

EXTRAORDINARY BOARD
Tuesday 23 November 2021 17:30 Boardroom and Teams

Draft minutes

Board	Independent Governors: Ian Valvona (Chair of Corporation); Sue Kingman (VC); Andy Chew (VC); Jason Jones (acting CEO and Principal); Vincent Neate; Rosh Sellahewa; Mike Sutcliffe; John Anderson; Alex Gallagher; Helen Litvak; Rosemary Scully Staff Governors: Neal Hook; Cait Orton. Student Governors: Yasmin Eltaki; Mohamad Armoush
In Attendance	Ian Rule (Interim Finance Director); Alison de Lord (Assistant Principal HR, OD and Estates); Sheila Fraser-Whyte (Executive Director, Business Development & Innovation); Chris Dearnley (ESFA) (observer); Nolan Smith (Fusion); Sarah Connerty (interim Governance advisor)
Apologies	Andy Chew; Rosemary Scully; Helen Litvak

Item	Item Description	Action
1	<p>Welcome and apologies</p> <p>The Chair welcomed colleagues to the meeting.</p> <p>Apologies received from AC, RS and HL. The Student Governors did not attend the meeting.</p> <p>The Chair noted that the meeting has been scheduled as the Board at its meeting on the 15 November requested additional information and assurance on a number of items for approval:</p> <ul style="list-style-type: none"> • The land transfer and Heads of Terms • The College's longstop agreement for six months with Clarion • The Barclays overdraft facility 	
2	<p>Declarations of interest</p> <p>There were no declarations received.</p>	
3	<p>Capital and planning matters</p> <p>1. Transfer of College land to the Council – Heads of terms</p> <p>The Chair noted that the Board had agreed that this approval would be deferred until there was assurance around the QC counsel advice from the Council and further input from Eversheds on some questions around the wording in the HoT. VN had made the point about the QC opinion and timing and it was good to pause. The Chair reported that he had spoken with Mark Maidment and Paul Chadwick who had confirmed that the purpose of the second QC instruction was not to revisit the question of the legalities of Drop in applications but was around additional planning requirements. The Chair asked JJ to speak to this item. [confidential item]</p> <p>RESOLVED: The Board approved the draft HoT between the College and the Council for the land transfer</p> <p>The Chair noted that this is another step forward and the Board will return to the consequences of the QC opinion.</p> <p>2. Use of the College seal on the College's long stop agreement with Clarion</p> <p>The Chair noted that the Board had deferred approval of this item in order for the College to answer the questions on whether the extension has any impact on the land currently under valuation from Gerald Eve.</p> <p>IR reported that Gerald Eve have verbally confirmed that the extension would not affect the valuation but just the saleability of the land as Clarion would have exclusivity during the six-month period.</p>	

	<p>Their valuation of the land is £16.5m. Potentially Clarion would have a premium on the value because of the ransom strip.</p> <p>IR noted that any penalties for withdrawing from the agreement with Clarion have not yet been checked with Eversheds but that getting this deal done would be the best way forward.</p> <p>RESOLVED: The Board approved the use of the College seal on the longstop agreement with Clarion which provides a six-month extension to 16 June 2022.</p> <p>This will be sealed and signed on Monday by the Chair and JJ.</p>	Chair
4	<p>Barclays overdraft facility and transfer of banking services</p> <p>The Chair reported that the item had been deferred for approval because the legal advice had only been received late on the day of the Board meeting.</p> <p>IR explained that the College need to start drawing the overdraft in December 2021 and the £1m would be required by March 2022, if the College does not receive the Clarion land sale proceeds by this point.</p> <p>IR had looked at other alternatives for borrowing when a short term solution was required. When the merger was going to take place in July a bridging facility had been explored which was very expensive. Barclays did not capitalise on their position and the facility has comparable market rates. IR felt that part of the reason for this is because they are HCUC's bankers.</p> <p>The Chair noted that the Board needs to consider the approval in the context of merger and if the College were in another context the conversation and questions would look different. The Chair noted that facility comes with a cost and asked why is the ESFA not the first port of call for this emergency facility. IR explained that the ESFA would only consider funding in a dire emergency and would expect the College to demonstrate that it had exhausted all other areas and the Barclays offer is a good one. Although ESFA funding might not come with arrangement fees it would effectively come at a price with a lot of hoops to jump through.</p> <p>IR confirmed the cost of the facility is £2500 a quarter and interest at 2.6% a year. It is an open-ended arrangement. The expectation is that it would be fully repaid by May 2022 and there is the option to continue with the facility and the College would continue to pay the fees. The Chair agreed that the Board would need to take a view at this point.</p> <p>IR confirmed that the facility terminates if the planned sale goes through. JA noted that it would also terminate on change of control.</p> <p>VN asked about the termination and the sequence of events because money does not flow immediately from conclusion of a land sale or change of control. VN asked is there sufficient time for alternative arrangements to fall into place. IR explained that it is similar to a domestic mortgage engagement so there was no risk around the sequencing. The College would lose the £1m overdraft against £4.6m from Clarion.</p> <p>RESOLVED: The Board approved:</p> <ul style="list-style-type: none"> a. The transfer of banking services to Barclays from Bank of Scotland b. The overdraft facility via a formal minute as requested by Barclays (detailed below) c. The addition of Executive Director Business and Innovation to the bank mandate. <p>Barclays overdraft facility</p> <p>There was produced to the meeting a document containing the Key Terms as well as the Terms and Conditions for a sterling overdraft facility (together the Facility Agreement) from Barclays Bank PLC (the Bank) to the Borrower setting out the terms and conditions upon which the Bank is prepared to make available to the Borrower a sterling overdraft facility (the Facility).</p> <p>IT WAS RESOLVED:</p> <ol style="list-style-type: none"> 1. That the borrowing of the Facility by the Borrower (subject to any limits contained in the Facility Agreement) on the terms and conditions set out in the Facility Agreement is in the interests of and for the benefit of the Borrower and is most likely to promote the success of the Borrower for the benefit of the members as a whole and that such terms and conditions be and are approved and accepted 2. That Ian Rule and Jason Jones are authorised to sign the Facility Agreement on behalf of the Borrower to indicate acceptance of the terms and conditions 3. That the Bank is authorised to act in all manners concerning the Facility upon instruction from the Borrower signed in accordance with the Bank's mandate for any of the accounts of the Borrower held 	

	<p>with the Bank current from time to time or, where permitted, by telephone from any person specifically authorised to give such instructions</p> <p>Treasury Management Policy IR confirmed that the policy has been updated to switch the limits on the values moving from Bank of Scotland to Barclays.</p> <p>RESOLVED: The Board approved the Treasury Management Policy and Plan</p> <p>The Chair congratulated IR on getting the facility into place. It is absolutely about context and relationship management behind the scenes and that takes a lot of work. JA noted that this approval has imposed new financial reporting arrangements and under FRC governance there is some obligation to confirm the quarterly reporting under the agreement. IR noted that this could be included in the monthly management accounts commentary and replaces an equivalent obligation from the Bank of Scotland. JA suggested this is included under Audit and Risk Committee.</p>	IR
5	<p>Meetings for 2021-22: 14 December 2021; 29 March 2022; 6 July 2022 (all 17.30 starts) 7 December 2021 – Board social Christmas dinner in The View</p>	
6	<p>Any other business The Chair noted he was grateful to colleagues for dialling in at short notice. This additional meeting demonstrates that governance is doing its job and that approvals are not made by the Board without consideration of the full information.</p>	

Meeting closed: 18.05