

THE TRANSITION BOARD

Minutes of the Transition Board Meeting held at 5.30 pm on Tuesday 28 July 2020 via Microsoft Teams

Present: Graham Luccock (Chairperson)
Lesley Davies (Principal and Chief Executive Officer, TTCG)
Alison Hewitt (Chairperson of CAMSFC)
Mohammed Ramzan (Interim Principal & CAO, CAMSFC)
Glad Capewell
Sue Derbyshire
Clair Dyson
Janet Grant
Gareth Turner
Jeremy Woodside

In Attendance: Barry Watson (Clerk to the Transition Board)
Lisa Gallagher (ESFA Representative)
Don Everitt (Interim Finance Director, CAMSFC)
Eve Johnson (Project Manager)

Minute No.

Prior to the commencement of the meeting the Chairperson welcomed Lisa Gallagher (ESFA Representative) to the meeting and advised that this was Lesley Davies's last meeting as Principal & CEO (PCEO) of The Trafford College Group (TTCG) but that she would be attending future meetings in her capacity of Merger Director.

TB/70/20 Apologies for Absence

The Clerk to the Transition Board (CTB) reported that no apologies for absence had been received from members of the Transition Board.

It was noted that MM (ESFA Representative), the Vice Principal Curriculum & Quality/ Campus Principal, the Vice Principal Corporate Services & Planning and the Director of Finance & Strategy from TTCG had all submitted their apologies.

TB/71/20 Declaration of Direct or Indirect Interest in any of the following Items

There were no declarations of either direct or indirect interests in any of the meetings business items.

TB/72/20 Minutes of the Transition Board Meeting held on 25 June 2020

The minutes were approved and accepted as a correct account of the meetings proceedings subject to minor typographical adjustment which the CTB undertook to amend.

Action: Clerk to the Transition Board

TB/73/20 Matters arising from the Minutes

- i) TB/64/20 – College Collaboration Fund

The PCEO confirmed to the Transition Board that the Joint College Collaboration Bid had been unsuccessful and although no formal feedback had been received the PCEO was of the view that the bid had not been strategic enough and that most of the approved bids had been larger in terms of scale and would have had more strategic impact across Groups of Colleges.

The PCEO also advised that a Greater Manchester Colleges bid had been

Minute No.

successful and that the merged entity, if confirmed, would benefit from the approved bid.

There were no issues raised by members arising from the update and it was resolved that it be noted.

There were no further issues raised by members arising from the minutes.

TB/74/20 Merger Submission Progress Report and Financial Overlay for Merged Entity

The PCEO advised the Board of the current progress in relation to the Merger Submission and Financial Overlay for the merged entity.

It was advised that managers had been busy in writing the required sections within the merger submission application but until the Estates and Curriculum Plans had been agreed it had not been possible to complete the relevant submission and financial overlay.

The PCEO further advised that the ESFA were fully aware of the current position and that once the Curriculum Plan and Estates Strategy had been agreed by the Board the outstanding submission and overlay would be completed.

There were no issues raised by members arising from the update and it was resolved that it be noted.

TB/75/20 Pre-Merger Budget Update

The Interim Finance Director CAMSFC (IFD) presented a report which updated the Board concerning pre-merger costs and set out the financial activity against the allocated budgets. The report identified that there had been no new commitments since the last update report and identified any variances against budget for each College together with risks and opportunities.

The IFD went through each of the activities and commitments in detail and highlighted the current budget position in respect of the Colleges and drew the Board's attention to the anticipated over expenditure at CAMSFC of £25k which was largely due to the extended merger date to 30 October 2020.

The Chairperson of CAMSFC brought the Boards attention to the fact that any adverse variances on Cheadle and Marple's budget would lead to an increase in the College's debt as the costs were not grant funded like TTCG and commented that any pre-merger costs coming through needed to be shared equally between the two Colleges. The Chairperson CAMSFC went through a number of issues relating to costs and how they were being met, which included property consultation, payments made by CAMSFC for TTCG Director of Finance and Strategy time, the project managers costs and Bank Due Diligence costs.

The PCEO advised the Board of the process that would need to be gone through if the grant funding for TTCG would need to be changed and indicated that it was very unlikely that any additional funding would be secured. The PCEO also went through each of the identified pre-merger costs identifying where they should be allocated. The PCEO further commented that she would liaise with the Directors of Finance with a view to ensuring that all pre-merger costs are reviewed and updated for the next meeting.

Action: Merger Director

A member asked about the forecast costs for both Colleges and what the process was in terms of funding if the merger was further delayed. The PCEO advised that with regard to TTCG then there would be no change as the costs would just be further delayed. It was advised that pre-merger costs were not normally funded by the ESFA.

With regard to CAMSFC it was advised that there would be further costs due to the

Minute No.

extension of key posts and CAMSFC would need to apply for additional loan finding if this was the case.

Action: Interim Principal and CAO, CAMSFC

There were no further issues raised by members arising from the report and it was resolved that it be noted.

TB/76/20**Transition and Merger Implementation Timetable**

The Project Manager (PM) presented a report that included a copy of the updated Transition and Merger Implementation Plan (TMIP).

The PM provided an overview of the TMIP and the progress that had been made and specifically drew members attention to the following red RAG Rated Risks relating to Finance:

- Finance merger overlays.
- Preparation for the business case for the ESFA.
- Bank approval.

The PM advised that the Senior Teams would continue to monitor progress and address issues on a weekly basis. It was also advised that the next key activity related to the Due Diligence for Phase 2 which the PM advised was to be considered under the confidential agenda later.

There were no other issues raised by members and after due discussion and consideration it was resolved that the report and updated TIMP be noted.

TB/7720**Merger Risk Register**

The PM presented a report, which provided members with a copy of the merger risk log which identified 8 risks together with risk scores that had not changed since the last report. It was advised that 2 out the risks had a priority score of 4 which was the highest score at the reporting date.

The PM commented that overall there was no change but that given events relating to the Phase 2 Financial Due Diligence then there was a likelihood that the merger date of 30 October 2020 would not now be achieved. The PCEO commented that it was important to be aware that, other than the merger date, everything else relating to the merger plan was going very well and advised the Board of the management arrangements that were on going through the Strategic Oversight Group where there had been no identified red risks.

The PCEO further advised that the teams/ relationships between the managers of the two Colleges was very positive and that all streams were on course to deliver their targets.

A member asked about delivery on the Curriculum Plan. The PM advised that it was progressing very well and was closer to completion than the Estates Plan. The PCEO advised that the plan would be completed by September 2020.

A member commented in terms of the difficulties in identifying interdependencies from the report from a presentational perspective and whether the proliferation of amber RAG ratings was due to interdependencies.

The PCEO advised that the plan that was presented was the highlight plan and that there were a multiplicity of actions and plans that sit behind the report which are reviewed weekly by the joint ELT.

The PM also advised that the high level of amber ratings were largely relating to financial

Minute No.

issues which still needed to be resolved. The member thanked the PCEO for the assurances around the detailed follow up that management undertake and in discussion it was agreed that a short narrative should be included in future reports relating to interdependencies and the Rag Ratings. It was also agreed that the critical path items should be included in future reports.

Action: Project Manager

A member asked about the up to date position with regard to Risk 19 relating to Bank Covenants. The PCEO advised that this related to TTCG only and that discussions with the Banks were constant and ongoing. It was further advised that the covenants had been amended preferentially and that the Bank remained very supportive. The PCEO also advised the Board of the process with regard to the Bank, the Boards of the Corporations and the proposed merger and added that it was crucial that the right financial settlement is secured.

There were no further matters raised by members arising from the report and it was resolved that the report be noted.

TB/78/20**Any Other Business**

There were no matters raised under any other business.

TB/79/20**Date of Next Meeting**

It was agreed that next meeting of the Transition Board meeting would be held at 5.30 pm on 25 August 2020.

Action: Clerk to the Transition Board

The meeting closed at 6.16 pm.