



**Minutes of the Meeting of the Corporation, held on Monday 14 December 2020, 4.00pm
via Microsoft Teams**

| | |
|-----------------------|---|
| Present: | Mark Farrar (Chair) Mark Bass (Vice Chair) Yvonne Kelly (Principal/CEO) Forhad Altafi (Staff Governor) |
| | Andrew Brown Evelyn Carpenter Carole Ditty Stuart Fraser Sarkis Mazmanian Bal Panesar |
| | Doug Trengove (Staff Governor) |
| In attendance: | Wijay Pitumpe (Chief Finance & Enterprise Officer) Veronica Anthony-David (Chief Transformation Officer) Joy Kettle (Chief Operating Officer) |
| | Victoria Eastwood (Chief Governance Officer) |

The Chief Transformation Officer (the CTO) reported that 43 students and 14 staff had currently tested positive for Covid-19 which included two agency staff. The main change for the College was the move into Tier 3 and the College had received a call regarding mobile testing units in the local community from the DfE - staff and students had been emailed to advise them they could be tested. The CTO advised that Wednesday 16 December 2020 was the last face to face delivery for the College.

Bal Panesar questioned why the DfE had not offered to put a testing unit within the College grounds. The Principal/CEO replied that the majority of schools and colleges were closing so the local community was being used instead. It was assumed that there would be an acceleration of testing at the start of the term and a decision would be taken as to whether the College would open in January 2021.

Stuart Fraser asked when would be the review point for the College re-opening. The Principal/CEO replied that the college would receive a communication from the DfE depending on the position in the Borough. The College would be monitoring the position from the week after Christmas.

Evelyn Carpenter reported that 11-16 year olds in the Borough were being tested from today onwards to be prepared for January opening of schools.

| | |
|-----------|---|
| 1. | Welcome and apologies for absence Apologies for absence were received from Stephen Mizen, Lisa Dee and the Chief Technology & Innovation Officer. |
| | |

2. Declarations of Interest
Governors were reminded of their responsibility to declare an interest in relation to specific items on the Agenda if appropriate. None were anticipated.

3. Minutes of the Previous Meeting of the Corporation – Monday 23 November 2020
The Minutes of the Meeting held on Monday 23 November 2020 were agreed as a true and accurate record. The Notes of the Strategic Planning Event held on 23 November 2020 were also agreed as a true and accurate record.

Approved: That the Minutes of the Meeting held on 23 November 2020 and the Notes from the Strategic Planning Event were agreed as a true and accurate record.

4. Matters arising
An update on outstanding actions from the November Corporation meeting was provided:

| Agenda Item | Action | Responsibility | Timescale | Update |
|-------------|--|----------------|-----------|--|
| 7. | Paper on pensions position to be provided at the December Corporation Meeting. | CFEO | 14/12/20 | In agreement with the Chair this will be presented at the March meeting. |
| 7. | Policy & Resources Committee to consider non-pay 'big ticket items' | CFEO | 30/11/20 | Discussion took place at P&R to be followed up by the Corporation. |
| 7. | Upfront forecast position to be provided at each Corporation meeting | CFEO | 14/12/20 | Complete |
| 7. | Planning for the following financial year to be provided at the December Corporation Meeting | CFEO | 14/12/20 | Complete |

There were no further matters arising not covered by the agenda.

The Chair reported that the original agenda had been reviewed and had been split between this meeting and the additional meeting in January to allow sufficient time to cover the agenda.

5. Chair's Actions
There were no Chair's actions to be discussed.

| | |
|----|--|
| 6. | <p>Corporation Schedule of Business 2020/21</p> <p>The Chief Governance Officer (CGO) reported that the schedule of business was presented each year for Corporation approval but it was particularly difficult in the current climate to predict all matters that required discussion going forward. Statutory business had been included in the schedule and the agenda for each meeting would be reviewed with the Executive and approved by the Chair in advance.</p> <p>Approved: The Corporation Schedule of Business 2020/21 was approved for future use.</p> |
| 7. | <p>Review of Corporation Terms of Reference 2020/21</p> <p>Doug Trengove highlighted the need for Board papers to be issued within the specified timeframe of five days in advance of each meeting. The Vice-Chair added that the process needed to be more rigorous. The CGO responded that it was acknowledged that the current process was unsatisfactory and this would be remedied going forward.</p> <p>Bal Panesar noted that some documents had been received in instalments which had eased the burden and some documents were for reference but adequate notice of papers was still required.</p> <p>The Vice-Chair suggested that there should be an allowance included to increase the current membership as next year several tenures were coming to a close at the same time. In addition, blended meetings and attendance via teams should be included.</p> <p>The CGO advised that amendments to the determination and procedure of meetings would require a review of the Instrument & Articles. It was agreed that this would take place at the January Meeting of the Search & Governance Committee.</p> <p>Approved/Action: That the Corporation Terms of Reference be approved for future use subject to amendment after review at the Search and Governance meeting.</p> |
| 8. | <p>Remuneration Committee Report to the Corporation including Remuneration Committee Annual Statement</p> <p>The Chair stated that the purpose of the report was to provide an update and to ask the Corporation to approve the annual remuneration statement, ratify the terms of reference and consider the recommendation for the pay award.</p> <p>Mark Bass, the Committee Chair, confirmed his reappointment as Chair of the Remuneration Committee and the re-appointment of Andrew Brown as Vice-Chair. It was noted that a second meeting of the Committee had been convened to allow sufficient time for the Committee to consider the required budget information and SPH performance as this information had not been received in time for review at the first meeting. The Committee had also considered the CGO position which had been agreed and was being progressed and had agreed to consider succession planning as a standing agenda item to allow discussion to take place on suitable internal replacements should Executive/SLT staff move on.</p> <p>The Committee Chair reported that the Remuneration Committee had agreed that staff across the College had worked exceptionally hard and the Committee wanted to acknowledge this. A 1% pay increase for all staff including SPH's was therefore recommended to the Board.</p> <p>The Chair advised that the pay award proposal emanated from AoC discussions with the unions and also on a national basis. The Committee Chair added that the Committee had agreed that a pay award should be made but the question was time and the consequential impact of this. It was agreed that further discussion would take place within the financial items on the agenda.</p> <p>Approved: The Corporation approved the Annual Statement for Remuneration 2020 and the Remuneration Committee Terms of Reference 2020/21. Discussion on the proposed pay award would continue later in the agenda.</p> |

9. Audit Committee Report to the Corporation – 07.12.20 inc Risk Register and the Annual Report of the Audit Committee

Mark Bass, Chair of the Audit Committee, advised the Corporation of his reappointment as Chair of the Audit Committee and the re-appointment of Sarkis Mazmanian as Vice-Chair. The Audit Committee Chair noted that he would not continue as Chair of the Committee beyond the next academic year and discussions regarding this would take place going forward.

The Committee Chair presented the report, highlighting the following:

- Matters arising - full evidence of the DBS and Exams system booking had not been provided and the action remained open
- The Corporation were asked to ratify the Committee's approval of the Terms of Reference and Schedule of Business
- Internal audit – adequate and effective performance of the College had been confirmed
- Learner number audit delayed but would be completed in 2020/21
- Business continuity audit - actions all in place to increase level of effectiveness
- Due to timings the internal audit progress report had not been available for the meeting and an additional meeting had been scheduled for January 2021 to review this. The required internal audit reviews had not been taken place and therefore the actions could not be ratified and replaced. The process for internal audit was being further reviewed.

The Committee Chair referred to the Risk Register provided for consideration and noted this was much longer than normal. The work of the CFEO and Finance Team was acknowledged and they were thanked for the diligence in updating the risks for the effects of Covid-19. It was noted that there was a separate risk register specifically for Covid-19 which was a very comprehensive document.

The Corporation were informed that the limited amount of subcontracting in place was pleasing and this was way below the ESFA maximum. The Chair responded that the College was in a good position for subcontracting but needed to be careful as an organisation.

The Chair questioned whether the overall year end timetable needed to be reviewed to try to front end load as much as possible so there was not as much pressure on the Audit Committee and Board with the drafts being available in good time. **It was agreed that this would be reviewed by the CFEO.**

The Committee Chair advised the Corporation that the Annual Report of the Audit Committee could be relied upon when discussing the Financial Statements and Management Letter. The Audit Committee recommended the Draft Financial Statements 2019/20 and Management Letter to the Corporation for approval.

The Principal/CEO recorded her appreciation to the CFEO, Director of Finance & Estates (DOFE) and the Finance Team for their work on what had been an epic audit. This was echoed by the Board.

The DOFE reported that this had been an unprecedented audit as normally the auditors would be on site but this time they were working remotely and the College had to send files electronically for review which was a much slower process. The Chair advised that the College should be mindful to use document management systems in case things did not return to normal quickly.

The Chair thanked the Committee Chair for a useful update.

Approved: The Corporation ratified the Committee's approval of the Terms of Reference and Schedule of Business.

Action: CFEO to review year end timetable with regard to the Draft Financial Statements and Management Letter.

10. Financial Statements 2019/20 including Management Letter and Letters of Representation
The CFEO presented the audited financial statements to the Corporation advising that the opinion of the external auditors was unqualified. The following key points were highlighted:

- There had been no adjustments this year
- Deficit on the group operating activities excluding FRS 102 was £1,099K
- Apprentices actual income and tuition fees income had been better than forecast
- Earnings before interest, tax, depreciation and amortization is a surplus
- Financial health rating of 'Good' for 2019/20
- Disappointing that this is the first time the College has made a deficit within the last ten years, however under current circumstances understandable.

The Chair noted that it was good to see that the banking covenants had all been met in the circumstances. The management letter had offered a clean bill of health and provided some benchmarking data which observed that that the College was not the only one in the position to report a deficit.

The Chair referred to the Annual Remuneration Statement in agenda item 8 and noted that the ratio between the salary of the CEO and the means of the organisation was 5.1 and the accounts stated 7.2. It was agreed that this would be checked and the incorrect figure amended – it was also noted that the figure should not be a %.

The CFEO advised that the forecast would also be submitted as well as the accounts to ESFA by 31 January 2021.

In response to a query from Stuart Fraser, the CFEO confirmed that the deadline for submission to the ESFA was 31 January 2021. The CFEO advised that both himself and the Principal/CEO discussed the numbers with the DfE weekly and there were other colleges in East and West London in worse positions than the College.

Stuart Fraser stated that there was a question around the response the College would receive from submitting a deficit and whether there would be any additional funding available. He questioned whether if there was an increase in colleges submitting deficits whether more questions would be asked regarding the viability of colleges. The CFEO replied that Colleges had previously had to bid for funding from the GLA but the AoC was lobbying for funding on behalf of colleges.

It was agreed that the Financial Statements and management letter would be approved subject to checking the mean ratio figure highlighted above. The Chair noted that once the Financial Statements were approved by the Corporation they could not be amended.

Action: The figure for the ratio between the CEO salary and mean salary of the organisation to be confirmed. The incorrect figure to be amended as required and the % to be removed.
Approved: The Financial Statements, Financial Statements Auditors Management Letter and Letters of Representation were approved for 2019/20.

11. Updated Year-end Forecast
The CFEO reported that the forecast operating deficit for the year was £2.3m based on the worst case scenario. The forecast still assumed a shortfall of £600K on the AEB funding shortfall based on the current performance. However, additional work is being carried out to fill the gap and college is fairly confident this will be achieved. An additional grant of £312K has been included in the AEB funding. Taking into consideration the mitigation actions - savings confirmed to date, the latest forecast deficit was £1.4m. The contribution from the projects £600k and the achieving £600k AEB shortfall will further reduce the deficit to £245k. The Chair asked whether the £312K had been included in the figures – this was confirmed.

The CFEO reported that the College was confident it would achieve the project contribution of £600K. He advised that apprenticeships overall target was £2.9m, at the last forecast this was

£2.4m which was a reprofile of 500K. The re-profiled balance to the year-end was £718K. The total income forecast for apprenticeships is £2 m.

The Corporation were advised that a group balance of £245K would need to be identified to achieve a break-even position. The College was working to reduce this figure as low as possible. The Principal/CEO added that a forensic analysis on the variances to optimise the efficiencies was taking place including freezing vacancies, cover in terms of tightening up processes – lot of work with remodelling class sizes, contribution rates to align with staff budget and as a last resort reduction of the agency budget. The CFEO was working through the non-pay costs but the big costs were in the pay.

The Chair referred to the £600K contribution required from projects and advised that if project income needed to match with relevant spend it must be ensured that this would stand up to scrutiny. The Principal/CEO replied that there could be a longer term issue if the College allocated a proportion of the monies to the current workforce and the project was removed, the workforce was left. The key was considering the skills of the workforce.

Bal Panesar stated that there was some probability of achieving the mitigating actions but in order to revert to a break-even budget the potential impact of the items listed would be required. There was a need to better understand the quantum as some strategies would be worth more than others and to know which would be easiest to implement in the required timelines. The Principal/CEO advised that a breakdown would be available after the Christmas break as the work was ongoing. The CFEO added that these were the current strategies being addressed but if the budget could not be balanced then the last resort would be redundancies.

The Chair stated that the College was back to payroll and staff being the best option to reduce cost although the most challenging. The Principal/CEO responded that all actions would be implemented and some would be finalised before Christmas. The Chair advised that the Board would need to return to discussions at this level at the January meeting to take stock of the position.

In response to a query from Stuart Fraser, the CFEO confirmed that the forecast deficit for the year before mitigating actions was £2,357 but the current forecast including these actions was £1,445k. Stuart Fraser stated that the management accounts did not mention £2,357k and questioned if this forecast was achievable. At present the non-pay figures were identical to what had been presented over the last few months. The CFEO responded that the savings had been identified to achieve the deficit and is included in the management accounts the £1,445k. The contribution from the projects £600k and the achieving £600k AEB shortfall will further reduce the deficit to £245k. The figures for the non-pay looked similar due to the £212K increased income plus the covid funds expenditure had increased so it did not match.

Stuart Fraser questioned whether the further proposed reduction of £600k was likely to happen. The CFEO responded that he was fairly confident the £245K could be achieved through AEB and contribution projects. The Principal/CEO added that the projects needed to be explained in more detail as some contributed to management costs or teaching costs but each one was different. The College was now confident that it could deliver the £6.1m AEB budget in its entirety.

The Chair questioned whether the Board were assured that between the projects and the AEB budget the College could find the £1.2m to reduce the £1.45m deficit.

Evelyn Carpenter noted that under the 16-18 funding there was reference to higher funding rates for T-levels and asked if the College were aware if this would be a significant income. In addition with regard to grants and special projects it was queried whether a one year programme could result in a hole in staffing. The CFEO responded that 16-18 was lagged funding methodology and the information available for T-levels was scant but this was being worked through. The Principal/CEO advised that as a guesstimate this looked like a shortfall of £700k. Going forward next year even though the funding had increased due to the size of T-levels, the lag and decline

in numbers would result in c£700K less. The figures would not be finalised until the New Year when the modelling was complete.

The Principal/CEO addressed the second query from Evelyn Carpenter informing that the contribution of the workforce to the project needed to be looked at very carefully and reduction of the workforce considered if appropriate.

In response to a query from the Chair, the CFEO confirmed that only this years forecast would be submitted to the ESFA. The Chair stated that it may be helpful to **provide the following year alongside the current year in the budget modelling summary reports to the Corporation going forward. This was agreed.**

The Chair asked the Corporation if anyone was uncomfortable with the loss of £245K. Stuart Fraser replied that the report indicated that the £1,445 could be reduced by £600K but the £245K was not realistic to submit.

Bal Panesar stated that time stamping and version control needed to be included on the forecasts as the position was becoming confusing. As at November 23rd the College was hitting a £1,445 deficit and work had taken place looking at a potential saving to reduce to £845K as at the 14th December. There was potential to reduce that even more if both £600K and project income was achievable then the deficit was reduced to £245K. Bal Panesar added that he was of the view that £845K deficit was the best position. The Principal/CEO responded that the College was facing a project income of £2.2m and was now clear it could fully meet both the projects and the full AEB targets.

The Chair advised that he was minded to allow the College to submit the £245K deficit but the College must ensure this target was hit at the very least. **The next version of the forecast must be time stamped.**

Evelyn Carpenter noted that she was unable to see the £245K within the report. The Chair replied that the figure was not included and it was crucial going forward that this was used as a lesson to ensure that the papers presented to the Board counted. Verbal amendments were not appropriate.

The Chair referred to the pay award proposed by the Remuneration Committee and reiterated that staff were an important area. Clarification was sought on when the pay award would be implemented and after discussion it was agreed that this would be from the 1 August 2020. The 1 % pay award for all staff was approved by a majority of governors (nine out of eleven present).

Evelyn Carpenter asked whether the next report could **include a breakdown on non pay expenditure savings and what these were in terms of expenditure items. This was agreed.**

Action:

- **The following year against the current year to be included in the budget modelling summary going forward.**
- **All future forecasts to be time stamped to ensure version control.**
- **Breakdown in non-pay expenditure savings and what these were in terms of expenditure items to be included in the next report.**

Approved: That a 1% pay award for all staff (including SPH's) be approved backdated to 1 August 2020.

That the College submit the forecasted £245K deficit to the ESFA.

12. Changes to ESFA Policy

The CFEO presented the changes to the ESFA financial reporting requirements advising that the College had submitted a cash flow template and the deadline for the financial statements had

| | |
|-------------------|--|
| | <p>been extended to 31 January 2021. Colleges at risk were then required to submit a cash flow submission (this did not apply to BDC) and the College would have to submit the IFMC in July 2021. The process, triggers, support, intervention, ESFA request and diagnostic assessment were highlighted.</p> <p>The Chair noted that the Board would trigger the required process if it felt it was in that position but presently that was not a concern. It was suggested that a short paper be presented in future as this would be easier to read in advance than a presentation.</p> <p>Agreed: That the current position be noted.</p> |
| <p>13.</p> | <p>Policy & Resources Committee Report to the Corporation including Health & Safety Annual Report and Financial Regulations</p> <p>Evelyn Carpenter, Chair of the Committee, thanked Stuart Fraser for chairing the last meeting and the CGO for preparing the report.</p> <p>Stuart Fraser advised that a large focus of the meeting had been on the Marketing Plan and useful discussion had taken place. The Committee considered in detail the Health & Safety Update and the approval of the Financial Regulations. A discussion on the budget did not take place as it was felt the necessary information was not available.</p> <p>Approved: The Policy & Resources Schedule of Business and Terms of Reference 2020/21 were approved. The Corporation ratified the Committee's approval of the Financial Regulations.</p> |
| <p>14.</p> | <p>Performance & Standards Committee Report to the Corporation 04.12.20</p> <p>Andrew Brown, Chair of the Committee, reported that this had been a good meeting but this was a challenging time for teaching and learning and the real challenge was to continue to develop and learn from the adaptations made to the current circumstances.</p> <p>The Committee Chair reported that virtual learning walks had been important and the suggestion going forward was that governors participated in exploring what happened in their link areas. Areas that had struggled in the past were now making headway and professional development was particularly strong. There were a lot of challenges with students who had not completed and managing the shift in workload year on year.</p> <p>The Committee Chair advised that if the determination of the Board was to be increased then the Committee needed to be strengthened going forward to ensure that staff had support of the Board. Thanks were recorded to Sarkis Mazmanian for his role as previous Chair of the Committee.</p> <p>Approved: The Performance & Standards Committee Schedule of Business and Terms of Reference 2020/21 were approved.</p> |
| <p>15.</p> | <p>OfS Update</p> <p>The Principal/CEO reported that the College had received a letter from the OfS regarding application for registration acknowledging their willingness to accept a new application. This involved a new process, updated access and participation statements and a self assessment plan etc. The College was also waiting for the consultation document in order to look at the approach for condition B3 to be able to submit an application in January 2021. It was noted that the College had been removed from the list of providers who were not on the register on the OfS website.</p> <p>Agreed: That the current position be noted and updates provided in due course.</p> |

| | |
|---|--|
| 16. AoB | There was no further business. |
| 17. Self-assessment of meeting | Forhad Altafi stated that this had been a good meeting and discussion had been to the point. |
| 18. Date and time of next meeting – Additional Meeting to be held on Monday 25 January 2021, 4pm | |

The Chair thanked all those in attendance for their contributions and the meeting closed at 17.52pm.

| Agenda Item | Action | Responsibility | Timescale | Update |
|--------------------|--|-----------------------|------------------|---------------|
| 7. | Review of I&A to include determination, blended meetings, teams, issuing of papers to take place at the Search & Governance Committee. | CGO | January 2021 | |
| 9. | CFEO to review year end timetable with regard to the Draft Financial Statements and Management Letter. | CFEO | ASAP | |
| 10. | The figure for the ratio between the CEO salary and mean salary of the organisation to be confirmed. The incorrect figure to be amended as required and the % to be removed. | DOFE | ASAP | |
| 11. | The following year against the current year to be included in the budget modelling summary going forward. | CFEO | 25/01/21 | |
| 11. | All future forecasts to be time stamped to ensure version control. | | 25/01/21 | |
| 11. | Breakdown in non-pay expenditure savings and what these were in terms of expenditure items to be included in the next report. | | 25/01/21 | |

