

Minutes of the meeting of the Board of Governors held on **1 October 2020**.

Present: Bob Harrison, Clive Macdonald, Yultan Mellor (Principal), Tim Thornton, Mike Bramhall, Colin Forrest, Liz Stanley, Neil James (up to and including min B20/125), Ken Richardson, Angus Morrison (up to and including B20/99) and Ann Corrigan.

In attendance: The Assistant Principal – Finance and Business Services (Joy Whistlecraft), the Assistant Principal – Student Experience (Diane Lawson), the Assistant Principal – Curriculum, Quality and Market Development (Emma Beal), the Head of Human Resources (Elin Longley) and the Clerk to the Governors (Sarah Johnson).

Apologies: John Edwards, Frank Lord and Catharyn Lawrence.

GENERAL BUSINESS

B20/94 DECLARATIONS OF INTEREST

Each governor present declared any potential interests/conflicts of loyalty related to items to be considered at the meeting. With respect to his role as Deputy Vice Chancellor at the University of Huddersfield Prof Tim Thornton declared a potential conflict of loyalty in items relating to the College's higher education provision. It was agreed that no decisions to be taken at the meeting would be affected and it was not considered necessary for the member to withdraw.

B20/95 MINUTES AND MATTERS ARISING

The minutes of the meetings held on 9 July 2020 were approved as an accurate record.

B20/96

B20/29	It was reported that the College would be asking governors to undertake a basic DBS check and arrangements for completion of the application form and for confirmation of original documents would be issued shortly.
B20/50	It was reported that the student policies had been approved as working drafts as delegated to the chair of the Curriculum, Quality and Student Experience Committee for implementation for the commencement of the 2020/21 academic year, with full scrutiny scheduled to take place at the committee meeting in November 2020.
B20/52	It was reported that the College had agreed a fee for internal audit for 2020/21 in line with that for previous years.

B20/97 MEMBERSHIP MATTERS

Resolved: i **That Angus Morrison be appointed for a two-year term of office from 1 October 2020 to 30 September 2022 in the category of 'recent graduate of the College'.**

B20/98 LEAD GOVERNOR SAFEGUARDING UPDATE

The lead governor safeguarding provided a verbal update regarding safeguarding matters. It was reported that:

- he had been kept very well informed by the College in relation to safeguarding matters over the busy summer period;
- updates had included strategic work with partners, covid risk assessments and actions, and preparation for re-opening particularly in relation to residence;
- he had been able to feed into the updated safeguarding adults policy, and noted that the children's safeguarding policy was currently being reviewed,;
- there was a good degree of ownership of safeguarding at the senior level which was very

positive.

Resolved: i That the report be noted.

B20/99 **SECTOR UPDATE** (Document 2i)

The Board received a report which provided an update on sector developments and external information that could have an impact on College business and strategic planning, including:

- COVID 19;
- the DfE review of residential funding;
- the ESFA assurance review;
- the Sheffield City Region Strategic Economic Plan 2020-2040 and South Yorkshire Renewal Action Plan;
- devolution;
- links with local MPs;
- the Stockbridge Towns Fund;
- the National Audit Office report on the financial sustainability of colleges;
- the Further Education Trust for Leadership (FETL) report – the role of FE colleges in the post augur education system;
- the FE white paper.

B20/100 It was reported that since the paper had been issued the government had announced a national skills fund and the College was awaiting further details. The Board noted that the entitlement to level 3 courses for adults was significant for the College, including in relation to essential skills and preparation for level 3. However, it was noted that this could also potentially detrimentally impact on recruitment in January 2021 if potential learners decided to wait for funding to come on line in April 2021 and the College would need to think creatively about engaging learners.

B20/101 The Board particularly explored:

- the DfE review - noting that the review was on-going, included other residential providers in the sector not just the residential IALs and the DfE had visited the College on 7 September;
- devolution - noting that the College had recently had a positive meeting with Sheffield City Region and was anticipating grant funding for 2021/22 at a level comparable with the last three years based on a delivery plan which would contribute to meeting the local economic and recovery plans; it was also reported that a similar approach was expected to be adopted by West Yorkshire;
- links with local MPs - noting that Miriam Caites – MP for Penistone and Stocksbridge was scheduled to visit the College on 8 October and had also helped the College to connect with the Stocksbridge Towns fund which, whilst mainly capital funding, did include some revenue funding which the College could potentially tap into;
- the likely implications from the FE white paper.

Resolved: i That the report be noted.

B20/102 **COLLEGE REPORT** (Document 3i)

The Board considered a report which provided an overview of key items of internal strategic and operational College business, including:

- people – including restructure process and outcomes, changes to academic staff terms and conditions and pay structure in line with the framework approved by the Board of Governors, recruitment to vacancies;
- curriculum, quality and market development - including marketing and partnership activities, implementation of the curriculum restructure, student recruitment;
- student experience – including student support services, COVID 19 response, estates;
- finance and business services – including implementation of the new fees and financial support policy, MIS developments, development of the Colleges ICT infrastructure and resources.

B20/103 The Board particularly explored:

- implementation of staffing changes and how staff were being supported to manage through the change process and period of uncertainty – it was reported that staff were being supported through line managers and developing resilience and managing change training programmes;
- the application to enrolment conversion process noting that in line with other providers this had not been as effective online as the College would have liked, and had therefore been supplemented by face to face activities, it was reported that a blended approach would be offered going forward, and a full review of the process undertaken;
- management of a COVID-19 case identified on site, agreeing that this had been effectively managed in line with risk assessments;
- the work undertaken to date to review and develop the College's ICT infrastructure and resources, welcoming the appointment of a specialist consultant to lead the process and the headline action plan presented;
- risks related to maintenance of the College's IT services and support prior to appointment of technical support staff, noting that a short term interim arrangement had been put in place but this was an on-going risk area which was a key priority for the College to address.

Resolved: i That the report be noted.

B20/104 **PERFORMANCE TO DATE 2019/20** (Document 3ii)

The Board considered the draft final outturn **Financial Report for 2019/20** noting that:

- the report remained subject to change but currently reported a £200K deficit for the year;
- likely further changes would relate to the outcome of the ESFA audit, further restructuring costs, any amendments arising as a result of the College's final funding claim;
- the position adopted by the ESFA in relation to reconciliation of 2019/20 funding could potentially result in the College retaining £150K ALLB funding which had been provided for in terms of a clawback;
- as a result of redundancy costs pay costs as a percentage of income was above target at 62%;
- non-ESFA income was below target at 9% as a result of the impact of the pandemic and closure of the campus during the year.

B20/105 The Board noted that the income and expenditure account was consistent with the budget with restructuring costs stripped out.

B20/106 The Board considered the balance sheet position in detail, noting that:

- the LGPS FRS102 valuation for 2019/20 had again significantly increased and now stood at £5.8M;
- the triennial actuarial estimate however remained at £1.5m and had remained consistent for the last two valuations;
- all the FE sector had seen a significant deterioration in the LGPS position as a result of the financial impacts of COVID and shortening of the recovery period;
- the USS deficit had decreased, but this was outweighed by the LGPS increase;
- there had been no increase in actual pension charges as these were based on the triennial valuations which remained static;
- the changing profile of the College workforce could impact on pension liabilities going forward;
- this position meant that the College's balance sheet was now reporting a £2m deficit;
- though the College had reported a deficit balance sheet in previous years this was significantly larger than previously;
- the position could raise issues with regards to going concern and the signing off of the 2019/20 financial statements by the auditors;
- the timetable for signing the financial statements was likely to be different this year, ESFA had extended the date for submitting signed accounts to them by a month as a result of the pandemic, and it was highly likely that the Board would need to convene an additional

meeting in early 2021 as part of the approval process.

- B20/107** The Board noted that:
- the College had previously taken into account the fact that the pension scheme costs were a book valuation and would only crystallise should the College cease trading and the College had always had a strong cash position;
 - this was however a very significant deterioration and placed the College in a challenging position;
 - the position could be further worsened by any potential clawback of funding resulting from the ESFA audit.
- B20/108** The Board agreed:
- that in order to robustly carry out their responsibilities as directors of the company members should carefully monitor and evaluate the situation;
 - to engage an insolvency practitioner to provide advice and assurance to the Board with regards to the signing of the financial statements for 2019/20.
- B20/109** The Board considered a student recruitment data report for 2020/21 to date noting that:
- teacher education had recruited well and the College was confident that delivery would be successful;
 - level 3 provision was behind target in all strands, standing at 47 starts against a target of 82, the College would however continue to recruit up to half term and hoped to recover further with planned January 2021 starts;
 - English and Maths recruitment was strong;
 - curriculum teams were well prepared to move to remote delivery if required, and the College had invested in additional IT to ensure all students were able to study remotely if required;
 - the College's online Micro course offer had been effective and would be maintained into the future and rolled into future ambitions days.
- B20/110** The Board explored how under recruitment had been caused by the pandemic, noting that recruitment had been challenging across the sector for adults, but the residential aspect at the College had added another level of complexity. The Board agreed that flexibility to meet the changing situation and needs would be essential, as was successful recruitment to academic staff vacancies.
- Resolved: i That the report be noted.**
- B20/111** **ESFA ASSURANCE REVIEW** (Document 3iii)
The Board considered a report which provided an update regarding residential funding including the DfE review, ESFA funding audit, potential implications and challenges, the legal position and the actions being taken by the College and next steps. It was noted that:
- the DfE review was on-going;
 - DfE staff had visited the College on 7 September, had met with staff and former students in order to help them gain a better understanding of the residential offer and how this impacts on student success;
 - the ESFA assurance review which aimed to assess compliance against the funding rules for the use of residential and learner support funding for 2018/19 and 2019/20 was also on-going;
 - it was believed that the rules referred to were the GFE funding rules, which were not the rules that the College had been following and the ESFA and DfE were fully aware of this;
 - the ESFA had stated that they anticipate that the review would be completed by mid-October.
- B20/112** The board considered the key risks and implications noting that these included:
- the new rules to be implemented from August 2021 could pose further challenges to the College's residential model of delivery;
 - the outcome of the ESFA audit, if unchallenged, could result in significant claw back of funding for the years 2019/20 and 2018/19;

- if claw back was pursued this could have a significant detrimental impact on the College balance sheet raising issues which could impact on the ability of the College's external auditors to sign off the College financial statements for 2019/20.

B20/113 The Board noted that the College had engaged independent professional legal and audit advice and considered a note prepared by Tom Morrison of Stone King LLP, noting that:

- his assessment based on the information we have so far is that the College's arguments to refute clawback are not without their deficiencies, but neither are they without merit;
- subject to the detail of the expected assurance review report, it would in our view be reasonable for the College to make out robustly its arguments against (or in mitigation of) clawback, in order to seek to maintain the financial strength of the College to put it in the best position possible to fulfil its charitable objects.

B20/114 The Board supported the work done to date and the position adopted, welcomed the contents of the legal note and agreed that they were prepared to challenge the outcome of the ESFA audit should that be appropriate depending on the outcome.

B20/115 The Board agreed that it would be useful for Tom Morrison from Stone King to attend its next meeting depending on the circumstances in relation to the audit at that time.

Resolved: i That Tom Morrison from Stone King be invited to attend the meeting of the Board of Governors in December 2020 depending on the circumstances in relation to the audit at that time.

B20/116 **RISK MANAGEMENT AND ASSURANCE – 2020/21** (Document 3iv)

The committee considered a report which set out a proposed revised approach to risk management, noting that:

- the new approach combined elements of the old risk register and the interim risk log;
- the new register was split into two sections – significant actual risks and potential risk areas;
- consultation to date had included the chair of the Audit Committee and the Policy and Finance Committee;
- the new approach has been generally well received;
- the College has been asked to further consider terminology relating to the two types of risk, a criterion for inclusion in and escalation/de-escalation between the two sections and how risks are articulated in relation to the underlying concern;
- it was envisaged that a populated key risk register would be presented for consideration at the Board's next meeting.

B20/117 The Board reiterated the need to be clear about the criteria for escalation/de-escalation.

Resolved: i That the new approach to risk management be noted.

B20/118 **STRATEGY PROGRESS UPDATE**

The Board received a verbal update regarding progress against the strategic plan, noting that:

- the plan had been very useful in discussions regarding devolution and with local MPs and had been used as part of the narrative for modernising recruitment for staff;
- the focus over the last period had been on keeping staff informed and moving to the new strategic priorities;
- progress in relation to sub-strategies had been more limited due to the challenging environment.

B20/119 The board agreed that the strategy had been remarkably robust in relation to the challenges and opportunities currently faced by the College.

Resolved: i That the report be noted.

B20/120 **STAFFING MATTERS**

It was reported that:

- the co-chairs had received on behalf of the Board a letter from UNISON which raised some concerns relating to the restructure process and requested governors to become involved in the change process;
- the co-chairs had reviewed the letter and agreed that the matters raised related to the management of the College and were not governance issues and it would therefore be inappropriate for members of the Board to be involved as suggested;
- the co-chairs had replied on behalf of the Board and this reply was available for review by members should they wish to see it, however it should note that this could compromise the ability of individual governors to carry out their prescribed role in any future processes.

B20/121 The Board supported the approach to management of the situation by the co-chairs.

Resolved: i That the report be noted.

B20/121 **FINANCIAL STATEMENTS 2019/20 – DRAFT GOVERNANCE STATEMENT** (Document 5i)

The Board considered the draft corporate governance statement which would be incorporated into the College's financial statements for 2019/20. Members were invited to feed any comments back to the clerk for consideration after the meeting. It was noted that changes may need to be made to the text in line with any future advice received regarding going concern and feedback from the financial statement auditors in relation to the College's balance sheet deficit position.

Resolved: i That members feed any comments related to the draft corporate governance statements to the clerk.

B20/122 **POLICIES FOR APPROVAL** (Document 5i)

The Board considered and approved the Safeguarding Adults Policy noting that:

- the BMBC safeguarding board had reviewed and ratified the policy;
- the lead governor safeguarding had reviewed the policy and his feedback had been incorporated.

B20/123 The Board explored how the details of the policy translated into practical implementation, and noted that some further work on disseminating it to staff would be taking place, including production of a short safeguarding film.

Resolved: i That the Safeguarding Adults Policy be approved.

B20/124 **COMMITTEE PRIORITIES FOR 2020/21**

The chairs of the Board's committees set out the key priorities for their committee for 2020/21:

- Policy and Finance – to support/challenge ELT to achieve targets and return to a balanced budget;
- Curriculum, Quality and Student Experience – monitoring the impact of the pandemic on the student experience, preparation for Ofsted/QAA, monitoring of performance reviews, input to the College self-assessment report, focus on key issues and risks;
- Audit – going concern issues and the potential impact of the ESFA audit, strength of controls and governance particularly during remote working, risk and health and safety;
- Remuneration – compliance with the code, further development in relation to reward and recognition, pay awards.

B20/125 The Board supported the proposal that the chairs' committee continue its oversight role as the implications of the pandemic continue.

Resolved: i That the chairs' committee continue its oversight role as the implications of the pandemic continues.

B20/126 **GOVERNANCE MATTERS** (Document 6iii)

The Board considered and approved a range of governance matters.

Resolved: i That the Remuneration Committee Annual Report to the Board 2019/20

be received and noted.

- ii That the Remuneration Annual Statement for 2019/20 be approved for publication.
- iii That the Order of Business for 2020/21 be approved.
- iv That Ken Richardson be reappointed in the category of ‘interest and experience’ for a further one-year term of office to 30 September 2021, and that he continue in the role of vice chair of the Board of Governors for that period.
- v That Frank Lord be reappointed in the category of ‘interest and experience’ for a further one-year term of office to 30 September 2021.
- vi That the one-year pilot of inclusion of an independent member in the membership of the Policy and Finance Committee not be extended.
- vii That virtual governor meetings be continued for the foreseeable future, with the position periodically reviewed taking into consideration Government guidance.

B20/127 STAFFING MATTERS – PAY AWARD PROPOSALS

The Board considered and approved a pay award proposal from the Remuneration Committee.

- Resolved:**
- i That the College make a pay award of 1.8% for all business support staff and that this increase be consolidated into the business support staff pay scale and backdated to 1 April 2020.
 - ii That the College increase its minimum annual leave offer to business support staff to 22 days (pro-rata) from 1 August 2020.

B20/128 DATES OF THE NEXT MEETINGS

17 December 2020– 11.00am
 11 March 2021– 11.00am
 15 July 2021– 11.00am

Signed		Date	
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