

## **Minutes of the Corporation meeting held on 27 January 2021 online by MS Teams, starting at 5.00pm**

**Present**

- Barbara Hughes (Chair)
- Paul Assinder
- Stan Baldwin
- Scott Beasley
- John Callaghan (Principal)
- Carol Harvey-Barnes (Staff Governor)
- Sarah Horton-Walsh
- Lisa Jones
- Neil Ladwa (External Member)
- Paul Large
- Tony Lucas
- Stuart Lyons (Student Governor)
- Sukhy Nijjar
- Geraldine Swanton
- Sally Tomlinson

**In Attendance**

- Lindsey Stewart (Deputy Principal and Stratford Chief Operating Officer)
- Heather Evans (Vice Principal Finance)
- Rebecca Gater (Vice Principal Quality and Curriculum)
- Pete Haynes (Vice Principal HR and Student Services)
- Theresa Lynch (Clerk)

### **Staff in attendance 5-5.30 for Student Carer Briefing**

Helen Davis (Welfare Officer Young Adult Carers Lead)  
Adam Thomas (Executive Director Employment and Skills and IoT)

### **Students in attendance 5-5.30 for Student Carer Briefing**

Yafeez Mohammed  
Rebecca Wall

*The meeting was recorded.*

The Chair welcomed all and explained that the meeting had a finance focus reviewing the budget re-forecast. The top 3 strategic risks were considered and mitigating actions noted, including those identified through the current agenda.

#### **1. Apologies for Absence**

Apologies for absence were received from Lucy Lee and Tasleem Chaudary.

#### **2. Declarations of Interest in Relation to this Agenda**

There were no new declarations of interest.

#### **3. Minutes of the Meeting of the Corporation held on 10<sup>th</sup> December 2020 and Matters Arising**

The minutes of the meeting held on 10<sup>th</sup> December 2020 were **agreed** as a true and accurate record and signed with the Chair's e-signature.

Q. Are the survey results available from the Remote Learning Week Survey?

A. The student survey conducted early in November 2020 would be shared at the February 2021 Corporation. Earlier survey results had been shared with Governors at the July 2020 Corporation

meeting and could be found on BoardEffects. Students would be surveyed again just before Easter and it would incorporate the normal survey with additional questions relating to remote learning.

### 3.1 In Year Progress Report Update

The Vice Principal Curriculum and Quality presented the updated report and explained that numbers had been added to the charts for clarity. In-year progress monitoring is a daily changing process and is different for each programme area dependent on how the programme is assessed. A further update would be provided at the March 2021 Corporation, when more assessment and exam data would be available to clarify student progress.

### 3.2 Financial Statements and Members' Report

The Vice Principal Finance explained that the College had been working with KPMG since November 2020 to provide evidence to confirm going concern status, in line with normal processes. As a result wording in the Members' Report and Financial Statements had been slightly altered and the accounts would be signed off to confirm no material financial changes had occurred.

Q. Had a standard statement been provided, by the DfE or similar, for all colleges to use in their accounts relating to the impact of the COVID-19 crisis?

A. The Vice Principal Finance explained that a standard statement had not been supplied by the Government and it was up to each audit company to manage this and assess impact and risk. She noted that this had created a lot of concern across the sector, particularly for colleges that had been detrimentally affected financially due to the crisis.

The Chair confirmed that the following wording would be incorporated into the Members' Report and Financial Statements and this was **agreed** by the Corporation:

*'Consequently, the Corporation is confident that the College will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the Financial Statements and therefore have prepared the Financial Statements on a going concern basis.'*

*It was also confirmed that the College Members' Report and Consolidated Financial Statements were approved by the College Corporation on 30 November 2020 and that the Members were not aware of any subsequent events since 30 November 2020 that would impact on the accounts. It was confirmed that the representations contained in the representation letter issued with the signed financial statements continue to remain appropriate as at the date of the auditor's report and that the Corporation would have approved the financial statements on that later date.*

### 3.3 GCSE Results November 2020 Exams

The Deputy Principal presented the GCSE results for exams taken in November 2020. The results were very good for many students who had been disappointed with their teacher assessed grades from the summer exams. Due to the nature of the 2020 exams these results would not form an element of trends for the College but were good results for the young people that were able to improve their grades.

Q. What percentage of students are you striving for to be at Grade 4 or above, so it is possible to assess performance adequately?

A. Our grade 4 are above target for this academic year, based on last year's performance at 35% in English and 16% in Maths. The national average is 23% in English and 15% in maths.

Q. Does the data include only 16-18 learners or is it adults too?

A. It is results for both 16-18 and adult learners.

*[POST MEETING CLARIFICATION: the November GCSE exams were just 16-18 year olds]*

## 4. COVID-19 Update

The Principal provided an update regarding arrangements in relation to the COVID-19 crisis and current lockdown issues. He explained issues relating to the Government expectations regarding the Lateral Flow Device Testing. Plans for general qualifications and vocational technical assessments and exams were described and areas for further consideration noted. He explained the timeline for the centre assessed grade process and result publication and noted that further guidance was awaited. Difficulties around assessment for vocational, skills-based and licence to practice programmes were explained.

The Principal confirmed that the White Paper, Skills for Jobs: Lifelong Learning for Opportunity and Growth had been published and generally contents were positive for colleges, although the finer detail and funding was awaited. It had a largely post-18 focus, rather than 16-18 year olds and limited engagement with the lower levels of qualifications.

Updates were provided regarding property developments, funding for 16-18 year olds during 2020/21, issues relating to work experience, capital bidding potential and banking covenant arrangements.

Small numbers of vulnerable learners and staff were attending at Blossomfield and Stratford campuses. Remote learning was in place for the majority of students, although it was noted that there were still some issues regarding devices, wifi and digital poverty in some areas, even though the College was working hard to overcome barriers created by IT issues.

Q. Are there likely to be any staff that are vulnerable and unable to return to the College?

A. There are likely to be some staff that are clinically vulnerable. Some staff are currently working in the College (in line with social distancing requirements), as their home environment is not conducive to home-working. Managers are contacting staff and making every effort to maintain well-being.

The Chair, on behalf of Governors, thanked all staff for their hard work during very difficult times and for continuing to support students whilst having to work remotely.

## **5. Institute of Technology Termly Report**

The Chair welcomed the Executive Director Employment and Skills and IoT and congratulated her on receiving a leadership award from CEO Today. The Director said how nice it was to receive and to be able to continue to build the profile of the IoT through this kind of publicity.

The Executive Director Employment and Skills and IoT presented the report and noted that the capital projects at Aston, South and City and at Solihull had gone well and were now nearly complete. She noted that Brexit had had an impact on supplies for the BCU project, but the DfE were content with a completion date of May 2021.

The Executive Director Employment and Skills and IoT confirmed that the IoT was working well and its success to date was based on the fact that all partners based its development on strengths already in place and that the development of the partnership had really enabled the project to proceed well since 2016. She noted that the GBSIoT had been referenced as a case study in the recent White Paper highlighting the development of a learning factory and positive links with employers.

*Part of this discussion was deemed confidential due to commercial sensitivity.*

## **6. Apprenticeships Termly Report**

The Executive Director Employment and Skills and IoT presented the report and noted funding changes. She noted the furlough had been extended, which did help some apprentices. Those that started after October, however, were not eligible to be furloughed through their employer. The College was continuing to support learners to achieve wherever possible. Enrolments by age still show that 16-18 numbers are dropping compared to adults and this reflects the national statistics. 163 apprenticeships had been recruited against a forecast outturn target of 240. Due to the latest lockdown it was unlikely that further recruitment would take place this academic year.

The Find Apprenticeship Training DfE website had been updated, so the College were becoming familiar with the changes. Unfortunately, it was no longer possible for an employer to search for a specific provider, but feedback about the College from employers was positive and areas for improvement were being addressed.

The Principal explained that the College had been building apprenticeship income well year on year, however, due to COVID-19 the income had reduced markedly. The strategy had been very positive with growth each year, however, there will be at least 3 years that are impacted by the inability to recruit due to the COVID-19 crisis.

Q. Lower uptake has been a national concern this year. How do we reflect on our recruitment levels?  
 A. It is very frustrating, but there is lobbying from the AOC and other organisations to encourage the government to think differently about how the levy might be used to support employers to increase apprenticeship numbers.

## 7. Finance 2020/21 – Re-forecast

The Vice Principal Finance presented the re-forecast budget for 2020/21 and explained that income had now been confirmed. Although there had been a reduction in funding for apprenticeships and HE, these reductions were anticipated when the budget was prepared in July 2020. Assumptions underpinning expenditure were described and it was noted that some savings were being made due to the College being closed, particularly in relation to COVID-19 related costs. Adjustments relating to the Stratford upon Avon Re-development Project and IT investment were yet to be applied. Overall, income had increased from £44,441 in the original budget to £45,599 in the re-forecast budget. It was noted that curriculum planning was underway to inform the budgeting process for 2021/22.

Q. It is good to see that the closing cash forecast has gone back up to £14m from the budget position of £9.5m. Is it correct that the improved operational performance has contributed c.£1m with the balance coming from increased capital grants?

A. Yes this is correct, part of the DfE condition survey grant is allocated against B block at Stratford.

Q. There is mention of the College’s continued ability to invest in the fabric of the estate or in the IT infrastructure. If funds are insufficient for both, how would priority be decided? Which would have the greater learner impact?

A. Currently there are sufficient for both priorities. This would be reviewed and shared with Governors should this position change.

Q. The statement of comprehensive income provides the opportunity to state the impact of COVID-19 on income and expenditure. Would it be an opportunity to flag the additional cost of COVID-19 to make a point to the ESFA, based on quantitative analysis?

A. The disclosure requirements of the ESFA return are still being finalised and this information will be completed before it is submitted to the ESFA, Governors will receive a copy of the final information submitted.

*[POST MEETING NOTE: The return to the ESFA was submitted and circulated to Governors. Following table provided from ESFA return for information.]*

		<b>2019/20</b>	<b>2020/21</b>
		<b>£'000</b>	<b>£'000</b>
10a	Exception loss of income due to COVID-19	650	1,952
10b	Exceptional expenditure due to COVID-19 staff costs	0	0
10c	Exceptional expenditure due to COVID-19 non pay costs	500	929
10d	Exceptional expenditure due of COVID-19 capital	200	0

Q. Reducing EBITDA position, due to FRS 102 adjustment – it would be useful to consider the normalised underlying position of the College – without the one-off adjustments.

A. The Vice Principal Finance explained that it would be a useful conversation when the assumptions for the 2021/22 budget were presented for consideration to Governors in May 2021. **Action.**

The Vice Principal Finance explained that the information presented would inform the ESFA return due to be submitted by 31<sup>st</sup> January 2021.

**Resolved** to confirm the re-forecast budget for 2020/21, as set out.

## 8. COVID-19 Impact on Finance for Curriculum Areas

*This item was deemed confidential and the staff and student governors left during discussion.*

## 9. Property Update

The Vice Principal presented the report and explained that the College had been anticipating guidance from the Government regarding capital funding, so had continued with the recommendation to continue with the Stratford Re-development Project. However, having now received the guidance it would seem that the College would be able eligible to apply for capital funding for the project. She explained, therefore, that it was now suggested to pause phases 4 and 5 of the Stratford Re-development project until a capital funding bid is submitted. Further information would be provided at the next meeting.

### **ACTION.**

**Resolved** to pause phases 4 and 5 of the Stratford Re-development Project, subject to bidding for DfE capital funding.

Phase 3 of the project, linked with the LEP bid for a radio and TV studio and building of a Construction Unit would continue, as approved in November 2020.

Q. Without the further grant award from DfE, can the college afford the plans for phase 4 & 5 – what impact will this have on the college finances?

A. The guidance for the capital bids was issued by the ESFA on 21<sup>st</sup> January (after the papers for the meeting were finalised). There is a strong case for the College to submit a bid, as the eligibility criteria can be met with regard to the Stratford upon Avon campus.

It was noted that Macc Group (care home provider) had signed a letter to confirm that the first TGH overage payment would be paid by mid-February 2021 and the second one was due to be paid in April 2021.

An update was provided regarding the sustainability projects that the College is involved in and it was noted that there would be a presentation at the next Corporation meeting to provide further information about the College's approach to the sustainability agenda. **Action.**

## 10. Sub-contracting Termly Report

The Deputy Principal presented the report and confirmed that there were no issues regarding income for 2020/21, largely due to the partnership with RMF. She noted that quality processes continued as part of the normal College system. It was noted that the Chair and Vice Principal Curriculum had conducted a deep dive visit to RMF in the Autumn Term and were impressed with the quality of education, investment and ethos of continual improvement. Outcomes for students are good. The Chair confirmed that the partnership and collaboration between RMF and the College was very positive.

## 11. Treasury Management Report and Policy Review

The Vice Principal Finance presented the report and additional information provided. She noted that the Policy had been reviewed in line with recommendations made during the Governance audit in the Autumn term. The additional information provided supplied an update on positive covenant discussions that had taken place with Natwest Bank and confirmation of break clauses that would be applied for early loan repayment. The College had been moved into the Corporate Team, which had increased the clarity with regard to both covenant requirements and the loan structure.

Q. Previously, the College's position was that paying outstanding debt was not advisable because interest was low and break costs were expensive – why has this position changed?

A. The position has changed as the driving factor now is to reduce cash balances rather than make savings on ongoing interest costs. Following the discussion with Natwest it was now clear that the full fixed rate loan has break costs of c£1.4m. The proposal is to repay the variable loan now as there are no break costs and in January 2022 a third of the fixed rate loan will convert to a variable rate so the consideration to repay more of the loans will be revisited in the Autumn Term.

Q. Based on the cash flow forecast, would repayment take our cash balance close to the £6m minimum cash balance?

A. Cash balances will remain above £6m, with the low point being April 2022 at £10m.

**Resolved** to approve:

- the Treasury Management Policy;
- that the College maintain a minimum month end cash balance of £6m; and
- payment of the variable rate loan element, £1,595K, of the Natwest loans, with a review in the Autumn term 2021 regarding the third of the fixed rate loan when it converts to variable rate in January 2022.

The agreed changes would be reflected in the financial re-forecast, agreed at item 7 and in the ESFA financial submission.

## **12. Bids and Projects Report – Termly KPI Report**

The Vice Principal Finance presented the report and noted that the termly KPI report had been produced in response to the Governance audit that took place in the Autumn Term 2020. It had suggested that Governors had oversight of the monitoring of project KPIs. It was confirmed that the KPI annexe to the main report would be presented termly, whilst the main report providing an update on bids and projects would be produced for each meeting of the Corporation, in the usual way. This incorporates projects over £100k and those that would be considered high-risk.

## **13. Governance Matters**

The Clerk confirmed that Paul Large had tendered his resignation with effect from the end of March 2021, it was noted that the Chair had accepted his resignation with regret, as his skills and experience would be missed.

The Clerk also requested that the extension of the requirement to obtain DBS confirmation for new Governors to end of March 2021, as the lockdown had made completion of the process difficult. It was **agreed** to extend this period to March 2021.

## **14 Governors' Strategy Session on 6 February 2021**

The Chair presented the agenda for the Governors' Strategic Planning Session on 6<sup>th</sup> February 2021 and noted that the CEO of the AOC, David Hughes would be joining Governors to discuss the future of the FE. Breakout rooms would be trialled to allow small group discussion about the College's strategy to inform the Strategic Plan that would be drafted by the Principal and EMT for consideration at the May Corporation meeting and final approval in July 2021.

## **15. Regular Reports**

### **15.1 Use of the College Seal and Chair's E-Signature**

The contents of the use of the College Seal and Chair's E-Signature were received for information.

## 15.2 Tender Update Report

The contents of the Tender Update Report were received for information.

## 16. Date of the Next Meeting

The date of the next meeting was Tuesday 23<sup>rd</sup> February 2021 at 5pm on MS Teams.

The Governors' Development Session was scheduled for Saturday 6<sup>th</sup> February 2021 9.30-12.30.

*The meeting ended at 7.30pm.*

Signed 

Date: 23 February 2021