

**MINUTES OF A SPECIAL MEETING
Of the CORPORATION
Held on Tuesday 20 December 2016 at 2.00 pm by Teleconference**

Present	Helen Birchenough (Chair), Mark Lello, Harry Adam, Amanda Burnside, Faith Butt, Martin Clark, Jon Downing, Carolyn Godfrey, James Hayes.
In Attendance	<i>Adrian Ford, Vice Principal Resources, Lynda Croft, Finance Director, Heather Cross, Clerk to the Corporation</i>

	Minute	Action
5/1	Apologies for absence	
	Apologies were received from Karl Simpson, Venetia Summers and Jack Wills	
5/2	Declarations of interest	
	None	
5/3	Chair's opening remarks	
	The Chair thanked governors for participating in this special meeting at short notice. She invited Adrian Ford, Vice Principal Resources to explain the reasons that revisions to the accounts which had originally been approved at the Corporation meeting earlier in the month were now required. These had not as yet been submitted to the Skills Funding Agency.	
5/4	College Accounts 2015-16 and related reports – required revisions	
	<p>An explanatory report and the Financial Statements 2015-16 highlighting the changes made since the Corporation meeting held on 13 December 2016; an updated Letter of Representation – required as the previous version was valid only for 7 days; an updated KPMG Management Letter, reflecting the changes in the balance sheet presentation of long and short term loan creditors and a Schedule confirming FRS102 Covenant compliance in 2016/17 and 2017/18 had all been circulated previously. A draft Loan facility letter and a draft waiver and amendment letter were also circulated.</p> <p>Adrian Ford explained that the current circumstances had arisen whilst seeking to finalise the College's breached covenant on its £5m loan with the bank and the bank's treatment of this. The bank's loan covenant waiver letter and separate bank loan amendment letter, the contents of which were notified subsequent to the Corporation meeting held earlier in the month, required the college to report all of its bank loans, totalling £8.1m as at 31 July 2016 as creditors falling due within one year. Nonetheless, the bank had made clear that they would not actually be requiring repayment within 12 months. In taking this action, they had cited a term in a letter of agreement still in force with the college dating from 2002. The resulting increase of £2.77m on short-term liabilities changed a number of aspects in the Report and Financial Statements and thus also required changes in the KPMG Management Letter. These were all shown in the papers that had been circulated.</p>	

Governors asked a number of questions including about the expected timing of the receipt of the final bank letters and whether this would allow all the paperwork to be completed in time to submit the Accounts to the Skills Funding Agency. Various means to complete the paperwork and submit the Accounts in time were being put in place. In response to a question governors were assured that the changed treatment of loans would not affect the college's financial health grade.

A question was asked to verify whether the covenants stipulated in the facility letter would continue to be able to be met and that they did accord with the circulated schedule. It was confirmed that the final letter properly stated the covenants at section 7.2 and the college would continue to be in a position to meet them. The Governor asking this question requested that subsequently he be provided with copies of the documents confirming this matter.

Letter of Representation

The updated Letter of Representation was proposed by James Hayes, seconded by Martin Clark and approved unanimously.

Revised Management Letter from the Financial Statements Auditor

The revised Management Letter was noted, noting in particular the key changes to the Balance Sheet which had been the subject of comment.

Revised Report and Financial Statements 2015-16

The revised Members Report and Financial statements 2015-16, proposed by James Hayes and seconded by Harry Adam, were approved.

Loan Facility Letter and waiver letter

The meeting discussed the loan position proposed and concluded that there was nothing evident in proceeding with the revised loan arrangements which would cause a risk to the college.

The wording required to be recorded in the minutes of the Corporation by the bank for the approval of the facility was cited as an appendix to the circulated loan facility letter and the decision was **approved**, with one abstention, as follows,

It was **resolved** that the existing loan facilities provided to the College by Lloyds Bank plc (the Bank) pursuant to letters from the Bank to the College dated

- i. 5 August 2002 for a loan facility of up to £3,785,000 (2002 Loan)
- ii. 3 September 2009 for a loan facility of up to £1,500,000 and
- iii. 25 March 2015 for a loan facility of up to £5,000,000 in an agreed principal sum of up to £5,000,000
(together being the Original Facility Letters)

be amended in the manner proposed in a letter from the Bank dated 20 December 2016 (the waiver and amendment letter) which included the consolidation and restatement of the Original Facility Letters into the form of a new facility letter (being the "New Facility Letter") and a waiver of the breaches of the terms of the Original Facility Letters. The changes made by the New Facility Letter included revising the margin which is payable in relation to amount outstanding under the 2002 Loan.

It was further **resolved** that Adrian Ford (the signatory) be authorised to make the necessary arrangements with the Bank and to agree such amendments, variations and alterations to the Waiver and Amendment Letter and/or the

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terms of the New Facility Letter as they in their absolute discretion saw fit including to any commercial terms currently set out within the New Facility Letter and the signatory be authorised to sign the Waiver and Amendment letter following it being issued by the Bank on behalf of the College.

Resolved further in respect of the operation of the loan facilities provided pursuant to the terms of the New Facility Letter that

- a. Any one of Adrian Ford and Lynda Croft be and are hereby authorised on behalf of the College to give telephone instructions to the Bank for the purpose of i) selecting interest bases or ii) selecting certain interest periods that are to apply from time to time to an amount outstanding under the Facility
- b. Any one of Adrian Ford and Lynda Croft be and are hereby authorised on behalf of the College
 - i. To give all written instructions to the Bank in respect of the drawdown and continuance of the Facility and
 - ii. To give written confirmation of all instructions that are not given to the bank in writing.
- c. Any two governors be and are hereby authorised on behalf of the College to appoint in writing additional authorised officials of the College for the purposes of resolutions a and/or b above and that on receipt of a certified copy of such appointment (together with a copy of their specimen signatures) the Bank be authorised to act on the instructions of such additional authorised officials
- d. The bank be furnished with a list of the names of the governors, Secretary and other Officers of the College and that the bank be authorised to act on any information given by any member of the governors or the Secretary as to any changes therein and
- e. The foregoing resolutions do not in any way prejudice or affect the instructions to the Bank contained in the resolutions of the Governors constituting the bank mandate of the College.

It was agreed that provided the terms of the final facility letter were not amended from that stated, the Vice Principal Resources, Adrian Ford, be given delegated authority to sign the waiver letter on behalf of the college, once received.

Governors remarked that in due course it would be appropriate to review whether to maintain banking with Lloyds, provided there were no commitments to do so stipulated in any of the contracts with them.

The Chair thanked governors for their time in attending this additional meeting.