

**South Downs College Corporation  
Board of Governors  
MINUTES OF A MEETING OF THE CORPORATION  
HELD ON THURSDAY 16<sup>th</sup> FEBRUARY 2017  
AT SOUTH DOWNS COLLEGE**

**Present:**

Mrs S Linham (Chair)	Mr T Horwood
Ms C Bowles	Mr R Pearce
Ms F Brown	Mr R Showan
Mr M Brunner	Mr D Todman
Mr R Crank	Mrs L Wells
Mr C Dobbin	
Ms L Flannery	
Mr M Gaston (Principal)	

**In attendance:**

Mr A Thomson	Merger Project Sponsor
Mr R Barlow	Vice Principal
Mrs D Smith	Assistant Principal, Student Services & Support
Mrs A Whitworth	Interim Director of Finance
Ms R Abrey	Assistant Principal, HR and OD
Ms P Robertson	Clerk to the Corporation

<b>Total Membership</b>	16
<b>Total vacancies</b>	1
<b>Total possible attendance</b>	15
<b>Quorum:</b>	7
<b>Total Present:</b>	13 - meeting quorate

Meeting started at 5.45 pm.

**PART ONE MINUTES**

Minute Number	Minute	Action
1/17	<p><b><u>Apologies for Absence</u></b></p> <p>Apologies had been received from Michael Cripps and Tom Bullock.</p>	
2/17	<p><b><u>Declarations of Interest</u></b></p> <p>No Member declared any conflict of interest with any item on the Agenda which had not previously been declared.</p> <p>All members were aware of the potential conflict of interest/duty for Michael Cripps (MC), Lucy Flannery (LF) and Mike Gaston (MG) as a result of their roles at Havant College.</p> <p>It was agreed that MG and LF could participate in the discussion but would not be allowed to vote on the resolutions.</p>	

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3/17	<p data-bbox="363 208 1182 275"><b><u>Part One Minutes of the Corporation meeting held on 12<sup>th</sup> December 2016</u></b></p> <p data-bbox="363 315 1150 488">The Minutes from the meeting held on 12<sup>th</sup> December 2016, having been previously circulated to Members, were agreed as a true record and signed by the Chair, subject to the amendment that Fay Brown should be included in the list of those present at the meeting.</p>	
4/17	<p data-bbox="363 535 1182 602"><b><u>Matters arising from the Corporation meeting held on 12<sup>th</sup> December 2016.</u></b></p> <p data-bbox="363 642 1118 710">The action schedule had been circulated and it was noted that all actions had been completed.</p> <p data-bbox="363 750 1118 889">The Board also noted that the Staff Survey (Minute 43/16(ii)) had now been completed. The results were going forward to the HR Committee on 27<sup>th</sup> February 2017.</p>	
5/17	<p data-bbox="363 931 592 965"><b><u>College Merger</u></b></p> <p data-bbox="363 1005 1182 1352">The Board had received a report on the key issues to be considered with regard to the proposed merger with Havant Sixth Form College. The report provided a summary, supported by the Financial Forecasts and a report on the outcomes of the recent consultation on the proposal to change the name of the College. All other key documents had been made available via the portal, including the detailed due diligence reports, the full Business Plan for the merged College and the Equality &amp; Diversity Impact Assessment Report</p> <p data-bbox="363 1393 1182 2067">The Principal outlined the key issues, particularly the overview of the Business Plan for the merged College and the Financial Forecasts and the related key assumptions. He stated that he had attended the meeting of the Havant Board on 15<sup>th</sup> February 2017 and the Board had passed a resolution to merge with South Downs College under a type B merger, subject to the outcomes of the statutory consultation on dissolution of Havant. The resolution had the effect of triggering the dissolution process for Havant College. This had reminded him of the significance of merger for both Colleges and the journey they had both taken to secure an even more successful College for the future. This was enshrined in the comprehensive Business Plan for the merged College which provided a clear rationale for merger; both Colleges had a strong reputation and were seeking to respond to the needs of their communities which were essentially the same. There was, therefore, major advantages in securing a partnership. Whilst South</p>	

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	<p>Downs could be financially viable as a stand-alone institution, it still faced some very strong financial challenges. Havant now had a stronger financial position, having taken steps to address difficulties and was offering a high quality product. It was an asset with great potential.</p> <p>The Board was mindful that the Havant Board had had to reach a judgement about the basis of the merger, as enshrined in the Business Plan. They had to be assured that they had safeguarded the College's assets and were transferring them to an organisation which was legally empowered to receive them, with the reasonable expectation that the Business Plan for the new merged College was robust enough to secure the future of both Colleges. South Downs College was legally empowered to receive the assets and liabilities from Havant Sixth Form College. Governors at South Downs needed to be assured that, by agreeing to receive those assets and liabilities, they were not exposing the College to undue risks which had not been appropriately assessed and that there was a reasonable expectation that the Business Plan for the new merged College was robust enough to secure the future of both Colleges. Governors noted particularly:</p> <ul style="list-style-type: none"> <li>• The Advisory Board had overseen the work undertaken to date and had reviewed all of the key documentation. It was of the view that there was nothing at this stage that would suggest that the merger should not go ahead. It, therefore, recommended that both College Boards should continue to pursue the merger, in accordance with merger Project Plan.</li> <li>• The merger was a recommendation of the Solent Area Based Review and the EFA/SFA were closely involved with the planning for the merger and supportive of it.</li> <li>• Initial consultation undertaken in February and March 2016 with stakeholders identified that there was general support for the merger. Most recent consultation on the name change for the new merged College had also indicated a high level of support for the merger.</li> <li>• Retrospective legal and financial due diligence had been carried out on both Colleges and no issues of which the Colleges were not aware had been raised. Furthermore, a detailed action plan was in train to address the issues which were raised which was risk assessed.</li> <li>• Financial due diligence had been undertaken on the proposed Business Plan, including the Financial Plan,</li> </ul>	

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	<p>for the new merged College by KPMG which had raised some issues to which the College had responded.</p> <ul style="list-style-type: none"> <li>• Progress has already been made to secure the governance infrastructure which has been agreed and this would be further developed during the coming months.</li> <li>• The Equality &amp; Diversity Impact Assessment undertaken on the merger had concluded that there was likely to be no adverse impact on protected groups (students and staff) as a result of the proposal to merge Havant and South Downs Colleges in the short term.</li> </ul> <p>The Board considered the key issues and the following points were raised in the discussion:</p> <p><b>(i) Due diligence on the Business Plan</b> – It was noted that the real focus of this second phase of due diligence related to the financial plan and there had been robust challenge and discussion. The Colleges' responses to the issues raised by KPMG had been considered by the Advisory Board which was satisfied, at this stage, that the financial plan for the new merged College was clearly laid out, with clear timescales and appropriate risk analysis, and that the Colleges had responded appropriately to the issues. The Chair stated that, with Mike Bateman (Chair of Havant College) and the Principal, she had had a follow-up call with KPMG on key issues, including possible future estates strategies. KPMG had confirmed at that meeting that the assumptions behind the Business Plan were reasonable and achievable and, in that sense, there were no barriers to the merger proceeding.</p> <p><b>(ii) Key Assumptions within the Financial Plan</b> – The summary Plan had been circulated with the Report and the following was noted:</p> <ul style="list-style-type: none"> <li>• The Plan assumed that there will be no major increases in market share, i.e. a steady state.</li> <li>• The Colleges had considered where cost structures would be realigned to address falling incomes and these were included in the Forecasts, including savings accruing from merger efficiencies as well as other opportunities to realign costs.</li> <li>• The overall intention was to deliver savings in a methodical way over the first 2 years posts merger i.e. 2017/18 to 2018/19. As a result, the merged College would make a deficit until 2019/2020 on the basis of these assumptions.</li> </ul>	

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	<ul style="list-style-type: none"> <li>• It was expected that in 2019/20, the College would benefit from the prior year savings measures and begin to recover the financial position to deliver a small surplus.</li> <li>• Major property changes had been excluded from the Plan, although provision had been made on the balance sheet for some fixed asset investments, which would be a combination of minor property refurbishments and new equipment.</li> </ul> <p><b>(iii) Local Government Pension Scheme (LGPS) and VAT liability on buildings</b> – It had now been confirmed in writing by Hampshire County Council that the LGPS deficit for Havant would not crystallise on merger but would transfer to South Downs. The VAT issue was being resolved through the SFA's Restructuring Fund which would meet the costs. The Board welcomed this progress and indicated that it would expect these matters to be fully resolved by the time the final resolution to merge was considered in July 2017.</p> <p><b>(iv) Marketing</b> - The Board was aware that considerable efforts were being made to market the merged College very positively. This was in the context of preserving the existing brands and ensuring that the high reputation of both existing Colleges was maintained. The Principal pointed out that the current campaign 'Be part of something big' was seen to be very positive. Governors also pointed out that the current Open Evening events were crucial in disseminating this message. The Board was mindful of the fact that individual learners now had access to a wide range of choices post-16, in the local area, particularly with the development of the Bohunt School Sixth Form, and it was important to be able to sell a high-calibre educational experience particularly for A-levels. The merger provided an opportunity to maintain breadth of provision, providing a real service and adding value for the full range of learners. The Board reaffirmed its commitment to ensuring the College's focus was on the individual student. Their experience at College was paramount. Governors also recognised that parents, careers staff and teaching staff in schools were key decision makers. The Marketing Strategy needed to be differentiated to take this into account and to ensure that the College worked effectively with partner schools to both maintain and grow its market share.</p> <p><b>(v) Branding</b> – A report on the outcomes of consultation on the proposed name of the new merged College had been circulated. The College was working with a branding agency to develop the new corporate</p>	

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	<p>identify. Final approval of the new name was a key element in this process and for the new website.</p> <p><b>(vi) Governance</b> – This work was proceeding to plan. Andrew Thomson stated that the merger had been led by the Boards of the Colleges, driven by their ambition to ensure its success and was an exemplar of good practice.</p> <p>The Chair asked the Chairs of the Audit and Finance &amp; Estates Committees if they had any specific issues to raise with the Board regarding the merger. The Chair of the Audit Committee, Richard Pearce, stated that the Audit Committee had been able to consider the phase 1 legal due diligence report, as had been reported to the last Board meeting. He also served on the Advisory Board and remained supportive of the merger and he commended the merger resolution to the Board. The Chair of the Finance &amp; Estates Committee, Tom Horwood, stated that the Committee had not met, but he believed that the Board had had a very thorough discussion and was very happy to support the resolution.</p> <p>At the conclusion of the discussion, the following resolution was passed unanimously by those Governors who were empowered to vote, Lucy Flannery and Mike Gaston not participating in the vote because of their potential conflict of duty:</p> <p><b><i>South Downs College Corporation resolves to continue its plans to merge with Havant Sixth Form College on 1<sup>st</sup> August 2017, via a type B merger, whereby Havant Sixth Form College will dissolve and transfer its assets and liabilities to South Downs College, subject to the outcomes of the statutory dissolution process for Havant Sixth Form College.</i></b></p> <p>The Board then considered the issue of the name of the merged College, having reviewed the report which outlined the outcomes of the consultation on the name change. It was noted that the majority of respondents supported the name change to “Havant and South Downs College” (HSDC) and there were no objections from the emergency services who had responded. 20.45% of respondents suggested that “and” should not appear in the name and the College should be called <b>“Havant South Downs College”</b>. This group of respondents were all Havant Borough Councillors. Hampshire County supported the proposed name but did highlight that a number of local (Havant) County Council Members had suggested that “Havant South Downs College” would be preferable. HCC therefore</p>	

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	<p>asked that this option be considered fully before determining the final name was agreed.</p> <p>The Board considered the issues raised by the consultation, particularly the suggestion that "and" was not included in the name. In keeping with the recommendation of the Advisory Board, Governors concluded that the name "Havant <b>and</b> South Downs College" best reflected the two strong existing brands and reputation and the "and" emphasised the equal partnership between them. It was also recognised that there would continue to be two campuses. The following resolution was therefore passed unanimously:</p> <p><b><i>Following statutory consultation on the proposed name of the new merged College, the Board resolves to change the name of The South Downs College to Havant and South Downs College (HSDC), subject to the approval of the Secretary of State for Education and formal merger with Havant Sixth Form College on 1<sup>st</sup> August 2017.</i></b></p>	
6/17	<p><b><u>Dates of the Next Meeting</u></b></p> <p>3<sup>rd</sup> April 2017 at 1745.</p>	

Meeting ended at 7.00 pm

Signed:.....Date:.....