

Minutes of the meeting of the Board of Governors held on **11 July 2019**.

**Present:** Bob Harrison (Chair) (up to and including B19/66), Clive Macdonald (Chair B19/67 onwards), Yultan Mellor (Principal), Mike Bramhall, Tim Thornton (up to and including B19/83), Ken Richardson, John Edwards (from Min B19/67 onwards), Colin Forrest (by telephone from B19/62 onwards), Liz Stanley, Neil James, Frank Lord, Catharyn Lawrence, Kate Fleming and Ann Corrigan.

**In attendance:** The Vice Principal (up to and including B19/86), the Treasurer/Head of Finance, the Head of Estates and Facilities and the Clerk to the Governors.

**Apologies:** None.

The order of the agenda was amended to aide discussion and participation.

## **GENERAL BUSINESS**

**B19/52** It was noted that this would be the last meeting of the Vice Principal Denise Pozorski before her retirement. The Board formally thanked her for her hard work and commitment to the success of the College over many years, and wished her the very best in her retirement.

**B19/53** **DECLARATIONS OF INTEREST**

Each governor present declared any potential interests related to items to be considered at the meeting. The Board considered the following potential interests in particular.

With respect to:

- his role as Deputy Vice-Chancellor Prof Tim Thornton declared an interest in items relating to HE and the College's relationship with the University of Huddersfield;
- their roles as trustees Clive Macdonald and John Edwards declared a non-financial interest in items which related to the Wentworth Castle and Stainborough Park Heritage Trust.

**B19/54** It was agreed that no decisions to be taken would be affected by these interests and it was not considered necessary for the members to withdraw from the meeting.

**B19/55** **MINUTES AND MATTERS ARISING**

It was noted that the resolutions at B19/44 should have included the appointment of Catharyn Lawrence as a member of the Quality Committee.

**B19/56** With the inclusion of the above amendment the minutes of the meeting held on 14 March 2019 were approved as an accurate record (a signed copy is filed in the minute book).

**B19/57** **PRESENTATION**

The Board received a presentation regarding the Free Thinking Programme which included an overview of the provision, successes and achievements over the past year and future opportunities and challenges. The Board noted the impressive quality and impact of the provision. Noting their previous consideration of the financial analysis of the programme and planned future approach, the Board encouraged the College to continue to develop connections and maximise opportunities for marketing, profile raising and partnerships.

**B19/58** **GOVERNANCE MATTERS**

**(A copy of document 4i is filed in the minute book)**

The Board considered and approved a range of governance matters.

**Resolved:**     **i     That the resignation of Sarah Tyler from the Board of Governors with effect from 1 July 2019 be noted.**

- ii That the appointment of Liz Stanley for a second four-year term of office from 16 July 2019 to 15 July 2023 be approved.
- iii That the reappointed of Frank Lord for a further term of office to 25 September 2020 in line with succession plans be approved.
- iv That the appointment of Sarah Tyler as an independent member of the Quality Committee for a four-year term of office from 1 July 2019 to 30 June 2023 be approved.
- v That the appointment of Lydia Ebdon as an independent member of the Policy and Finance Committee for a one-year term of office from 11 July 2019 to 10 July 2020 be approved.
- vi That the appointment of Prof Tim Thornton as chair of the Remuneration Committee be approved.
- vii That the updated meeting schedule for 2019/20 be noted.
- viii That the terms of reference for the special and appeals committees be approved.
- ix That changes to the standing orders regarding the designation of senior post holders be approved.
- x That the continued appointment of Joy Whistlecraft in the role of treasurer of the Company be confirmed.

#### **B19/59** SUCCESSION PLANNING

**(A copy of document 4ii is filed in the minute book)**

The Board considered a report and proposal regarding governor succession planning, with particular reference to the position of chair and vice chair. It was noted that a working group had been established to:

- propose an appropriate process to ensure that the Board had the right skills, knowledge and connections amongst its membership, in the medium to long term, to enable it to discharge its responsibilities; and specifically to enable it to appoint to the roles of chair and vice chair by September 2020;
- to propose an appropriate timetable for implementation; and
- oversee/lead implementation of the process.

#### **B19/60** The Board approved the proposed approach and timetable which included:

- a detailed assessment of the strategic objectives and context in which the College was operating, to be undertaken in conjunction with the planned strategic planning session in November 2019;
- consideration of the leadership and contributions the Board was likely to need to guide the College through the next five years of its journey;
- an opportunity to think carefully about what style of leadership would be appropriate for the forthcoming period;
- a re-audit of the skills of the Board;
- parallel work in terms of appointing new Board members, including a clear focus on seeking to broaden the diversity of the Board, specifically in relation to BAME participation;
- a procedure for exploring an internal appointment;
- a preference to work with a professional recruitment partner should an external appointment be sought;
- an aim to facilitate a substantial handover period if possible;
- a plan B in case the process failed to achieve an appropriate outcome.

**B19/61** The Board agreed that an initial request for expressions of interest in the roles of chair and vice chair from amongst current members should be sought during August 2019.

- Resolved:**
- i **That the succession planning outline project plan and timetable be approved.**
  - ii **That initial expressions of interest in the roles of chair and vice chair be sought from amongst current members.**

## ITEMS FOR DISCUSSION AND APPROVAL

### **B19/62** COLLEGE REPORT

**(A copy of document 5i is filed in the minute book)**

The Board considered the College Report and explored:

- the position regarding business and curriculum planning for 2019/20;
- 2018/19 year-end performance, including retention and achievement;
- the recruitment position for 2019/20 to date;
- progress against actions arising from the health check;
- details regarding the implementation of the new staffing structure and details of appointments to date;
- an update on the development of the new property strategy;
- developments in the external environment and their implications for the College, including developments with the National Trust, the new Ofsted inspection framework, the report from the Review of Post-18 Education and Funding, DfE research – The Wider Benefits of Post 18 Education for Individuals and Society and the DfE College Oversight Support & Intervention Policy.

**B19/63** The Board received a general update regarding devolution, along with details of progress towards it in the Sheffield city region. It was noted that the Principal was a member of the Devolution and Responsiveness Policy Group which, though very general FE focussed, had considered the national provider status protection held by the residential colleges and whether that protection could be carried forward beyond the current period. The Board considered the position carefully and agreed that the College should seek to maintain national provider protection, with an option to bid for devolved funding, if possible, but should also continue to robustly prepare for full devolution.

**B19/64** The Board considered the report from the **2019 Staff Survey**, particularly exploring:

- the improved participation rate of approximately 65% and comparison with the sector and more broadly;
- elements which had scored lower than national rates by at least 5%;
- issues relating to staff feeling valued and staff development provision;
- whether there were any elements where scores were particularly low which required specific attention.

**B19/65** The Board agreed that:

- a minimum 75% rate should be targeted;
- the majority of the areas for development appeared to relate to aspects the College was aware of and had already set out actions to address;
- lower than usual scores should be anticipated in times of internal change and external pressures, and it was understandable that there would be some nervousness in the staff group;
- results should be carefully considered in 2020, where some recovery should be expected;
- below benchmark results relating to staff development were surprising given the College's areas of expertise, but noted that staff development had been identified as an area for development previously, and actions to address the position were in place which would be expected to result in an improved position in the next survey.

**B19/66** The Board viewed new video case studies and agreed that they were excellent and would be a valuable marketing tool for the College.

**Resolved:** i That the report be noted.

**B19/67** **2018/19 INTEGRATED PERFORMANCE REPORT**  
**(A copy of document 6i is filed in the minute book)**

The Board considered the **dashboard to 31 May 2019** and noted that:

Curriculum

- achievement had held up well in all areas and was ahead of last year in the Community Partnership directorate;
- retention overall was good as earlier reported in the College Report;
- there had been little change in average class size and no-show rates;
- there were no major areas of concern in the participation rate data;
- teaching hours were at an expected level for this point in the academic year;

Student Satisfaction

- there were no areas of concern regarding student feedback from the short course questionnaire;

HR and Estates

- long-term absence within the teaching team continued to show a significant impact on the average absence days, percentage of time lost and absence costs, however average absence days were below sector averages in all other areas;
- percentage time lost had improved, but was still higher than sector averages;
- gas and electricity consumption were rated as green as cumulative consumption in both areas was lower than at the same point last year. It was noted however that costs were higher in line with national trends;

Adult Education and Community Learning Income

- both income streams were forecast to hit target, with an over delivery of around 2.9% on the AEB budget overall, which had been reported through to the ESFA in the form of the year-end funding forecast claim;

Finance

- as reported previously it was unlikely that the College would achieve the project income target.

**B19/68** The Board explored the payroll as a percentage of income target/performance in detail, noting that this was regularly considered by the Policy and Finance Committee. In particular, the Board explored the reasonableness/achievability of the target and the appropriateness of the red rag rating given that it was only 0.1% above target. It was noted that:

- the AoC position was that 63% was a realistic ratio in the sector;
- the College's over delivery payment for 2018/19 would be likely to bring achievement back to 60%;
- however, pension costs would be likely to have a further negative impact;
- the financial plan for the next two years included a significant level of project work to achieve the 2.5% surplus target and non-achievement of a portion of this would have a significant impact on the payroll as a percentage of income ratio.

**B19/69** The Board agreed that whilst challenging the target remained appropriate because:

- institutions that develop financial difficulties often experience cash flow challenges and a high staffing costs ratio, leading to limited flexibility;
- the target therefore acted as a warning sign for the Board in terms of monitoring performance and a driver for decision making.

- B19/70** The Board explored the financial impact of single points of failure in relation to staffing, noting that this was a position that had been repeated a number of times over recent years. The Board considered whether there was a vulnerability in the College's resilience that was not being addressed, particularly as the impact of staff absences were often reported to the Board retrospectively. It was reported that staff structure changes and developments in relation to sessional staff were intended to address this risk, along with better management of the impact of absences and development of an increased understanding of the College's strengths in recruitment and the sustainability of sources of enrolments. It was noted that this was reflected in the College risk register.
- B19/71** The Board considered **management accounts to 31 May 2019** and noted that:
- the 3% AEB over delivery income for 2018/19 had not been included within the forecast, but had been guaranteed by the ESFA if delivered;
  - this would result in an estimated additional £100K income, ensuring that the 2% surplus target would be achieved.
- B19/72** The Board explored the position regarding **pension costs** and the likely impact on the College, particularly;
- the USS rise in employer costs and the potential impact of the USS scheme revaluation;
  - the potential implications of the LGPS valuation as at 31 July 2019;
  - on-going uncertainty regarding how the outcome of the LGPS equalisation of guaranteed minimum pension benefits court case should be provided for in college accounts;
  - the risks of uncertainty regarding pensions costs posed generally for the College and how this could most effectively be mitigated and monitored.
- B19/73** The Board noted that:
- the position had been carefully considered by the Audit Committee, who had received advice from the College's financial statements auditors;
  - going concern had not been raised as a significant or other risk by the auditors in their audit plan, but they would continue to review the position;
  - the cash impact of the significant increase in employer contributions for USS (rising from 18% to 24.2%) in 2018/19 and 2019/20 (£77K) had already been reflected in the financial plan;
  - the USS deficit modeller was calculating a significant increase in deficit but would not, at this stage, result in the College reporting a negative balance sheet;
  - increased employer costs could however have a potential longer term impact on the College's financial position going forward;
  - the expectation based on the information available at this stage was that the LGPS valuation, expected to be received as was customary in Autumn 2019, would not result in a significant increase in costs;
  - the impact of the LGPS valuation may create a deficit position in the profit and loss account, but the College had been in this position previously and it was common in the sector and did not form part of the ESFA assessment of the College's financial health;
  - the College's status as a limited company needed to be taken into consideration in relation to going concern, with particular reference to the company insolvency act.
- B19/74** The Board undertook an evaluation of the risks and potential mitigating actions and agreed that the risk in the register should reflect the impact of the uncertainty of the position regarding pension costs, rather than focus on a failure to manage the effects, and be scored appropriately.
- B19/75** The Board agreed:
- to note the advice from the Audit Committee and the financial statements auditors regarding risks;
  - that the position did not raise any short term significant threats or issues regarding going concern, but the position would continue to be carefully monitored in order to manage any medium to long term risks;

- that, other than amendment to the risk register and ongoing careful monitoring, no specific action was required at this stage.

**Resolved: i That the report be noted.**

**B19/76 FINANCIAL PLANNING**

**(A copy of document 10i is filed in the minute book)**

The Board considered the draft **forecast outturn for 2018/19 and two-year financial plan to 2021** noting that:

- the plan had been considered and shaped by the Policy and Finance Committee;
- the College was required to submit the plan to the ESFA by 31 July 2019.

**B19/77** The Board considered the plan in detail and specifically:

- considered and approved the assumptions, welcoming the addition of one relating to the LGPS and USS pension increases;
- supported the retention of the 2.5% net surplus target, which it agreed was relatively low compared to the sector average and should be achievable through a mixture of additional income, increased productivity and higher contributions from project income which would increase from 30 to 45/50%
- agreed that the plan was reasonable, suitably ambitious and achievable, and that the College was appropriately aligning itself towards meeting the targets set, particularly through its work on restructuring, focus on income generation and diversification and preparation for devolution.

**Resolved: i That the forecast outturn for 2018/19, financial assumptions and two-year financial plan to 2021 be approved for submission to the ESFA.**

**B19/78 POLICIES FOR APPROVAL**

**(A copy of documents 11i and 11ii are filed in the minute book)**

The committee considered and approved the **Data Protection, Flexible Working and Disclosure and Barring Service** policies. It was noted that appropriate consultation had been undertaken via the joint union committee and all the policies had been considered by the relevant governor committee and were recommended for approval.

**B19/79** The Board considered and approved a completely redrafted **Disciplinary Policy** which included the same range of sanctions as previously, but set out a more detailed approach to disciplinary proceedings, and included a section on safeguarding as well as addressing some concerns raised by Governors who had been involved in previous processes. It was noted that appropriate consultation had been undertaken via the joint union committee. The Board agreed that physical assault should be added to the examples of gross misconduct in appendix A.

**B19/80** The Board considered and approved the redrafted **Health and Safety Policy** which was recommended for approval by the Audit Committee, noting that the review period for the policy had been amended to three years. However, it was reported that in order to further streamline the policy and remove procedural elements a further review of the policy was planned to take place prior to the three-year timetable.

**Resolved: i That the Data Protection, Flexible Working, Health and Safety and Disclosure and Barring Service policies be approved.**

**ii That, with the inclusion of physical assault in the examples of gross misconduct in appendix A, the Disciplinary Policy be approved.**

**B19/81 REPORT FROM QUALITY COMMITTEE**

**(A copy of documents 7i is filed in the minute book)**

The Board received a report and minutes from the meeting of the Quality Committee held in June 2019. It was reported that the committee had:

- as tasked by the Board, considered a detailed analysis of leavers from the Access to HE Diploma in 2018/19 and lessons to be learned;
- after careful consideration been satisfied that:
  - retention and achievement performance on the programme was satisfactory;
  - the College was considering and monitoring all indicators appropriately;
  - students had been supported well and reasons for withdrawal mainly related to complex lives and challenging circumstances;
  - the planned further development of IAG and pre-course support, along with the introduction of conditions for offers, was appropriate;
- considered the health check report and action plan in detail and had been satisfied that all areas for development had been addressed appropriately;
- noted that there was a plethora of action plans and targets in the College and welcomed the planned streamlining of this in 2019/20.

**B19/82** It was reported that the diploma awards board had been held on 3 July 2019 and the external moderator had been impressed by the level of support provided to students by the College and that retention was significantly better than the sector overall, and had not identified any further actions that could have been taken to prevent the withdrawals experienced.

**B19/83** The Board:

- explored the College's approach to capturing and reporting destinations and progression data for short course students, particularly in light of the new Ofsted framework, welcoming the planned new process for capturing and reporting outcomes from all students;
- explored the planned development of provision in health science professions and the resources/estates requirements, particularly in relation to laboratories, and welcomed the committees challenge to the College to continue to explore how it could avoid limiting progression options for learners;
- agreed that the College should continue to take conscious risks when recruiting to the diploma programme in order to deliver its mission;
- noted the impressive intended destinations reported for 2018/19 diploma students.

**Resolved: i That the report be noted.**

**B19/84** **GARDENS AND PARKLANDS**

It was reported that as delegated at the last meeting the Principal and Chair of the Board of Governors had, on the 4 June 2019 approved, signed and sealed the final versions of:

- the headlease between BMBC, the College and the National Trust,
- the variation to the existing lease dated 18 February 2011 between the College, Wentworth Castle and Stainborough Park Heritage Trust and BMBC;
- the car park deed of easement;
- the bio-bubble deed of easement; and
- the premises sharing agreement.

**B19/85** It was reported that as required all necessary consents had been received from the Charity Commission and no significant changes had been made to the documents.

**B19/86** It was noted that the Wentworth Castle and Stainborough Park Heritage Trust, of which Clive Macdonald and John Edwards were trustees, would continue to operate until the full winding up process and waiting period was complete.

**Resolved: i That the report be noted.**

**B19/87** **RISK MANAGEMENT AND ASURANCES – FULL RISK REGISTER**  
**(A copy of document 9i is filed in the minute book)**

The Board considered the full risk register noting that:

- F4 - failure to manage the uncertainty of defined pension deficits in relation to deficit balance sheet positions and going concern – would be further reviewed in line with earlier discussion;

- C3 - failure to renew the College's central management information system – would be updated to focus on implementation and change once the MI system had been purchased;
- C4 - failure to manage key person dependency/ "Single Points of Failure" – should be redrafted to reflect the breadth of the risk and potential impact, including financial.

**B19/88** The Board agreed that otherwise the risks identified and the relevant controls were appropriate and accurately reflected those pertinent to the College, and that the risk register had been referenced in a number of items throughout the meeting.

**Resolved:** i That the risk register be noted.

**ITEMS FOR INFORMATION**

**B19/89** MINUTES FROM COMMITTEES

**(A copy of document 12i is filed in the minute book)**

The Board received and noted minutes from the following meetings:

- Policy and Finance Committee – 7 February 2019
- Policy and Finance Committee – 16 May 2019
- Audit Committee – 25 February 2019
- Audit Committee – 17 June 2019
- Search Committee – 6 March 2019

**B19/90** It was reported that at its meeting on 16 May 2019 the Policy and Finance Committee had accepted the +2-year contract extension for catering services with Thomas Franks Ltd, commencing from August 2019.

**B19/91** INFORMATION FROM THE SECTOR

**(A copy of document 13i is filed in the minute book)**

The Board received and noted:

- the FE Commissioner - Letter to chairs and principals – May 2019

**CONFIDENTIAL MATTERS**

**B19/92** CONFIDENTIAL MINUTES

The confidential minutes of the meeting held on 14 March 2019 were approved (a signed copy is filed in the confidential minute book).

**B19/93** CONFIDENTIAL MINUTES – COMMITTEES

**(A copy of document 15i is filed in the confidential minute book)**

The Board received and noted confidential minutes of the meeting of the Policy and Finance Committee – 16 May 2019.

**DATE OF THE NEXT MEETING**

**B19/94** The next meeting of the Board of Governors will take place on **Thursday 26 September 2019** at 11.00am.

<b>Signed</b>		<b>Date</b>	
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