



MEETING OF THE BOARD OF GOVERNORS

TUESDAY 20 JULY 2021

Report: Minutes of the meeting held on Wednesday 21 April 2021
Author: Clerk
Action: Approve
Status: Open otherwise as marked confidential

Present: Sarah Stewart (Chair)
Andy Cole (Interim Principal / CEO)
Aneela Ali – virtual
Robin Bailes
Carol Davenport – virtual
Martin Gannon – virtual
Martin Hedley
Chris Macklin
David Mitchell
Claire-Jane Rewcastle
Michael Wood-Williams

In attendance: Ivan Jepson – virtual
Nadine Hudspeth – virtual
Keith Oxspring – virtual
Chris Toon
Steve Champion – virtual
Paul Campbell
John Taylor (ESFA) - virtual
Emma Moody (Clerk)
Suzanne Clark (Minutes)

3151 Chair's welcome, apologies, conflicts of interest

The Chair welcomed everyone to the meeting. Apologies were received from David Brind John Hogg, Georgina Moroney and Sara Vening. It was noted that Simon Ennew was not currently in work therefore was not expected to attend.

No governor declared any conflict of interest at this stage but governors were reminded that if a conflict arose during the meeting, they should declare it as soon as they became aware of it.

3152 Minutes of the previous meeting dated 26 March 2021

The minutes of the meeting held on Friday 26 March 2021 were agreed as a correct record.

3153 Matters arising

The Interim Principal / CEO reported that the sale of SASMI was concluded on 29 March 2021 **THIS ITEM IS CONFIDENTIAL AND NOT FOR PUBLICATION**. It was confirmed that the sale of the property is now in the public domain so confidentiality no longer applies but the terms of sale would of course not be disclosed.

The Clerk reported that training for governors in relation to pensions will be discussed at the next Governance Committee meeting.

The Interim Principal / CEO confirmed that the 2019/20 financial statements have been published on the College's website.

The Clerk reported that the ESFA loan was signed off by all parties following the previous meeting.

3154 Chair's Report

A verbal update was given by the Chair.

The Chair reported that the Board can now look ahead with confidence around a return to normality. Significant progress has been made in response to COVID with learners returning to onsite studies. The Chair reflected on positive news around the College's financial recovery which is well underway. The recruitment of a new Principal and Finance Director were also felt to be a very positive move forward. David Alexander will join the College at the end of June and a start date is expected soon **THIS ITEM IS CONFIDENTIAL AND NOT FOR PUBLICATION**.

Whilst significant progress has been made, there is still work to do as highlighted in the recent Ofsted report. Monthly case conferences continue with the ESFA and notification has just been received for the next FEC stocktake visit which will take place on 4 May 2021. The last FEC visit was in October 2020. The College will remain in intervention for 2 years from October 2020 and it is anticipated that there will be two further stocktake visits. There is work to do to prepare for the visit and it was confirmed that some governors may be asked to participate. The Chair also advised that it was hoped that the College will receive the ministerial letter discussed previously confirming that all conditions have been met. This will be raised as part of the stocktake visit.

Whilst good progress is being made, the Chair felt that there will likely be other potential threats to recovery.

As part of the meeting, governors will receive an update on the College's AEB position and be asked to make a decision on potential mitigations.

The Chair indicated that it is planned to return to a more typical annual schedule of Board and Committee meetings. The time and commitment for governors and Executive Team members in responding to the need for additional meetings over the last year was acknowledged. The Chair and the Clerk will be looking to ensure that papers are circulated in good time, at least a week prior to the meetings.

A governor commented that whilst the past year had been challenging, she felt that as a group, members had been able to get to know each other better and had been less restricted. She added that the past year had aided her understanding of the College's business and the FE sector. She was hopeful that governors would continue to communicate outside of meetings. The Chair felt that the standard cycle of meetings would allow this to continue and she was very supportive.

The report was noted.

3155 Update from Committee Chairs

An update on the work of the Finance and General Purposes Committee was provided by the Chair of the Committee.

New members have been appointed to the committee. The last meeting was a joint meeting with the Audit Committee. The main focus was the review and recommendation to Board of the ESFA loan. The committee also received the draft budget and considered bad debts write off and how well these are tracked and chased. The committee will continue to receive a report on bad debt bi-annually and approve any proposed write offs. This will ensure governance oversight of this area.

An update on the work of the Audit Committee was provided by the Chair of the Committee.

As stated, the joint meeting with the Finance and General Purposes Committee took place on 26 March and before this, the Audit Committee met in February. The focus of meetings has been very much around the completion of the 19/20 accounts. The committee also considered the appointment of external auditors. This work was then shared with the Board at the meeting in March.

An update on the work of the Curriculum and Quality Standards Committee was provided by the Chair of the Committee.

It was reported that the College had received a monitoring visit from Ofsted at the end of January. The initial feedback from this was considered at the last meeting in February. The report was published on 17 March 2021 and it was suggested that members might welcome sight of the report. The Interim Principal / CEO confirmed that he had included a link to the report in a recent weekly update. The Clerk indicated that she would recirculate the update. The Chair of the Committee indicated that the report will be reviewed at the next meeting in June prior to it being received by the Board. The visit very much focused on how the College was supporting learners with online remote learning in addition to checking progress on other areas for development identified at the previous inspection.

At the meeting in February the committee received updates on the three specific areas for development in addition to some excellent presentations which were delivered on the curriculum planning process. The presentations showed the impact on the budget. The Chair had highlighted that he felt the Board would welcome knowledge of the process. In addition, the Chair had asked for a report on the safe return of staff and students to college and the committee were very pleased with the actions taken.

A member indicated an interest in understanding how learners undertaking practical programmes are being supported in catching up on those practical activities missed during the College closure, and any potential impact that this might have. The Deputy Principal: Curriculum & Quality advised that a lot of work was undertaken to manage any potential College closure and as part of this, practical activities were frontloaded from September to allow theory work to be picked up in the event of a lockdown. This has ensured that whilst there is some catch-up required in terms of theory, learners are not as far behind as they were in the previous year. Work also took place over the previous summer with learners who would be moving into their second year of study to catch-up on practical activity. The ESFA were involved in the planning for this. The Deputy Principal: Curriculum & Quality added that he was confident that metrics are showing learners to be on track in the main. There are some areas where some support is needed including engineering which is very much practical based. The Interim Principal / CEO reported that the College appears to be in a better place than some others in the sector. Work is needed to fully understand the revisions to the assessment regime made by awarding bodies. There is likely to be an impact on outcomes. The AOC have recently published an article in relation to this. The front-loading of practical activity from September has helped but the full impact is not likely to be known until later in the year. There is

confidence that the College is in a good position, but Governors should expect nevertheless some impact. The Deputy Principal: Curriculum & Quality reported that the College had provided provision over three days to full-time learners which is the same as what they would usually have. Some organisations have adopted a more blended approach with some delivery continuing remotely.

The Interim Principal / CEO highlighted that the College still needed to respond to Ofsted about whether to forego the next Ofsted monitoring visit. Governors had approved an approach subject to the views of the new Principal/CEO.

An update on the work of the People and Remuneration Committee was provided by the Chair of the Committee and the Head of People and Organisational Development.

The focus of the committee has been on senior post holder recruitment and the College's response to COVID. The Chair reported that mass testing was organised and undertaken by the staff team. 7705 tests were undertaken on site and this was recognised to be a significant logistical task which was managed extremely well. Staff and students have now commenced self-testing. Since commencing self-testing there has been 3 positive staff cases and 16 positive student cases with 10 students isolating. It is hoped that these numbers remain low.

The Head of People and Organisational Development reported on the 'Lets Chat' collaboration project with Weston College which has been focused on mental health and wellbeing. 717 staff have attended emotional literacy CPD. Over 700 remote counselling sessions have also taken place. Feedback to date has been very positive. The College have committed to continue to collaborate. The College's Aspire appraisal process was recently relaunched. Some changes have been made in response to the previous staff engagement survey where the score was particularly low in this area. An ABCDE model implemented which is very much focused on quality of conversations. Positive feedback has been received from staff so far.

The ESFA representative indicated that following a recent discussion, it is believed that there has been some underreporting from students in relation to self-testing. Discussions are currently taking place with a view to sharing data reported to the NHS with colleges rather than learners having to duplicate reporting.

An update on the work of the Governance Committee was provided by the Chair of the Committee and the Clerk.

A copy of the governance action plan was circulated to members. The committee last met in March. Some new members have since been appointed. The focus is very much on implementation of the governance action plan. The committee is tasked with ensuring that progress is made. In response to the outstanding actions, it was confirmed that Michael Wood-Williams had been appointed to the role of Chair of Audit. The Chair and Clerk are now looking to secure a new Chair of Curriculum and Quality Standards given the current chair's known intention to step down. Interviews are being arranged for two potential new governors and there is a focus on recruiting individuals with FE sector experience. The Chair is keen to ensure that student governors get the most possible from their tenure and are supported. A significant action is the review of clerking and it has been agreed that the resources required for this should be adequately considered. This is currently underway and the Chair is looking to finalise the review in conjunction with the new Principal. The committee have also had a focus on diversity and are hoping to include this as a major topic as part of a future conference. Progress will continue to be reported back to the FEC.

Action: Clerk to circulate the weekly update from the Principal containing the link to the Ofsted report.

Action: Seek agreement (or not) to forego the next Ofsted RIMV visit from new CEO/Principal.

The reports were noted.

3156 Principal's Report

The report was presented by the Interim Principal / CEO.

It was reported that some of the data within the report may have changed since the report was produced as the management accounts for March had since been finalised. Governors were advised that the worst-case scenario would be under delivery of £2.3m and not £1.3m as detailed within the report. £1.3m would be the bottom line impact. The Interim Finance Director advised that he will be working with the Deputy Principal: Curriculum & Quality to go through the position and look at mitigations. It was confirmed that governors are asked to approve the subcontractors who the College work with on an annual basis in relation to AEB. To engage with any additional subcontractors for AEB delivery would require Board approval.

The Support Staff Governor referred to the achievement rates provided for **THIS ITEM IS CONFIDENTIAL AND NOT FOR PUBLICATION** and asked how this could impact on the College's performance. The Interim Principal / CEO recognised that this had potential to suppress the College rate and could bring it down to 90% from 93%.

The Chair recalled that members had indicated previously that they were not keen to pursue out of region subcontracting arrangements or delivery. The College's long-term strategy is still to focus delivery within the region. A short-term solution has potential to undermine this but it was stressed that it was not the intention for this to detract from the long-term strategy.

A member questioned how quickly the College would be able to disengage from any arrangement. The Interim Principal / CEO confirmed that any agreement would need to allow the college to withdraw from this work. The plan would be for **THIS ITEM IS CONFIDENTIAL AND NOT FOR PUBLICATION** only to deliver the activity that **THIS ITEM IS CONFIDENTIAL AND NOT FOR PUBLICATION** couldn't and it would only be anticipated for the current year.

Another member felt that there could be a critical time window to respond to this challenge. Other college's may also be considering engagement and he felt that the College needed to be fleet of foot to ensure that opportunities are not lost. The Interim Principal / CEO recognised this and indicated that delivery would be national but the earlier engagement starts the more they may be able to tailor the offer regionally. Earlier engagement would also increase the potential of learners completing within the current academic year.

In response to a question from a member, the Deputy Principal: Curriculum & Quality advised that ESOL had been affected badly due to the impact on recruitment which takes place 3 times per year. Recruitment for term 2 did not happen due to lockdown. In addition, remote delivery in this area is very difficult. There is huge demand for ESOL programmes and it is an area the College is looking to grow. It is expected that the delivery will increase to £1.2m in 2021/22.

The Clerk indicated that any potential impact on projected achievement as a result of increased sub contractor delivery needs to feed into the Curriculum and Quality Standards Committee and asked whether it was possible that there would be an impact on the SAR. The Interim Principal / CEO confirmed that the SAR will need to recognise COVID as it did for the previous year. The College was on track to achieving its AEB target prior to lockdown and the position is a direct result of COVID.

The Director of Business Development expressed the need to seek written permission from the ESFA before entering into any new arrangement. The Clerk added that there had been discussions at the previous case conference in relation to AEB and the ESFA was on notice of this pending request. The ESFA representative indicated that he was not able to give a decision at this meeting. He has outlined the requirements the ESFA would expect to be fulfilled which are covered within the paper.

Members approved the engagement of THIS ITEM IS CONFIDENTIAL AND NOT FOR PUBLICATION, subject to receipt of written approval from ESFA, to deliver up to £1m of non-devolved AEB funded provision, this funding having been previously earmarked for delivery by THIS ITEM IS CONFIDENTIAL AND NOT FOR PUBLICATION, whose contract allocation will be reduced accordingly.

The Principal/CEO reported to the Board that the College needed to create its IT strategy as a matter of priority. The Clerk confirmed that this will be considered by the Finance and General Purposes Committee as part of its remit and will consider succession issues pertaining to a member of key staff. The Support Staff Governor (also a member of F & GP) confirmed he would also be in a position to support discussion around this in light of his skill set and knowledge of College IT.

The Chair indicated that the strategic KPI report gives a sense of optimism which doesn't necessarily come through from the management accounts. The Chair of Finance and General Purposes suggested that governors should be seeking a level of assurance and recognise the difference between current financial position and longer term projections. In the long term, the future is looking more positive but there are some current challenges impacting on today's data. He added that if any governors were concerned about any of the red indicators he was comfortable to be contacted and any genuine concerns could then be brought back to the Board.

A member asked whether there was any evidence in the sector that people might be looking to withdraw from elements of AEB. The Interim Principal / CEO advised that AEB profiles in colleges are very diverse and he felt that colleges would need to consider their engagement in response to the challenges faced. He added that those learners being significantly affected are those furthest away from the world of work and in the most need. The Deputy Principal: Curriculum & Quality added that devolution was also having an impact.

The member also asked whether there was any evidence of increases in IT attacks or attempts to defraud and highlighted the need for increased vigilance in this area. The Interim Principal / CEO confirmed that there is evidence of increasing issues in the sector. Cyber security training is being offered by JISC. The College's Financial Consultant is attending this training and will share any learning points with appropriate staff. Cyber attacks have been reported on other colleges recently with one having to move to remote learning soon after reopening. The Clerk advised that PwC had previously tested some college systems through internal audit work – this was a few years ago and was an area the Committee could consider again. The College had also previously had a hacking incident. The incident was remedied quickly and there was little damage. This was felt to be an item that should be reviewed as part of the review of the risk register and be considered in the IT strategy. Insurance pertaining to IT security and protection level for the College should also be reviewed. The Clerk suggested that this be picked up by the Audit Committee as part of its work. The Deputy Principal: Curriculum & Quality reported that the College's cyber essentials policy needs to be signed off annually. A number of additional mitigations have been included. The Support Staff Governor indicated that a number of notifications have been received via JANET but there have been no direct attacks on the College.

A member highlighted that curriculum collaboration is very much a focus for the FEC. The Chair recognised this and indicated that a discussion will take place prior to the FEC visit.

The Chair welcomed the report and how it was set out indicating that the format will be retained in the future.

Action: Audit Committee to consider IT security and review this as part of the wider review of risk.

The report was noted.

3157 Update on Property Disposals

A verbal update was given by the Interim Finance Director.

The Interim Finance Director reported that there are two property sales currently ongoing. All documentation has been agreed in relation to the sale of ***THIS ITEM IS CONFIDENTIAL AND NOT FOR PUBLICATION***. The team is awaiting a completion date from the purchaser which is being followed up. The Director of Marketing & Communications reported that the heads of terms for the ***THIS ITEM IS CONFIDENTIAL AND NOT FOR PUBLICATION*** were approved at the previous Board meeting had been issued and the College's solicitors were in the process of getting contracts out to the purchaser. Sales are progressing as planned.

The Clerk advised that the property sub-group would need to reconvene to review the terms and approve transaction documents pursuant to the authority delegated at the last Board meeting. The Interim Finance Director confirmed that he would look to circulate the documentation as soon as possible. The Clerk agreed that she would make arrangements for the property sub-group to meet. The Chair expressed her appreciation for all those involved in the property disposals and commented positively on the progress made.

Action: Interim Finance Director to circulate documentation relating to the sale of Construction 2.

Action: Clerk to arrange for review by the property subgroup.

The report was noted.

3158 Management Accounts – March 2021

The report was presented by the Interim Finance Director.

The Chair asked whether any key decisions were required or if there were any key points for governors to be aware of. The Interim Finance Director indicated that no approvals were being sought at this stage. He felt it was important to highlight the potential impact of property sales not progressing.

In discussion relating to ZCF, a member advised that the College had inherited ZCF from One North East and the company was intrinsically linked with the pension scheme.

A member, in light of the reported deficit for the current year, asked about a historical creditor in the accounts of £409k, and whether this could be released from the creditor list. The Interim Finance Director indicated that this is provision for the repayment of monies to the ESFA for apprentice delivery. There is a possibility for this to be released and it could have a positive impact and he would consider this further.

Another member indicated that she would welcome assurance on the current financial health position and better visibility of the variables presented, and the likelihood of them materialising, to give better understanding around the potential likely outcomes. The member sought reassurance that the College's financial health would not be impacted. The Interim Finance Director confirmed that financial health is included in the

KPIs and, as things are currently, it is not affected by the movement in the accounts. The overall scoring has gone down slightly but this has not affected the position. The Clerk confirmed that discussions would take place off line in relation to presentation of the accounts so that best, reasonable and worst case scenarios are apparent for Governors. Steve Campion commented that there is sector guidance expected imminently on the presentation of management accounts and this would be useful in informing the Committee.

The Chair indicated that she would be very welcoming of this. Following a final question from the Chair, the Interim Finance Director indicated that the deficit position of £625k was felt to be the worst-case scenario. He was hopeful that some progress will be made with AEB and suggested that there would be opportunities to enhance the figures as the year progresses.

The report was noted.

3159 Draft Budget 2021/22

The report was presented by the Interim Finance Director.

It was confirmed that the final budget will be presented to the Board for approval at the meeting planned for July 2021. The draft was previously presented to the Finance and General Purposes Committee 26 March 2021. The Chair of Finance and General Purposes confirmed that the committee had reviewed the draft budget in some detail. He highlighted that the sale of properties is a key driver. The Chair recognised that pension contributions were also a key aspect. A detailed proposal will be received at the next meeting. The Interim Principal / CEO advised that there was some slippage built in to the budget in relation to the sale of the FTC offices but this should be completed by January 2022 at the latest.

The report was noted.

3160 Update on Risk Register

A verbal update was given by the Interim Finance Director.

The Interim Finance Director reported that he was working with the College's Financial Consultant to review and update the register. It is planned to go through the allocations with the Executive Team in the first instance prior to sharing with committees. The Financial Consultant added that the register in place is in line with sector best practice. The Clerk suggested that the register should go to the Audit Committee prior to being received by the Board at the meeting planned for July. The Chair recognised that the register was subject to continued development. The Interim Principal / CEO confirmed that the register will be a substantive item at the next Executive Team meeting.

The report was noted.

3161 Any Other Business

There was none.

Martin Gannon and Aneela Ali left the meeting at 12.00pm.

3162 Governor Retirement

The Chair took the opportunity to wish Chris Macklin a fond farewell following his decision to retire from his role as Chair of the Audit Committee. Chris confirmed that he had initially joined the Board in 1998 as a co-optee to the Audit Committee. The Chair recognised that Chris had overseen significant change during his time on the Board

highlighting that this was undertaken in parallel with his work in the health sector which is also heavily regulated. The Chair reflected on a remarkable length of tenure, the commitment and loyalty shown to the role and Chris's willingness to see through the most recent challenges which she felt was commendable. Chris was appreciative of the comments made and indicated that his priority was to see the College come out of recent financial challenges and he felt that solid foundations were in place now for this to happen. He wished everyone well for the future.

3163 Date of next meeting

The next meeting was confirmed to be Wednesday 7 July 2021 at 10.00am.

The Chair advised that the Governor Summer Conference planned to take place on Wednesday 26 May 2021 at 9.00am would be delayed until September 2021 to allow David Alexander to be involved.

The meeting closed at 12.05pm.