duncan Varnes, Corporation member
Jim Welch, Corporation member/Staff governor

In attendance

Michele Dunn, ESFA representative
Martyn Hasell, Director of Finance
David Malone, Vice Principal – Curriculum & Quality
Stephanie Morley, Clerk to the Corporation
Janet Stephens, Deputy Principal – Finance & Resources
Carolynne Thurlbeck, Director of Data & Performance (Pre-meeting briefing only)

****PRE-MEETING BRIEFING - GDPR****

Prior to the formal meeting, C.Thurlbeck briefed Corporation members on the upcoming General Data Protection Regulations (GDPR), which would become law on 25 May 2018. They were informed of their role and responsibilities as governors of the college in relation to the new regulations and also the implications of data breaches.

The Corporation thanked C.Thurlbeck for the briefing and AGREED to:

- Receive progress reports on the implementation of the action plan for GDPR readiness
- Undertake training on the college's policies and procedures once completed
- Receive annual and bi-annual reports on Freedom of Information and Data Protection requests
- Be kept informed on any reportable breaches

*Clerk and
C.Thurlbeck
to action*

90/17 1. Welcome and apologies

The Chair welcomed everyone to the meeting. Apologies had been received from K.Boffey, L.Lamb and C.Miller.

*Clerk to
record
attendance*

91/17 2. Declaration of members' interests

None received.

92/17 3. Confidential items

The following item was agreed as requiring consideration under Confidential session:

*Clerk to
update
register*

<i>Item</i>	<i>Report title</i>	<i>Reason for confidentiality</i>
7	<i>Principal's report</i>	<i>Instrument 17.2(d) - any matter which, by reason of its nature, the Corporation is satisfied should be dealt with on a confidential basis.</i>

93/17 4. Minutes of Corporation meetings held 20 November 2017 (A)

It was noted legal advice was still awaited with regards to the wording for the merger discussion (Minute 87/17). In light of being able to consider the final draft, the Corporation NOTED the current version of the draft minutes and AGREED the final draft would be circulated for approval at the earliest opportunity.

Clerk to action

94/17 5. Committee reports and updates

5.1 Audit Committee

I. Annual report 2016/17 (B)

As Acting Chair of the Audit Committee, R.Beswick presented the Committee's annual report for 2016/17. The report outlined a summary of the work of the Audit Committee for that year and its opinion on the overall adequacy and effectiveness of the college's audit arrangements; governance, risk management and control; and processes for securing economy, efficiency and effectiveness.

The Corporation APPROVED the report.

II. Internal Audit Report 2016/17 (C)

It was noted the report was for governors' information and summarised the activity of the internal audit service, provided by RSM, during 2016/17.

The Corporation RECEIVED the report.

III. Meeting held 22 November 2017

As Acting Chair of the Audit Committee, R.Beswick provided an update on the meeting of the Audit Committee held on 22 November 2017. Reports had been received from both the college's internal and external auditors. The Committee had worked through the internal audit plan for 2017/18 and discussed in detail the interim and long-term plans for the replacement of the Director of Estates, IT & LRC. The pre-meeting with the auditors for governors would be reinstated, to enable governors to discuss issues and/or concerns directly with the auditors prior to each meeting. The Committee had been pleased to hear the Deputy Principal would be introducing an Assurance Framework to complement the Strategic Risk Register and were keen to continue the support, scrutiny and challenge to all areas of the college post-merger.

5.2 Finance & Resources Committee

D.Gough, Chair of the Committee, reported on the meeting held on 28 November 2017. The meeting had focused on a number of critical issues for the college:

- Plans for the sale of the Whitehouse Hotel, which became an asset of the college on merger
- The interim management arrangements for IT and Estates
- The offer from the TU and its associated milestones and KPIs
- Monitoring of AEB and apprenticeship enrolment
- Review of the 2016/17 accounts and going concern statement

The Committee had discussed the staff sickness rate and the complications uncovered with the HR system. In light of the amount of work required to return the system to the desired specification, it had been suggested a cost-benefit analysis be undertaken to explore the different options available.

The Committee also discussed the monthly management accounts (to October 2017). A larger than expected deficit had been forecast (£301,000); however the cash flow had shown a more positive position.

5.3 Minutes of Committee meetings

The Clerk apologised for being unable to provide the draft minutes of the above committee meetings (D & E), due to competing work priorities, and stated they would be circulated for members' information as soon as possible.

Clerk to action

95/17 6. College reports and policies

6.1 Annual Health & Safety report (F)

The Deputy Principal presented the Health & Safety report for 2016/17 for approval. She drew governors' attention to:

- The fire risk assessments completed and actions addressed
- The annual accident/incident summary (RIDDOR and personal injury claims)
- The completion of the Asbestos Management Survey
- The Legionella remedial actions addressed following risk assessments
- Achievements and actions

Governors asked whether the college had received confirmation of cladding compliance following the audit required after the Grenfell Tower fire. The Deputy Principal confirmed the audit had been undertaken and submitted. There had been no follow-up action or recommendations as a result of the audit.

6.2 Final KPI report for 2016/17 (G)

The Vice Principal presented the final KPI report for the previous academic year, which had been discussed by the Quality & Standards Committee at its last meeting. He noted the format and content of the report would be changed in future to ensure what governors were receiving was meaningful and could properly inform decision-making.

Governors agreed the current report was not the easiest report to interrogate but noted this had been an improvement compared to what had been available the previous year. Governors looked forward to

receiving the new reports.

Governors asked when the missing data relating to staffing would be available. The Principal explained the merger had taken priority and resolving the HR system issue would be worked on. An update on the timescale would be provided at the next meeting.

Principal to provide update

6.3 Safeguarding (by exception)

There was nothing to report.

6.4 Complaints (by exception)

There was nothing to report.

96/17 7. **Principal's report - **CONFIDENTIAL SESSION****

7.1 FE Commissioner stock-take visit

The Principal began the item by informing the Corporation he had received the formal report from the FE Commissioner's team following their stock-take visit on 22/23 November 2017. The report noted the improvement made since the previous visit and outlined a number of recommendations, all of which would be incorporated into the college's plan and discussed at the monthly case conferences. The Corporation congratulated the Executive Leadership Team on the result from the stock-take visit and acknowledged there was still much to do.

7.2 Merger

The discussion then turned to the merger with New College Telford. The Deputy Principal reminded the Corporation the merger had been approved at the previous meeting, held on 20 November 2017, when it had been agreed the detailed agreements relating to the merger be brought back for consideration by the Corporation. All parties were still working towards the merger date of 20 December 2017.

The following documents were referred to during the meeting:

1. Outline Terms and Conditions in relation to the approved funding package from the Transaction Unit (TU)
2. Draft TU Term Loan Facility Agreement
3. Draft TU Grant Offer Letter/Grant Funding Agreement
4. Indicative Terms relating to the lending from Barclays Bank PLC
5. Draft Barclays Facility Agreement
6. Draft Barclays Overdraft letter
7. Comfort letter from Barclays (produced)
8. Merger (Transfer) Agreement with NCT (produced)
9. Due Diligence reports from Irwin Mitchell
10. Financial Due Diligence report from Deloitte
11. Business Plan for the merged college
12. Draft minutes of the previous meeting (20 November 2017)

The Deputy Principal stated the merger proposals were familiar to those present and had been approved in principle at the previous meeting. She reminded those present the business plan and implementation plan had been previously approved prior to submission

to the TU on the 25 August 2017.

The Deputy Principal reminded those present the effect of the merger would be that all of the assets and liabilities of NCT would transfer to TCAT. She explained there was an extended deadline for completion of the Certificate of Titles to the 12 January 2018, and that part of the TU funding would be received on merger, with the remainder being received in January 2018 following completion of the Condition Precedents.

7.3 Due Diligence reports

The Deputy Principal referred to the Due Diligence reports received from Irwin Mitchell and explained they had not changed since the last meeting where they had been reviewed by governors.

The Deputy Principal referred to the financial due diligence report and highlighted governors had reviewed both the original report in March 2017 and also the updated report completed in October 2017.

Those present acknowledged the reports.

7.4 Approval of documents

I. TU funding

Those present were reminded of the TU Term Loan Facility Agreement and Grant Offer Letter/Grant Funding Agreement. The draft Grant Offer Letter was in a standard DfE form and imposed various obligations as to provision of information to the DfE. There were provisions relating to compliance with e.g. public procurement laws and state aid law.

The obligations to the TU under this arrangement would be secured by charges over the property of the college.

II. Barclays funding

Those present were reminded of the draft Facility Agreement and Overdraft and it was noted they reflected the Indicative Terms document. Irwin Mitchell had advised on the facility documents.

It was noted the covenants set out in the Facility Agreement and Overdraft did not take into account the availability of grant funding. Barclays had sent to the college a form of comfort letter from James Chivers of Barclays, referring to the calculation of the financial covenants for the period ending 31 July 2018 and stating the covenants would be reviewed after the merger.

The Deputy Principal said Irwin Mitchell had advised in the circumstances the degree of comfort set out in the letter had to be seen in the light of the negative effect of proceeding with the merger, or allowing NCT to dissolve in accordance with its dissolution resolution, without a bank funding facility in place.

The merger would take place by operation of law on 20 December 2017. On that basis, while the position was

undesirable, in the circumstances proceeding with the funding package in the form before the meeting was something the governors could approve, if they felt Barclays would behave responsibly and had reasonable confidence in the individuals at the bank.

Barclays would take security over the assets of the college under security documents negotiated on behalf of the college by Irwin Mitchell.

Governors asked how soon the covenants would be reviewed after the merger. The Deputy Principal replied she had discussed this with Barclays, who had agreed this would be done in January 2018.

The Corporation RESOLVED to proceed on the basis outlined above with regards to the covenants and for a letter to be sent to James Chivers (Barclays) from the Principal/CEO which would confirm timescales and also the ratios as presented in an email from James Chivers.

*Deputy
Principal to
action*

7.5 Merger Agreement

The form of Merger (Transfer) Agreement was produced. The document included 'going concern' (i.e. neutral) VAT treatment for the merger and that all of the assets and liabilities of NCT would transfer to TCAT. Plus other clauses related to (inter alia) the TUPE transfer of employees to the college, the protection of the retiring NCT trustees and a power of attorney in favour of TCAT.

7.6 Formal name change to Telford College

The Deputy Principal confirmed formal approval had been given for the college to change its name to Telford College from 20 December 2017.

7.7 Final forms of Documents

It was noted the final forms of the above documents would be produced for signature by the parties on or before 20 December 2017, along with various ancillary documents.

7.8 Approvals

The agreements and other documents referred to above were duly considered and it was that the same were approved, subject to their final forms (and the necessary ancillary documents) being settled on behalf of the Corporation by the Chair and the Principal/CEO.

Accordingly, the Corporation RESOLVED:

- the documents produced to the meeting were approved; and
- authority be delegated to a Committee comprising the Chair and the Principal/CEO to do all things as might seem to the Committee to be necessary, expedient or desirable in connection with, relating to or incidental to the merger, and in particular (but without limitation) to consider and approve the

entry into of, and any and all alterations to (and, where appropriate, replacement or termination of) the documents relating to the merger and the connected funding arrangements and all documents considered by the Committee to be necessary, expedient or desirable in connection therewith, including without limitation final forms of the documents produced and legal charges in favour of the Transaction Unit and Barclay Bank plc over the properties of the Corporation (including those to be transferred to it pursuant to the merger);

- authority be delegated to the Chair and the Principal/CEO in their capacity as specified persons:
 - i. to execute the any documents to in connection with the merger which the Corporation is a party on its behalf;
 - ii. to sign and/or despatch all documents and notices to be signed and/or despatched by the Corporation under or in connection with any documents concerning the merger to which the Corporation is a party; and
 - iii. to give joint or sole instructions to the Transactions Unit and Barclays Bank in all matters concerning funding arrangements on behalf of the Corporation.

Governors asked for confirmation of the correct procedure if approached by the press. The Principal confirmed the college had a procedure and would circulate this to governors via the Clerk.

Clerk to circulate

The Principal and Corporation took the opportunity to acknowledge and thank the Deputy Principal for her hard work and dedication to ensure the merger date would be achieved.

97/17 8. Financial reports and statements

8.1 Accounts/financial statements 2015/16 (H)

M.Hasell presented the accounts for 2015/16 to the Corporation.

The following corrections were noted:

- The term of office for D.Gough (Page 14) should read December 2017
- Safeguarding Sub-Committee (Page 15) needed to be removed from the list of committees served for C.Miller

The Corporation APPROVED the college's accounts/financial statements for 2015/16 with the above amendments to be formally signed by the Chair and Principal/CEO on 21 December 2017.

8.2 Accounts/financial statements 2016/17 (I)

M.Hasell presented the accounts for 2016/17 to the Corporation.

The following corrections were noted:

- The term of office for D.Gough (Page 12) should read

December 2017

- Safeguarding Sub-Committee (Page 13) should be removed from the list of committees served for C.Miller

The Corporation APPROVED the college's accounts/financial statements for 2016/17 with the above amendments to be formally signed by the Chair and Principal/CEO on 21 December 2017.

8.3 Financial dashboard (J)

The Deputy Principal referred governors to the annual financial dashboard produced by the ESFA and noted it did not paint a positive picture of the college's finances; however it had been produced prior to confirmation of the merger and TU funding.

98/17 9. Quality

9.1 College Self-Assessment Report (SAR) 2016/17 (K)

The Vice Principal presented the SAR to the Corporation. He explained all the key changes and plans for growth (as outlined in the CFADs plan) had been incorporated into the report.

The Corporation APPROVED the college's SAR 2016/17.

9.2 College Quality Improvement Plan (QIP) - November 2017 (L)

The Vice Principal presented the QIP to the Corporation. He explained the plan provided reassurance of the improvement planning that had taken place following the Ofsted inspection in June 2017 and also from internal evaluation of the college's strengths and weaknesses. It was noted, on merger, the QIPs for both colleges would be integrated into a single document.

The Vice Principal drew governors' attention to the majority of the actions currently being amber/red in terms of progress. This was due to the majority of the actions being in progress or about to commence.

The Corporation APPROVED the college's QIP (November 2017).

99/17 10. Any other business

10.1 Letter from Peter Lauener, Chief Executive - ESFA

The Corporation discussed and NOTED the recent letter from the outgoing Chief Executive of the ESFA.

100/17 11. Message from the Chair

The Chair noted this was the last meeting of the TCAT Corporation in its current guise and in particular acknowledged the contributions of R.Betteridge, D.Gough, D.Lowe and C.Miller during their terms as governors of the college. Those governors present noted the difficult journey the college had been on over the last two years and looked forward to hearing about the college's success.

The meeting concluded at 6:33pm.