Barnet and Southgate College Corporation
Special Board of Governors Meeting
27th January 2021

MINUTES

Time	17.30 – 18.30	
Venue	By videoconferencing	
Governors present (Quorum: 6)	Adam Goldstein Alessandra Almeida-Jones Mervin Archer Nana Brew Fiona Bulmer Sheila Dawson Graham Duncan Imelda Galvin Darren Mepham Cait O'Riordan Christalla Tsattala Ann Zinkin	Chair Vice Chair Chief Executive Staff Governor
In attendance	Neil Coker Tracey MacIntosh Mark Sellis Melissa Drayson	Principal and Assistant CE (P/DCE) Exec Director Commercial (EDC) Exec Director Corp Services (EDCS) Clerk to the Corporation
Apologies	Sue Baldwin	

Some items have been redacted from the published minutes on the grounds of commercial or personal sensitivity

Item		Action lead
1.	**Preliminary Items** Consent was granted for the meeting to be recorded to assist with the minutes.	
1.1	**Chair's introduction** Attendees were thanked for attending the rescheduled Special meeting at short notice. The order of play for the meeting was outlined. Thanks were noted to ELT, governors and the Clerk for the work undertaken to prepare for the meeting.	
1.2	**Apologies for absence and quorum.** Apologies noted from Sue Baldwin. It was confirmed that the meeting was quorate	

1.3 Confirmation of eligibility and declarations of interests
It was confirmed that all governors were eligible to take part in the meeting. There were no new declarations of interests

1.4 Notification of urgent items of other business
There had been no advance requests to raise any other business.

2. Financial Statements and Regularity Audit Findings Report and Letter of Representations
Presented by the Audit Committee Chair

Updates to the Audit Findings Report (AFR) provided to the 10th December Board meeting were outlined. Overall, the report reflected an improved picture compared to the previous year. The audit process had run more smoothly, most of the previous years' recommendations had been implemented and there was only one significant control weakness, relating to the recording of furlough income and public procurement notices (PPN).

The auditors anticipated giving an unqualified opinion, but this was contingent on three conditions being met: sight of the bank loan terms; Board approval of the bank loan resolution, and provision of a signed copy of the Financial Statements. So far, the first had been met. The purpose of the meeting was to satisfy the second and third requirements.

RESOLVED:
- **i) That the Financial Statements and Regularity Audit Findings Report be APPROVED**
- **ii) That the Letter of Representations be APPROVED and signed by the Chair.**

3. Bank loan final approval
Supporting papers:
i. Draft Facility Agreement
ii. Draft Amendment and Restatement Agreement
iii. Draft Legal Charge
iv. Board Resolution (for approval)

An update was provided on progress since the December Board meeting, where there and been a robust discussion about the key terms of the bank loan refinancing proposals, resulting in agreement that a secured loan against Wood Street was preferred. Subsequently, further negotiations had resulted in a more favourable cashflow covenant, exclusion of Baird Road withdrawal costs from covenant calculations, and a lower interest rate of 7.98%.

Papers 3i to 3iii were noted pending finalisation and the wording of the draft Resolution was considered. This referred to Finance Documents A to E. All of these were commercially complete but some legal drafting remained incomplete. The key outstanding issue related to college insurance and this was in the process of being resolved with the insurance broker. The resolution, therefore, sought approval to delegate the final approval of the finance documents to a Working Party once final negotiations had been completed. The Board agreed that there should be a third external governor on the Working Party.

The impact of the latest lockdown on college finance was reported. The detail, including any mitigating actions, were in the process of being evaluated. It was reported that the bank was sympathetic to the impact of Covid on colleges and would be unlikely to take punitive action.

The Board formally noted the advice provided to 10 December Board, under s124 of the Charities Act, confirming that the terms of the secured loan were reasonable, affordable, and necessary.

Governors raised a range of questions, comments and concerns:

- Governors acknowledged that the financial impact of lockdown 3 had been unforeseen but expressed concern that they were being asked to approve the new loan terms without a clear and radical plan to offset it through savings. There was support for proactive measures to mitigate the risk.
- There was support for bringing forward an estates review to establish opportunities for disposals.
- The question was raised whether the Business Improvement Plan was still deliverable and secure enough to ensure that the college remained comfortably within the new loan covenants and achieved the three-year target of eliminating the structural deficit.

Management assured the Board that prompt action was being taken with budget holders to find savings to deal with the additional in-year situation. The board stressed the urgency of this work and asserted that the plan should not assume any additional support from either government or the bank in its calculations. In addition, the Board tasked management with testing the business improvement plan to ensure that it would still deliver the target savings, and to identify actions which might be accelerated.

During further discussion the board were reminded that this was not new borrowing and the break clause penalties were unaffordable. It was agreed that the priority was to stabilise the loan, approve the financial statements and move forward with a radical cost savings plan to restore financial stability.

Governors stated that there needed to be a formal mechanism for monitoring the terms of the loan to avoid any accidental breach. It was confirmed that ELT had devised a monitoring checklist.

RESOLVED: (*with one abstention)* That the resolution relating to the approval of the refinanced bank loan (wording attached) be CARRIED, with the addition of Graham Duncan and Imelda Galvin to the membership of the Working Party set up to approve the final loan documents.

AGREED:

(i) That the Board should be informed about the finalisation of the loan documents by the Working Party;

(ii) That ELT should report back to the Board as soon as possible on actions to mitigate against the impact of lockdown 3.

(iii) That the Business Improvement Plan should be reviewed and tested to ensure that it will still deliver the intended reduction in structural deficit.

4. **Audit Committee Annual report 2019-20**

Presented by the Chair of Audit Committee

RESOLVED: That the Audit Committee Annual Report be APPROVED and signed by the Chair of Audit Committee

5. Annual Report and Financial Statements 2019-20

Other than updates to dates, the document was the same as that provided to the Board for the 10th December meeting.

RESOLVED: That the Annual Report and Financial Statements 2019-20 be APPROVED and signed by the Chief Executive and Chair prior to submission by 31st January.

6. **Other urgent business: None**

7. Dates of forthcoming meetings

28 January Board Development Day (all day)
25 March, 20 May, 15 July 2021

The meeting closed at 18.30

Signed: ………………………………………………………………………..(Chair)