

Minutes of the Corporation Meeting

Held virtually at 4pm on 06 October 2020

Present: Nazir Ahmed (staff governor), Stephen Burke, Vanessa Cooter (staff governor), Max Craft, Ashley Cullen, Robin Dickens, Martin Doel (Interim Chair), Lena Itangata, Tim Jackson, Tim Mason, Rob Nitsch, Mark Pembleton, Paul Quigley and Penny Wycherley (Interim Principal & CEO).

Apologies: None

In Attendance: Denise Cheng-Carter Interim Chief Finance Officer
Pat Denham Interim Vice-Principal Learning & Quality
Paola Schweitzer Clerk to the Corporation
Fiona Wilmott Education & Skills Funding Agency

M i n u t e s

Standing Items

3016 Attendance and Participation

The Chair congratulated Vanessa Cooter on her recent election as academic support staff governor and welcomed her to the meeting.

There were no apologies for absence.

3017 Declarations of Interest

There were no declarations of interest.

3018 Minutes

The Minutes and Confidential Minutes of the Meeting held on 07 July 2020 were **Agreed** as a correct record. The Minutes of the Special Corporation Meeting held on 22 September 2020 were correct, with the addition of Rob Nitsch to the list of those present.

3019 Matters Arising

Minute 2986/2997 HE Strategy: Discussions were continuing with Portsmouth University.
Minute 2999 Principal's Report: Three staff were on furlough at the end of September.

Minute 3020 was confidential.

3021 Interim Chair's Report

Martin noted that it had been exceptionally busy in the last month with the Structure & Prospects Appraisal (SPA) and Saudi Arabian Joint Venture (JV) as well as preparing for the new academic year. The College had almost fully completed its *stabilise* phase, with the

finances in a more balanced position and strong enrolment figures, and was approaching the end of its *explore* phase with decisions on the outcome of the SPA to be made shortly.

3022 Interim Principal's Report

Penny shared the balanced scorecard which, following the meeting, would be mapped against the key strategic objectives (KSOs) and circulated to governors for comment. It provided an overview of key data and had been refined from the previous year. The Board believed it to be clear and sufficiently high-level.

Governors considered the risk register and noted the two new risks: *a rapid increase in learner recruitment* and *failure to deliver capital projects on programme and budget*. The register would be revised in line with the KSOs and SPA and would be discussed further at the next meeting. Governors discussed the highest risk: *major failure/misuse of IT systems* and asked what would happen if the risk materialised. Penny confirmed that the system could be fixed but would take time. A contingency plan had been drawn up. Penny stated that £380k from the £617k DfE capital grant had been allocated to improve the College's IT hardware. One governor queried if it was worth considering the College's IT issues within the context of other local colleges. Penny agreed it was important to be open to collaboration now and in the future but that the College's issues concerned the actual wiring within the building. The Head of IT Services was in discussion with contractors but, due to its size, Board authority was required to let the contract. Governors believed the College should proceed as quickly as possible to let the IT infrastructure contract and **Agreed** that, in the event of a decision being required before the next Corporation meeting, Martin and/or Paul were mandated to agree a contractor on the Board's behalf through Chair's Action. Fiona queried whether the DfE grant could be used for capital IT infrastructure and offered to clarify this. There was a brief discussion on how Saudi Arabia JV funds might have to be used if the proposed work was ineligible under the grant. *Addendum to the meeting: Fiona subsequently confirmed that the College's proposed use of the grant fitted within the DfE eligibility criteria.*

Governors turned their attention to the rest of the report which summarised the considerable change at the College since the last meeting including updates on Covid-19, staff morale and communications, learner voice, commercial developments, the SPA process, work to finish the courses for 2019-20 students and interviewing, enrolling and inducting students for 2020-21. Penny reported that an ESOL student and a family group of three doing a barbering course had recently tested positive for Covid-19. College processes had been followed and some students and staff were self-isolating. Further advice was awaited from the PHE and governors would be advised accordingly.

As anticipated, student applications had been later than usual and this, combined with some issues with College processes, meant that it was difficult to provide exact recruitment / enrolment figures but overall numbers were buoyant. The increase in 16-18s learners (1,360 - 1,375) was similar to that forecast to the ESFA some weeks previously. This represented an increase on 2019/20 and Penny hoped there would be additional funding. Fiona responded that additional funding would be automatically provided in November based on ILR data. One governor noted that the actual increase in learner numbers in line with the forecast should give the ESFA a great deal of confidence in the management's leadership of the College. At present 951 19+ students had enrolled and there was an increase in high value students. Apprenticeship recruitment was slowing down, in common with other colleges, and there were serious delays in end point assessments which was impacting achievement data and completion payments. 100% of adult learner loans (primarily used to access HE courses) had already been allocated so students were being asked to return in December when

there would be a fresh allocation. Penny noted that 80% of the College's qualifications aligned with local skills needs, the highest in the region and that at 90.2%, the College was the best performing college in the area across all levels and cohorts. She asked governors to spread this good news!

There was a discussion about the College's Birmingham premises. The rent was £79k per annum with a further £12k in charges plus VAT. There were five years remaining on the lease and a rent review due in July. The freeholder was happy for the premises to be sublet and the College was in negotiation with the Motivational Preparation College for Training (MPCT) to either assign the lease at cost price or sublet it. The College had recently purchased software that would enable more effective online delivery to existing learners based in Birmingham (in 2019/20 only 22 learners had a Birmingham postcode). One governor asked what would happen to staff and Penny stated that with one exception, all staff would continue to work at home and receive a home working allowance. Another governor asked that close attention be paid to quality through the transition process and Penny stated that a working group had been established to oversee this. Corporation **Agreed** in principle that negotiations continue on either assigning or subletting the Birmingham lease and also **Agreed** that, should rapid action be required, Martin and/or Paul were mandated to act on the Board's behalf through Chair's Action.

Monitoring Organisational Performance

3023 FE Commissioner Intervention Stocktake report (paper 2709/20/C)

Martin presented the FE Commissioner Intervention Stocktake report setting out the findings of the FEC teams' virtual review in July 2020 of College progress in implementing its recommendations. The report noted that a great deal of progress had been made although the College's longer-term sustainability still needed to be secured. The report made five further recommendations. Martin had shared the report with local MPs along with FEC's November report (which had just been cleared for publication) and was able to draw their attention to the progress made. All three MPs were encouraged with this news. Martin then invited Fiona to comment. She stated that the College had previously been perceived as a failed institution but there was now real success. She commended the Board and Executive Team for the significant improvements but counselled that there was still work to be done. The FE Commissioner Intervention Stocktake report and its recommendations were **Noted**.

3024 College Purpose & High-Level Objectives (paper 2710/20/C)

Martin presented the College purpose and high-level objectives, noting that they were reflective of the recent Governors' Planning Day discussions. Penny stated that they had been discussed with senior managers and once agreed, measurables would be drawn up. They would need to be revisited in the light of the SPA but Penny noted that, whatever the outcome, the College's purpose would remain for 2020/21. There was a brief discussion about including a statement about seizing opportunity. Penny stated that this would be most appropriate in provision delivery, so as not to divert effort from the College's core purpose. Corporation **Agreed** the five key strategic objectives and their supporting elements.

3025 2020/21 Enrolment Data Update

Governors **Noted** the 2020/21 Enrolment Data Update (paper 2711/20/C) and that the most recent data had been shared and discussed under the Principal's Report.

Minute 3026 was confidential.

3027 Management Accounts 2019/20 (paper 2713/20/C)

Denise presented the 2019/20 management accounts, noting that nothing had been changed since they were discussed by Finance & Estates Committee on 21 September 2020. The revised accounts had been re-submitted to the ESFA the previous day.

The College had achieved an operating deficit of £308k at the year-end (£550k below the revised forecast of £858k deficit). This was subject to audit. Main points to note were:

- 16-18: Actual learner numbers 1299 against an allocation of 1238 (over delivery would not impact on 2020/21). The 2020/21 allocation had increased to 1300. Further ESFA guidance on the 2021/22 allocation methodology was expected.
- 19+: Further guidance on the reconciliation process was anticipated. Latest guidance stated there would be no clawback unless delivery was significantly below allocation (the College was over 80% of allocation and so did not envisage clawback).
- Apprenticeships: Both 16-18 and 19+ income had ended the year £164k below the revised forecast. Income and achievements had been adversely impacted by the pandemic. Income included £214k achievements accruals.
- JV Saudi Arabia: Total income of £1,481k (dividend payments and accrued dividend equated to £1,368k).
- Operating deficit as a percentage of income: -1.7%, against revised forecast of -5.3%.
- Pay as a % of income: 63.0% against revised forecast of 68.9%
- Non Pay as a % of income: 38.6% against forecast of 29.9%. This was predominantly due to increases in bad debt provision movement by £300k.
- Net current liabilities: £1,316k against forecast of £3,833k. Predominantly due to increase in year-end cash balance by £900k. Account receivables increased by £1,100k of which £768k related to accrued JV dividend.
- Cash days in hand: 26 days against forecast of 13 days.
- Assessment of the financial health grade of the College: based on this year-end outturn '*Requires Improvement*'.

Martin noted that it was good to see a prudent yet optimistic set of accounts after a number of difficult ones and was particularly pleased to see that the operating deficit and pay as a percentage of income fell within FEC benchmarks. Old debts had been cleared where it was believed they would never be recovered, and Paul noted that Denise was reviewing the College's management systems to ensure tighter control in future. A number of these debts were very old. In response to a question, Denise clarified that the pay element of agency costs was recorded in pay, with other agency costs recorded in non-pay. Ashley expressed surprise that the accounts had not previously been profiled by month and members agreed that this had been problematic. Paul asked whether the fixed asset register had been updated. Denise confirmed that the re-evaluation report had now been completed and would be included in the final accounts to be considered by the joint Audit Committee and Finance & Estates Committee meeting on 25 November 2020.

Governors thanked Denise and **Noted** the management accounts 2019/20.

3028 Quality Improvement Plan (paper 2714/20/C)

Pat presented the Quality Improvement Plan (QIP) which had been updated to show progress against actions and impact to mid-September 2020. Positive progress included:

- Achievements in maths and English GCSEs
- Development of blended learning programmes in response to lockdown

- Improved staff satisfaction and morale
- High retention rates retained for all cohorts despite Covid-19.

Areas requiring further development included:

- Maths & English low attendance
- Overall attendance (87%)
- Use of ProMonitor and OneFile to capture individual learner targets to inform assessment and curriculum planning.

Pat noted that although learners had progressed, progress hadn't been as fast as the College had hoped and as a result a number of intent statements would be carried forward from 2019/20. Some learners/apprentices were continuing to work towards their final achievement, supported by teaching and learning support teams and additional funding streams. There was a focus on CPD for teaching staff, particularly learning support staff to strengthen teaching and learning which would lead to better performance rates in the future.

In response to a question, Pat stated that whilst Ofsted had suspended its usual inspections, an interim visit to explore how the College was ensuring that learning continued and standards were upheld during the pandemic was anticipated this term. Martin noted that Ofsted inspectors would usually wish to meet with governors but this was less likely during an interim visit. He noted, however, the importance of governors, particularly Learning & Quality Committee members, fully understanding how ProMonitor was used within the College to support learners' progress. Pat suggested that governors might wish to see the training videos created for staff and asked governors to liaise with Paola in the first instance.

Governors **Noted** the improvements and impact generated against actions made in the QIP and the delay in capturing learners' progress and attainment due to Covid-19.

Governance Process matters

3029 Election of Chair of Corporation

Paola presented paper 2723/20/C summarising arrangements for the election of a new Chair of Corporation following the end of Martin's tenure on 31 October 2020. There had been two candidates: Paul and John but on 01 October 2020 John had withdrawn from the election and resigned from the Board with immediate effect. Governors therefore **Agreed** that Paul become Chair of Corporation from 01 November 2020. Paul thanked governors for their support, stating that he would work closely with Martin and Penny to understand the issues and that he looked forward to working with everyone. He expressed his sadness that John had resigned from the Board, a sentiment that was shared by the Board.

There was a discussion concerning Committee membership and it was **Agreed** that Vanessa join Learning & Quality Committee and Tim J join Remuneration Committee. With John's resignation there were three independent governor vacancies on the Board. Search & Governance Committee had agreed to recommend that no further governor recruitment take place until after the outcome of the SPA. However, an ex HM inspector had approached the College and Martin believed she could bring valuable experience to the Board. Governors **Agreed** that Search & Governance Committee interview this individual. Finally, Martin thanked Naz for his contribution as staff governor and wished him well.

3030 Designation of Senior Postholders

Martin presented paper 2716/20/C proposing that the interim Chief Finance Officer and interim Vice-Principal Learning & Quality were designated senior postholders for the duration of their tenure. Martin noted that Corporation had previously agreed a similar arrangement for John and Sue, the previous postholders. Governors **Agreed** to designate the interim Chief Finance Officer and interim Vice-Principal Learning & Quality as senior postholders for the duration of their tenure.

3031 **Conflicts of Interest policy**

Martin presented the draft Conflicts of Interest policy (paper 2717/20/C), noting that it addressed a gap in current College policies. The policy itself built on the Instrument & Articles of Government and was drawn from Eversheds. Paul drew attention to an inconsistency in the policy and suggested the first two paragraphs on page 2 of the policy be amended so that in both instances the member/associate member '*may not be sent*' the paper/proposed resolution and that the Chair be '*advised by the Clerk*'. The Conflicts of Interest policy, with these amendments, was **Agreed**.

3032 **Committee minutes & written resolution:**

- **Written Resolution:** Creation of new agreement with Handelsbanken, acceptance of amendment agreement & deed of priority, 17 July 2020
- **Informal College -re-opening, 01 September 2020**
- **Estates working group, 09 September 2020**
- **Search & Governance Committee, 15 September 2020.** The Committee had considered the annual skills audit. Martin considered the Board to be strong, with a broad range of skills although further work was required to strengthen diversity. The Committee had considered the annual Review of Governance and would shortly consider the outcome of the forthcoming staff survey.
- **Finance & Estates Committee, 21 September 2020.** Paul stated that the Committee had taken the decision to extend governors' insurance to £10m for a small premium.
- **Learning & Quality Committee, 23 September 2020.** The Committee had agreed that governors would be involved in the SAR.

Required Approvals

3033 **Staff Honorarium Payment**

Martin presented paper 2718/20/C advising Corporation on arrangements for the staff honorarium made in September, as agreed by the Board at its meeting on 07 July 2020 and following receipt of the first Saudi JV tranche of money. Penny reported that the honorarium had been well received by staff although there had been some confusion that it was pro-rata for part-time and sessional staff. She asked that governors consider that a small award be made to staff who had been ineligible for the honorarium. Governors believed this to be a sensible approach (one governor suggested cash, rather than coffee vouchers) and **Agreed** that Penny make an appropriate award to those staff who had been ineligible. Tim J believed that this was very worthwhile, stating that during his tenure at Sparsholt College there had not been an annual percentage pay rise for 10 years but instead, in years where the financial surplus allowed, a flat rate staff honorarium payment had been made at the end of the year. Whilst this did not address underfunding in the sector, staff had appreciated the honesty of the dialogue. Penny stated she intended to bring a proposal to the Corporation meeting in December for a 1% pay rise from February 2021, subject to affordability. Governors **Noted** that an honorarium payment had been made to staff in September.

3034 Financial Regulations (paper 2718/20/C)

Denise presented the revised financial regulations. She noted that there were no substantive changes and that the regulations had been considered by Finance & Estates Committee at its September meeting. Governors **Approved** the financial regulations 2020/21.

3035 Sub-contracting Report (paper 2721/20/C)

Denise outlined the College's subcontracting arrangements for 2020/21 with Pompey in the Community and the NHS, noting that they had been recommended for approval by Finance & Estates Committee. Martin noted that there were two conditions to subcontracting, namely arrangements needed to be consistent with the College purpose and fall within ESFA guidelines. On this basis governors **Agreed** that the College subcontract with Pompey in the Community and the NHS in 2020/21.

3036 Use of College Seal (paper 2722/20/C)

Paola reported that the College seal had been used on 18 September 2020 in connection with a Deed of Priority & Legal Charge concerning ESFA emergency funding & Handlesbanken. This was in line with discussions at the Corporation meeting on 07 July 2020. Governors **Noted** the use of the College seal.

3037 Self-Evaluation: Paola to circulate the revised meeting evaluation sheet after the meeting.

Minutes 3038 & 3039 were confidential.

Date of next meeting: A Special Corporation Meeting would be required in the second or third week in November to discuss the SPA.

The meeting ended at 6.30pm.