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MINUTES OF THE DN COLLEGES GROUP CORPORATION MEETING HELD ON 1 NOVEMBER 2017

Present:

Governors:

Pete Adams
Angela Briggs
Ruth Brook
Greg Clarke
John Doherty
Ian Falconer
Paul Grinell
Richard Hewson
Debbie Hilditch
Gavin Hinchliffe
Madeleine Keyworth

Abid Khan
Sue Lloyd
Alan Monighan
Harold Osborne
Paul Pascoe
Paul Senior
Louise Sharp
Robert Stubbs
Andy Tuscher, Chair
Anne Tyrrell
Keri Walker

The quorum for the meeting was ten members.

In attendance

Kathryn Brentnall	Acting Deputy Principal, Doncaster College
Jeannie Charles	Clerk to Corporation
Laura Clark	Clerk to Corporation
Peter Doherty	Chief Operating Officer
Mick Lochran	Principal, North Lindsey College
David Reeve	Interim Director of Finance, Doncaster College

The meeting was held in the Boardroom at the Hub and started at 5.30 pm.

Item	Minutes	Action
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1 Present

A Tuscher opened the meeting; welcoming all to the first Board meeting of the DN Colleges Group, thanking the merger team for the significant work undertaken and expressing the Board's formal thanks to all involved.

Those present were confirmed. It was noted that Paul Senior would be arriving late.

2 Apologies

Apologies for absence had been received from, Nigel Jackson, Mathew Lynds, Mark O'Reilly, Mark Swales, Meryl White, Catherine Parkinson.

3 Declarations of Interest

Members were reminded of the need to declare interests as and when they arise within the agenda.

The Clerks declared an interest in agenda item 7 and members of the Executive in item 8.

A Tuscher confirmed there were two items of any other business. The first would be presented by P Doherty before the agenda items to provide context / an update on the merger.

Update on Merger

P Doherty confirmed the merger had been completed today (1 November 2017) and provided the following update;

- A conference call had taken place with Lloyds Bank and the solicitors this morning; and all necessary documentation was to be exchanged by the solicitors.
- Secretary of State approval had now been received for the Local Government Pension Scheme (LGPS) transfer from East Riding to South Yorkshire (which is now in place); and for the change of name to DN Colleges Group.
- Any outstanding documents had been signed off yesterday and thanks were given to the Governors who had acted as the authorised signatories;

An additional document (consent document from Santander relating to the taking on of the Lloyds loan) was tabled and reading time was given. P Doherty explained that he was liaising with Santander with regards to the terms of a new revised agreement. Attention was drawn to the resolutions which were set out within the papers for Members' consideration and approval. Through Members' questions and in discussion it was confirmed that the final versions of the documents are currently in production and will be required to be signed within 5 working days; references to North Lindsey College will be updated to read 'DN Colleges Group' and the registered address will be updated; security for the loans will be two properties at North Lindsey campus (New Beacon House and Global House).

PD

RESOLUTION (C 01/17): Members considered and approved the resolutions relating to the approval of banking documents between the Corporation and Santander.

4 Appointment of New Members

J Charles presented a summary of the report, highlighting that the agreement set out in the signed Memorandum of Understanding (MoU) was that those who had previously served on the Doncaster College Corporation and who had expressed an interest in serving on the DN Colleges Group Corporation, would be appointed upon merger for an initial period up to 31 July 2018. Therefore, these Members would not be required to leave the room for their appointment as it had been agreed under the terms of the MoU. It was noted that Robert Stubbs had indicated that his re-appointment would be until the 2016/17 accounts had been finalised.

RESOLUTION (C 02/17): Members agreed the appointment of;

- External Governors – John Doherty, Ian Falconer, Debbie Hilditch, Mathew Lynds, Paul Pascoe, Paul Senior, Robert Stubbs, Mark Swales and Meryl White;

- Staff Governors - Gavin Hinchliffe and Nigel Jackson;
- Student Governor – Keri Walker;

to the DN Colleges Group Corporation for the initial period of up to 31 July 2018.

5 Appointment of Chair

This was considered along with the next item, Appointment of Vice Chairs. J Charles provided a verbal update to Members on the informal agreements prior to merger of the respective Chairs and Vice-Chairs of North Lindsey College and Doncaster College and the proposal that for the transitional period (up until 31 July 2018) the following appointments are made;

- Chair of the Corporation – Andy Tuscher
- Vice-Chairs of the Corporation – Angela Briggs and Paul Pascoe

Members unanimously approved these appointments.

RESOLUTION (C 03/17): Members unanimously approved the appointment of Andy Tuscher as Chair of the Corporation, and Angela Briggs and Paul Pascoe as Vice-Chairs of the Corporation for the transitional period up until 31 July 2018.

6 Appointment of Vice Chair(s)

As above.

7 Appointment of Clerk(s)

The Chair stated that discussion had taken place at the Transition Group around the importance of comprehensive and effective clerking arrangements, and legal advice had confirmed that there can be two named Clerks (it was noted that the I&As have been amended to include this provision).

RESOLUTION (C 04/17): Members unanimously approved the appointment of Jeannie Charles and Laura Clark as Clerks to the Corporation.

(Paul Senior arrived at 5.50 pm)

8 Appointment of Senior Postholders

(Staff and Student Governors and Members of the Executive left the meeting at this point for the consideration of this item).

The minutes of this item are considered to be confidential and are kept separately by the Clerk to the Corporation.

(Staff and Student Governors and members of the Executive returned to the meeting at 6.00pm)

The Chair provided an update on the resolutions highlighting that A Tyrrell had been formally appointed as Chief Executive Officer of DN Colleges Group, and P Doherty as Chief Operating Officer. The two Clerks and the most senior position at each College would also be designated as Senior Posts.

A Tyrrell explained that the information was confidential at present and that announcements would be made to staff and students later this week. She expressed her thanks to the Board and commented that it was a huge honour to lead the new group. **AVT**

The Senior Postholders were also confirmed as the Principal at North Lindsey College and the Deputy Principal at Doncaster College, being the highest level appointment in the two colleges. The designation of Senior Postholder, in all cases, related to the posts rather than to the individuals.

9 Financial Plan

As the Board membership had been confirmed (at item 4) it was agreed that the signatories to the Santander consent document would be Paul Pascoe and Pete Adams (Abid Khan and Louise Sharp indicated they could also be available as an alternative if required).

P Doherty presented an overview of the Financial Plan 2017-19, explaining that both North Lindsey College and Doncaster College prepared Financial Plans for 2017-19 which were approved by the respective Corporations in July 2017 and submitted to the ESFA. The letters subsequently received by the Colleges were included in the pack of papers which included the financial health assessments which were as follows;

- Doncaster – Good for both 2016-17 and 2017-18;
- North Lindsey – Outstanding for both 2016-17 and 2017-18.

Members confirmed that this provided positive assurance, and that as part of the due diligence for merger, further assurance had been provided by KPMG who had indicated that overall the financial plan was robust, with albeit some sensitivities identified. It was noted that this first financial plan for the merged Board would be submitted to the ESFA.

P Doherty highlighted specific points within the financial plan and through Members' discussion and questions the following key points were made;

- The 2017 outturn for both colleges was going through the final stages of audit.
- Bank financing had been restructured and renegotiated; a 1% increase in interest had been provided for but the impact of the bank re-financing was now known and had been reflected in the financial plan.
- This financial plan shows a surplus of £523K for 2017/18 which includes the additional break costs but also takes into account the reduced interest rates; and shows a surplus for 2018-19 of £1.34m (this takes into account an improved pension liability position).
- The cash flow management position (section 8) was considered in detail including; the net cash flow from operating activities, and in particular the cash decrease in 2017/18 due to the repayment of an exceptional item of a loan repayment notwithstanding that a revolving credit facility was in place if required; and the fact that the DN Colleges Group was now a £50m college and there was a need to carefully consider the level of investment required for a college of this size.
- It was noted that none of the bank loan covenants (section 9) were of any particular concern and that these were advocated as achievable.
- The key financial measures used by the ESFA were considered in detail (outlined in section 10) and it was highlighted that the financial health score for the

combined entity for 2016-17 would have been 'outstanding.' In 2017-18 the College tips into 'Good' but it was noted that the score is towards the top end of the bracket and there is the potential to over achieve and improve upon the plan, notwithstanding there will be the same costs/investment. In 2018-19 a return to outstanding financial health is forecast.

- Both colleges' finance staff were involved in the preparation of the financial plan.

Through Governors' questions the following further points were raised;

- There was an error in the opening cash balance shown in Section 8; this would be corrected.
- The situation with Lennartz payments was continuing in the same way as Doncaster College had been, and full provision had been made for this.
- The sale of High Melton had not been taken into account at present as this was still at a very early stage.

PD

RESOLUTION (C 06/17): Members approved the DN Colleges Group Financial Plan 2017-19 and noted that this would be submitted to the ESFA.

10 Banking Mandate

Members were provided with an update on the joint exercise which had been undertaken by senior finance staff of the colleges with regards to the current signing and on-line banking authorisations. It was therefore necessary to update the mandate agreement with Lloyds Bank. The financial regulations would also be updated to reflect the revised mandate.

RESOLUTION (C 07/17): Members approved the arrangements for the approval of payments and other bank matters, and agreed the resolutions contained in the bank mandate document.

11 Financial Regulations

P Doherty updated Members that D Reeve had led the review of the Financial Regulations for the DN Colleges Group, taking the opportunity to compare the regulations in place at each college and also taking into account best practice. A new set of Financial Regulations for DN Colleges Group had been prepared (which includes the bank mandate considered at item 10). It was noted that the development of the senior management structure, and also the implementation of a new finance system may necessitate further review of the Financial Regulations but it was thought necessary to prepare a document as soon as possible.

Through Governors' questions the following points were discussed:

- The reference to the Finance Director would be amended to reflect Chief Operating Officer in due course;
- Training across both sites would be provided on the new regulations to ensure staff are aware of and understand them, and are aware of what is expected of them; the training session would specifically highlight the changes;

RESOLUTION (C 08/17): Members approved the Financial Regulations of the DN Colleges Group.

12 Incorporation of Subsidiary Companies

P Doherty outlined the paper relating to the proposal to establish two dormant, wholly owned, subsidiary companies of DN Colleges Group to mitigate the risk of a third party using the names of Doncaster College or North Lindsey College. The advice from Eversheds had been to set up these companies, limited by guarantee, to enable the group to protect the names. A Member queried whether it would also be prudent to register domain names, URLs, trademarks etc.

RESOLUTION (C 09/17): Members approved the proposal to set up the two dormant subsidiary companies, along with the domain names, URL and trademark registration.

Any Other Business

J Charles advised she would email Governors with information on iPads which would be available from North Lindsey in order for the Board to operate electronically (hard copies would continue to be produced / distributed if requested by Governors).

Members were updated that Forest Pines Conferencing Centre would now be the venue for the Governor Strategic Development Event on the morning of 27 November 2017.

Discussion took place around the harmonisation of expenses across both sites. The recommendation was that North Lindsey expenses rate would increase to 45p/mile, to match that provided by Doncaster College, with effect from 1 November.

RESOLUTION (C 10/17): Members approved the harmonisation of the mileage rate for expenses, to 45p/mile with effect from 1 November 2017.

13 Date and Time of Next Meeting

Wednesday 6 December 2017, 5.30 pm, the Hub, Doncaster.

The meeting closed at 6.35 pm.

Laura Clark
Clerk to the Corporation

Signed: **(Chair)** **Date:**