



MINUTES OF A MEETING OF THE CORPORATION
4.00PM, TUESDAY 05 JULY 2022
Held in the Pengelly Room, Main House

Members :	*Richard Barker; *John Bullen; *Hannah Crocker; Ellie Cundick; Andrew Davies; *Andy Foot; *Frances Jenkins Emma Kirby; *Dan Knight; *Robert Lasseter (Chair); *Graham Ledden; *Annetta Minard; Ben Murphy; *Nicola Newman; *Luke Rake (Principal); *Kay Taylor; Debs Thomas; *Dee Vickers
In attendance:	*Tom Hallam (Deputy Principal); *Anna Bowen (Finance Director); *Nicky Porter (Assistant Principal (Student Experience & Progression)); *Vanessa Gifford (Clerk)

ITEM NO.	DETAIL	
1.	<p>DECLARATIONS OF INTEREST</p> <p>The following declarations of interest were NOTED:</p> <ul style="list-style-type: none"> • Annetta Minard on all matters relating to the Dorset Studio School 	
2.	<p>APOLOGIES AND NOTICES</p> <p>Apologies for absence were NOTED from Ellie Cundick, Andrew Davies, Emma Kirby, Ben Murphy and Debs Thomas.</p>	
3.	<p>MINUTES OF THE MEETINGS HELD ON 17 MAY AND 17 JUNE 2022</p> <p>The Corporation APPROVED the minutes of 17 May and 17 June 2022 as a true and accurate record, and APPROVED the non-confidential minutes for website publication.</p>	
4.	<p>MATTERS ARISING FROM THE ABOVE MINUTES</p> <p>There were no matters arising from the above minutes.</p>	
5.	<p>THE STUDENT VOICE</p> <p>The Student Governor Report was NOTED in their absence and it was hoped that the Student Governors would be able to attend the Governors' summer event.</p>	
6.	<p>PRINCIPAL'S REPORT</p> <p>The Corporation RECEIVED the Principal's Report which provided updates on: Introduction; FNTI/SPA/FEC; Student Recruitment; Teaching and Learning; Commercial Activity; University & Business Centre and Ground Source Heat Project (SALIX); Photo reflections; and the Principal's Diary.</p> <p>The following additional points during discussions were NOTED:</p> <ul style="list-style-type: none"> • The issues around the clawback were on-going with no clarity on policy 	

	<p>decisions which stood with a small part of the DfE.</p> <ul style="list-style-type: none"> • The SPA process was looking to ensure that the College was sustainable going forward. • The Principal emphasised that there was a lot of on-going good work especially for a small college. There was a good sense of ethos with good student feedback. • Progression from the DSS was now good, • The Principal advised that he was proud to lead the College and the Chair of the Quality & Standards Committee reported that a lot of work had been implemented in teaching and learning and the Ofsted outcome had been a good reward. Ofsted had found the College to be a strong 'Good' in a number of areas, and there was no reason why the College could not be ambitious and aim for 'Outstanding'. Everyone had pulled together during the inspection and the Corporation congratulated everyone, especially with the Chelsea award as well. 	
7.	<p>SPA STEERING GROUP</p> <p>The Chair updated the Corporation on progress of the SPA Steering Group. The final meeting of the Steering Group would be on 19 July after which the Corporation would be presented with any recommendation for consideration. It was confirmed that all documentation would be shared on GVO to enable a full and frank discussion when the recommendation was considered.</p> <p>It was agreed that an area on GVO would be set up for any questions by members.</p> <p>Concerns were expressed on the understanding of the Dorset Studio School; the clawback; and presumption of capital funding from the ESFA, within the bids. The Principal advised that all parties had been informed that no capital funding would be available and the clawback would be treated even-handedly. It was also agreed that the Budget for 2022/23 had to be prudent, and due diligence would have to be carried out once any decision was made. There were further concerns expressed on the cost of due diligence and whether any legal costs would be funded.</p> <p>The College had to be confident that it could be sustainable going forward and the key issue was financial sustainability, driven in large part by student numbers. The main focus had to be the provision of land-based education for future generations. It was emphasised that Members were Charity Trustees and had to act in the best interests of the College, even if that was not necessarily in line with the FEC. The Deputy Principal pointed out that any recommendation should not just be around finances, curriculum and quality had to be considered with any decision. It was agreed that the Colleges recent Ofsted Inspection was the most valid, with the other parties being many years ago.</p> <p>It was noted that clarification of all points would become clear as the process progressed. It was requested whether the presentations to the Steering Group could be recorded and it was agreed to follow this up with the FEC.</p>	<p>VG</p> <p>VG</p>
8.	<p>SAFEGUARDING ANNUAL REPORT 2021/22</p> <p>The Annual Safeguarding Report 2021/22 was CONSIDERED and the following points NOTED:</p>	

	<ul style="list-style-type: none"> The Assistant Principal advised that the report included additional reports that were now available through My Concern, mainly around gender reporting. A key focus going forward would be on mental health and welfare issues with numbers having accelerated. The Assistant Principal was thanked for here very detailed report, and thanked the team for their work. 	
9.	<p>ESTATE COMMITTEE</p> <p>Meeting held on 16 May and 21 June 2022</p> <p>The draft Minutes of the meetings held on 16 May and 21 June 2022 were NOTED, and the following points made:</p> <ul style="list-style-type: none"> The Committee Chair advised that the two major projects were nearing completion in line with funders' timescales. It was noted that the University Centre project was overspent by £50-100K which represented 1½ - 3% of the project. The Ground Source Heat Pump project was £35K overspent, representing 1½% of project costs. It was agreed that these costs were not unreasonable for £6M worth of projects. 	
10.	<p>QUALITY & STANDARDS COMMITTEE</p> <p>Committee Terms of Reference and Work Programme 2022/23</p> <p>The Committee Terms of Reference and Work Programme 2022/23 were APPROVED.</p> <p>Meeting held on 13 June 2022</p> <p>The draft Minutes of the meetings held on 13 June 2022 were NOTED. The Committee Chair advised that the focus of the meeting had been the Ofsted Inspection report and the upcoming Self-Assessment Report (SAR).</p>	
11.	<p>MANAGEMENT ACCOUNTS TO 31 MAY 2022</p> <p>The Management Accounts for the period ending 31 May 2022 were CONSIDERED and the following points NOTED:</p> <ul style="list-style-type: none"> The Finance Director advised that the Management Accounts were not as detailed as usual due to pressures with the SPA. The headlines were noted including the projected outturn which the Finance Director considered to be more realistic from the previous month. Members questioned why the outturn forecast was in deficit against the budget for 2021/22 and the Finance Director outlined the additional costs, as set out in the report. She confirmed that the Budget for 2022/23 would be more precise as she had been in post longer and understood the activity of the College more. It was also confirmed that the FEC had been informed all the way through the workings. It was noted that Cashflow was positive, although Financial Health was forecast to be 'Inadequate'. The Chair of the F&R Committee challenged some figures and the Finance Director agreed to check and report back. It was noted that a different model of accounting with Nordcat for transport with invoicing monthly in advance. The Chair of the Audit & Assurance Committee suggested that the forecast did not help the College in defending challenge with the FEC. 	AB

	<p>He also thanked the Finance Director for the two year cashflow forecast and suggested that it was heavily dependent on capital proceeds. If these proceeds were delayed there could be a further issue with agreeing 'Going Concern' for the College. It was agreed that timings and evidence to support the forecast would be produced with the Budget for 2022/23.</p> <ul style="list-style-type: none"> • Members considered it to be ironic that the costs related to re-financing were a hindrance in the short term but good for the College in the longer term. • It was agreed that 'Inadequate' Financial Health' was not a good position in discussions with the FEC and the Budget for the Standalone case had to be tough, realistic and deliverable. The Principal considered there were opportunities to deliver a budget to give a positive outcome. 	LR/AB
12.	<p>FINANCE & RESOURCES COMMITTEE</p> <p>Budget 2022/23</p> <p>The Corporation CONSIDERED the draft Budget 2022/23, taking into account the comments of the Finance & Resources Committee. The following points were NOTED during discussions:</p> <ul style="list-style-type: none"> • The SMT was challenged to remove the income from sale of assets, and how it related to Cashflow, and to balance the Budget to break even. It was agreed that this would be a challenge and could be at the expense of a pay rise, but necessary for making a case to the FEC. The Principal advised that the Standalone case was contingent on student number growth. The College had been 'Good' Financial Health prior to the pandemic, but required a contingency if there was no growth. • The Chair of the Estate Committee agreed to work with the Estate Manager to review fixed and variable costs within the Estate Budget and rank costs taking into account essential spend. • It was noted that more work would be produced around the Sensitivity analysis. • It was agreed that now was the time for a letter to be sent to the DfE to request an explanation regarding the clawback to enable 'Going Concern' to be considered. If the KME Ltd accounts for 2021/22 were not signed by 31 July 2022 it would put the Chair of F&R Committee and the Principal in a difficult position, as Directors, with regard to filing with Companies House. The Chair of the Audit & Assurance Committee advised that there was a greater risk if wrongly signed and the Corporation and Directors had a responsibility to sign with confidence. It was agreed that the letter would be sent by the Board. <p>The Corporation further debated the Budget 22/23 and it was agreed to defer to an Extraordinary meeting by 'Teams' once further work had been carried out.</p> <p>Barclays Bank Break Costs</p> <p>The Corporation considered the Barclays 'Fixed Rate Terminations' paper dated 8 June 2022 and AGREED the following:</p> <p>£1,649,000 Term Loan provided by Barclays Bank UK PLC (the "Bank") to the Borrower pursuant to a facility agreement dated 8 September 2006 (as amended, varied or restated from time to time) (the "Fixed Rate Loan").</p>	LR/RL

There was produced to the meeting details of the indicative fixed rate breakage costs (the "**Indicative Breakage Costs**") as set out in Fixed Rate Terminations information sheet dated 8 June 2022 (the "**Fixed Rate Terminations information sheet**") relating to the termination of the fixed rate applicable to the Fixed Rate Loan (the "**Fixed Rate**").

It was acknowledged and understood by the Borrower, that whilst the Borrower has been provided with the Indicative Breakage Costs, these are indicative only and are subject to fluctuations in line with market conditions current from time to time and the actual amount of breakage costs or gains arising in connection with the early termination of the Fixed Rate can only be determined at the point at which the Fixed Rate is actually terminated.

Having carefully considered the Indicative Breakage Costs, all other information contained in the Fixed Rate Terminations information sheet and any associated risks and costs (actual or potential),

IT WAS RESOLVED:

1. that termination of the Fixed Rate and prepayment of the Fixed Rate Loan (including any associated risks) 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 termination of the Fixed Rate and prepayment of the Fixed Rate Loan be approved and accepted;
2. that the Borrower has considered whether it needs to obtain professional independent advice (legal, financial or otherwise), prior to resolving to terminate the Fixed Rate and prepay the Fixed Rate Loan (whether on the basis of such advice or otherwise) and it has made its own independent decision to terminate the Fixed Rate and prepay the Fixed Rate Loan and understands the risks involved including, without limitation, that the actual amount of breakage costs or gains arising in connection with the early termination of the Fixed Rate are likely to be different to the Indicative Breakage Costs set out in the Fixed Rate Terminations information sheet;
3. that all costs, fees or other amounts payable in connection with the termination of the Fixed Rate and prepayment of the Fixed Rate Loan, including, without limitation, the fixed rate breakage costs will be payable by the Borrower and are acknowledged, approved and accepted;
4. that a prepayment notice be sent to the Bank confirming the Borrower's intention to prepay the Fixed Rate Loan (the "**Prepayment Notice**") with effect from the termination of the Fixed Rate;
5. that both Luke Rake and Robert Lasseter are irrevocably authorised (but either of them may act alone) to verbally confirm on behalf of the Borrower:
 - a. that the Borrower agrees the sum of the fixed rate breakage costs (or gains) associated with the termination of the Fixed Rate;
 - b. that the Borrower instructs the Bank to terminate the Fixed Rate; and
 - c. that the Borrower instructs the Bank to prepay the Fixed Rate Loan comprising the fixed rate breakage costs (or gains) and the loan repayment amount

	<p>on a telephone call with the Bank and the Borrower acknowledges and agrees that such verbal confirmations shall be legally binding on the Borrower and shall be effective from the point at which such verbal confirmations are given;</p> <p>6. that either of the persons named in paragraph 5 above is permitted to acknowledge the terms of the call referred to in paragraph 5. above, by replying to an email and any associated documentation received from the Bank setting out the details of the call, including but not limited to the breakage costs or gains (as applicable).;</p> <p>7. that termination of the Fixed Rate and prepayment of the Fixed Rate Loan as set out in paragraph 5 above, is in accordance with any requirements applicable to the Borrower pursuant to its constitutional documents and/or rules; and</p> <p>8. that the Bank is authorised to act in all matters concerning the termination of the Fixed Rate and prepayment of the Fixed Rate Loan upon instruction from either of the persons named in paragraph 5 above, or the Borrower, in its capacity as borrower under the Facility Agreement, signed in accordance with the Bank's mandate for any of the accounts of the Borrower held and current from time to time.</p> <p>Draft Minutes of the meeting held on 21 June 2022 The draft Minutes of the meetings held on 21 June 2022 were NOTED with no further comment.</p>	
13.	<p>GOVERNANCE, REMUNERATION & SEARCH (GRS) COMMITTEE</p> <p>Membership Following the recommendation of the GRS Committee the following appointments were AGREED:</p> <ul style="list-style-type: none"> • Dan Knight as Chair of A&A Committee for a further two year term 01/09/22 to 31/08/24 • Graham Ledden for a further three year term 09/07/22 to 08/07/25 • Rebecca King as co-opted member of the A&A Committee for a further two year term 01/09/22 to 31/08/24 • To Appoint Nicola Newman as Link Governor for Careers <p>Committee Membership The Committee Membership for 2022/23 was AGREED.</p> <p>Governance Documentation The following documents were APPROVED:</p> <ul style="list-style-type: none"> • Instrument & Articles 2022 • Standing Orders 2022 <p>Meeting Dates The meeting dates for 2022/23 were AGREED, subject to the addition of Strategy sessions.</p> <p>Committee Terms of Reference and Work Programme 2022/23 The Committee Terms of Reference and Work Programme 2022/23 were APPROVED.</p>	

14.	<p>AUDIT & ASSURANCE COMMITTEE</p> <p>The Chair of the Committee advised that due to time restraints the recent scheduled meeting had been postponed until September 2022, although an electronic meeting would be called if it was agreed that KME Ltd accounts for 31 July 2021 could be considered.</p> <p>Draft Minutes of the meeting held on 6 April/4 May 2022 The draft Minutes of the meetings held on 6 April/4 May 2022 were NOTED with no further comment.</p>	
15.	<p>RISK MANAGEMENT: ENTRIES FOR THE REGISTER</p> <p>The Corporate Risk Register was NOTED, with the following points made:</p> <ul style="list-style-type: none"> • The Chair of the A&A Committee advised that the Committee was looking for a single point of accountability from management to enable the committee to review the process of risk management. • The Chair agreed that the new format was a great improvement and encouraged all members to download. • The Principal agreed that combining the Board Assurance Framework and the Risk Register worked well. 	
16.	<p>OUTSTANDING ITEMS TO CARRY FORWARD</p> <p>The following outstanding matters were NOTED which would be considered in due course:</p> <ul style="list-style-type: none"> • Financial Regulations and Procedures 	VG
17.	<p>ANY OTHER BUSINESS</p> <p>The following items of further business NOTED:</p> <ul style="list-style-type: none"> • The Chair thanked members for engaging in the recent 1:1 sessions, and the Clerk would produce the notes in due course. It was considered to be a good two way process with some good ideas. • Further discussion took place around the Dorset Studio School and its capital project in relation to the SPA. The Principal advised that Heads of Terms were in place for a new capital build and there was agreement in principle, although there appeared to be a withdrawal of funding. It was suggested that the DfE was awaiting the decision of the SPA before agreeing a resolution for the school, with the freehold of the current school being with the College. The Principal advised that he would continue to press the case with the DfE, with the DSS being a key part of the SPA outcome, and it would have to be taken into account in any decision. 	
18.	<p>2021/22 MEETINGS:</p> <p>The outstanding meetings for 2021/22 were NOTED.</p>	
19.	<p>CONFIDENTIAL ITEMS</p> <p><i>Senior Post holders, Staff and Student Members left the meeting for the next item. The Corporation AGREED that the Principal and Clerk should remain in the</i></p>	

	<p><i>meeting.</i></p> <p>The Corporation confirmed the Appointment of the Deputy Principal following a successful probationary period.</p> <p>GRS Committee Minutes for 22 June 2022</p> <p>The Strictly Confidential minutes of 22 June 2022 were NOTED, with no further matters arising.</p>	
	<p><i>The meeting closed at 6.30pm with no further business.</i></p>	

APPROVED: 18 October 2022