

South Staffordshire College



BOARD OF GOVERNORS

Minutes of the meeting held on 12 February 2021

PRESENT:

Steve Burgin (Chair)) External Governors
Tim Legge)
Andrew Elsby-Smith) Governor present following minute 316
David Isteed)
Tony McGovern)
Phil Tapp)
Helen Simpson)
Mike Rowley)
Philip Atkins) Governor present following minute 296
Claire Boliver	Chief Executive & Principal (CEP)
Nicki Truman	Staff Governor (Business Support)
Steve Oliver	Staff Governor (Teaching)
Katy Buxton	Student Governor

In attendance:

Kirk Hookham	Deputy Chief Executive
John Snow	Deputy Principal - Finance & Resources
Kim Vaughan	Assistant Principal – Learner Services
Karen Turley	Assistant Principal – Quality
Karen O'Reilly	Assistant Principal – HR
David Cousins	Assistant Principal - Curriculum
Jason Whitaker	Director of IT & Project Performance <i>present under minute 297 to 301 only</i>
Miranda Hughes	Clerk to the Corporation

PART 1

APOLOGIES FOR ABSENCE

295 Apologies were received from Andrea Chilton and Adam Stamps.

DECLARATION OF INTERESTS

296 None received.

STAFF PRESENTATIONS

297 The Director of IT & Project Performance provided an overview of his role, wider IT and infrastructure at the College, with specific emphasis upon cybersecurity, the impact of the Department over a 24-month period and its objectives for the future.

298 A question was raised regarding the breadth of knowledge and experience within the staffing base of the Department, to which it was confirmed that the collective experience of the team continued to be broadened given that the team had been restructured over the past two years. As such with the College had reliance upon external partners to bring depth into the organisation in the interim. The Director of IT &

Project Performance went on to state that a major focus of the College was to ensure that the Department engaged only with partnerships that had a clear understanding of the mission of the organisation.

299 The Director of IT & Project Performance was asked for detail regarding his main area of concern, to which he advised related to cybersecurity. To ensure the College was equipped to protect itself against such matters, attention was drawn to the investments made in this area over the past 18 months where it was confirmed that the focus was now upon ensuring staff development.

300 The technological opportunities available as a consequence of the COVID-19 pandemic were raised, where the Director IT & Project Performance advised that the College had been particularly affected with regard to the execution of practical assessments during this time. To address this, the importance of building relationships with industry and subsequently drawing on their expertise was discussed, in order to enable the College to provide enhanced curriculum delivery beyond that of traditional and physical classrooms for the greater benefit of its learners.

301 On behalf of the Board, the Chair thanked the Director of IT & Project Performance and his team for the valuable work undertaken which enabled College operations to continue under challenging circumstances as a consequence of the COVID-19 public health emergency, whilst simultaneously driving forward improvements and positive change. The CEP echoed these comments.

SAFEGUARDING UPDATE

302 As part of the Board's oversight in this vital area, the Assistant Principal for Learner Services/Designated Safeguarding Lead (DSL), together with the Link Governor for Safeguarding, provided an update on safeguarding matters prior to the submission of the Term One Safeguarding Report which would be presented at the March meeting. It was reported that the College had seen increased numbers of mental health-related referrals throughout the pandemic, with increased utilisation of both mentor support and external agencies so that the appropriate level of help could be provided. Attention was drawn to the fact that the January 2021 national lockdown had impacted upon a different cohort of students, predominantly school leavers, the majority of whom had had minimal contact with education providers since March 2020 and as such required increased levels of support.

303 The Link Governor for Safeguarding echoed the DSLs comments and also stated that the College was representative of the national picture regarding mental health and wellbeing, which had been exacerbated by the pandemic. It was agreed that the influence of an organisation's culture was fundamental upon the wellbeing of its staff and students and, whilst it was not possible to solve all problems in this regard, the responsibility to provide support, alongside external agencies must remain a high priority.

304 The ways in which the College supported both social isolation and health and wellbeing were discussed, whereby confirmation was received that Progress Coaches provided a range of online activities to support learners such as clubs, quizzes, and physical activity, which had received positive feedback at Learner Voice meetings. Additionally, the Learning and Resource Centres (LRCs) at both Tamworth and Rodbaston sites had been opened to provide further support for students, in line with government guidance. Finally, it was confirmed that work had been undertaken to assist learners with the management of anxieties in response to COVID-19 and that the referral process had been enhanced to ensure regular contact and support was maintained.

305 A governor asked for detail regarding the ways in which the College identified apprentices who were impacted by mental health issues to which it was confirmed that both health, safety and safeguarding matters were routinely discussed with apprentices, assessors and employers, in addition to the referral processes in place.

HEALTH & SAFETY

306 The Deputy Principal – Finance & Resources updated the Board on Health & Safety matters, where no issues were reported.

CYBERSECURITY UPDATE

307 The Board received an update on cybersecurity from the Deputy Principal, who advised that the level of DDoS attacks at the College had reduced significantly since Christmas. As such, no issues were reported.

COVID-19 IMPACT UPDATE

308 The Deputy Chief Executive updated the Group with regard to COVID-19 impact, in light of the January 2021 national lockdown. The following information was highlighted:

- As required by the DfE, face-to-face teaching ended on 17 December, with delivery being undertaken remotely except for vulnerable students, with Learning and Resource Centres (LRCs) open at Tamworth and Rodbaston sites.
- Futures remained open at Rodbaston for vulnerable learners with an EHCP whose parents wished for them to attend, along with Route to College learners who could not learn from home.
- Timetables continued as normal but remotely, with theory front-loaded which had been reflected in assessment plans and schedules.
- Attendance was robustly monitored and registers marked as normal. As at 9 February, attendance was confirmed to be high at 91.2%.
- As at 9 February, 95.2% of students were still on track and retention was reported to be at 95.3%, 1.6 % lower than at the same point in 2019-20.
- As at 9 February:
 - 24 members of staff categorised as Clinically Extremely Vulnerable;
 - 136 members of staff subject to self-isolation since September 2020; and
 - 40 members of staff tested COVID positive since September 2020 of which one member of staff, with underlying health conditions, had passed away.
- Asymptomatic Testing at Tamworth Campus for Staffordshire County Council had been undertaken from mid-January and a testing facility had been established at the Lichfield site.
- On 5 January, DfE guidance allowed for some examinations to be undertaken during the month of January, where providers judged it right to do so and as such, a number of externally set COVID-secure exams were undertaken so as not to disadvantage students.
- In line with the most recent DfE guidance, planning was being undertaken for a controlled and safe return to College from 8 March for small groups of students to complete exams or assessments who should have completed programmes in January, February or March.
- Consultations on how learners would be awarded qualifications and grades in summer 2021 had now closed and as such, the College expected to receive further guidance towards the end of February on both GCSEs and vocational qualifications.
- In reference to minute 304 above, the work to support social isolation and mental health were reiterated.
- On 3 February, Futures staff had been invited to be put forward for prioritised vaccination and as at 10 February, 35 members of staff had been vaccinated.

309 In response to the death of a member of staff, governors offered their deepest condolences to the bereaved family.

310 It was agreed that the impact of COVID-19 was likely to affect how the College delivered its services for the foreseeable future. On behalf of the Board, the Chair thanked Deputy Chief Executive for the update.

MINUTES

Board

311 **Resolved** that the minutes of the meeting held on 10 December 2020 be approved as a true and accurate record.

Action Grid

312 The Board reviewed the action grid, noting the actions completed and progress made on actions and matters arising identified at the Board meeting held on 16 December 2020.

Finance Improvement Group

313 The minutes of meetings held on 16 December 2020 and 19 January 2021 were received. The Chair of the Group reported that the major areas of focus centred upon the 2019-20 Financial Accounts, covenant compliance and reviews of financial reforecasts pre and post the January 2021 national lockdown, all of which were confirmed were to be covered throughout the course of the Board meeting.

Written Resolution

314 The Clerk reminded governors of the approval of a Written Resolution, passed on 13 January 2021 in regard to the revision of the COVID-19 Safeguarding, Child Protection and PREVENT Policy, following the most recent guidance published by the DfE.

Audit Committee

315 The Committee Chair reported in detail the business considered at the Audit Committee meeting held on 12 February 2021. The following matters were highlighted:

- None of the auditors had any issues to raise with the Committee in private.
- The timeframe by which both the leadership team and auditor became aware of the covenants breach with Lloyds Bank was raised with the External Auditor, along with the evidence base that assumed no breach would occur in advance. The Committee were advised of the fundamental issue of chronological challenges associated with the new loan agreement not being in place until September 2020 and therefore after the 2019-20 year end.
- The External Auditor advised that the 2019-20 financial statements audit process had been positive and went on to advise that, following the November meeting, covenant arrangements had been reviewed for the year ended 31 July 2020, along with the College's latest financial forecasts of which were yet to reflect the level of additional expected in-year 16-18 growth funding which, at the time of the meeting, was yet to be confirmed by the ESFA. Following this, there remained few matters still to be clarified and that an unqualified opinion was expected to be issued with no issues of concern to bring to the attention of the Committee.
- Going Concern was discussed at length by the Committee and, in the External Auditor's opinion, there were no covenant issues at 31 July 2020 and therefore the College's bank debt was appropriately disclosed in the financial statements. Similarly, he stated that, considering both the proposed amendments to the 2020-21 covenants combined with the additional expected in-year 16-18 growth funding, a breach of bank loan covenants in 2020-21 was not anticipated.
- The External Auditor advised that the production of a revised financial forecast, which showed the impact of in-year 16-18 ESFA growth funding, would be beneficial for all parties to have sight of, to fully ascertain whether or not covenant challenges would be apparent in 2020-21.
- There remained one medium priority internal control recommendation; related to the strengthening of internal control or enhancement of business efficiency in relation to the reconciliation of asset values between the asset register and the financial accounts.
- The Committee undertook a review of the updated Financial Statements, with specific focus upon the updates made to the document in view of covenant and Going Concern matters where it was agreed that the narrative related to Going Concern would be updated to the satisfaction of both the College and External Auditor following the meeting.
- The Committee were informed that Lloyds Bank had stated that the completion of their work would take place in the week commencing 15 February and as such, had committed to communicating an outcome to both the College and External Auditor in advance of the ESFA revised accounts submission deadline. Should the outcome fall below expectations, an additional meeting of the Audit Committee would be convened.
- It was resolved that, subject to no material changes to the financial statements during the process of finalisation, and confirmation in writing from Lloyds Bank that that the proposed covenant amendments have been approved the Board be recommended to approve the 2019-20 financial statements and the letter of representation.
- A draft report which detailed comprehensive findings from the externally commissioned mock review of learner numbers was presented to the Committee by the representative from RSM, which identified ten key areas that could likely lead to funding clawbacks should supporting evidence fail to be provided following an official ESFA funding review. Confirmation was received that, during the debrief post audit, College staff were aware of the areas for development.
- A remediation plan following the mock review of learner numbers would be produced and presented at the March meeting, to enable the Committee to review and monitor progress against set timescales

Internal Audit Strategy and Annual Internal Audit Plan 2020-21

316 The updated Internal Audit Strategy and Annual Audit Internal Plan for 2020-21 through to 2022-23 was presented to the Board, recommended for approval by the Audit Committee in advance of the meeting. The following amendments were agreed:

- Removal of the review of Learner Numbers.
- Postponement of the review of Business Continuity and Disaster Recovery, due to COVID-19.
- Postponement of the review of Cash Receipting, due to COVID-19.
- Inclusion of the review of HR and Safeguarding

317 **Resolved**

1. that cybersecurity be built into the scope of the Business Continuity and Disaster Recovery review.
2. that, subject to the abovementioned amendment, the updated Internal Audit Plan for 2020-21 be approved.

Quality Improvement Group

318 The Chair of the Quality Recovery Group verbally reported on the business covered at its last meeting held on 10 February 2021. Attention was drawn improvements within engineering and also landbased provision. Improved performance within English and maths was also reported, particularly regarding the further integration of English and maths provision within the delivery of learners' core subject areas where it was confirmed that regular communication between English and maths and curriculum staff continued to take place, combined also with learning walks, all of which had been received with enthusiasm from Staff. With regard to evidence of impact, governors were informed that, within construction, the exercise had resulted in attendance improvements 10% since the beginning of the academic year to February, which related to approximately 250 learners.

319 The Board were informed that the first deep dive had commenced in the week commencing 16 November 2020, focused within apprenticeships provision where a summary of findings and subsequent discussions were shared. Attention was drawn to areas of development, specifically regarding the impact of COVID-19 and leadership and management, all of which were reported to be in the process of being addressed at pace, with the support of an external specialist. A full report on apprenticeships provision would be provided at the March Board meeting.

FINANCIAL STATEMENTS AND REGULARITY AUDITOR'S REPORT

320 The revised Financial Statements and Regularity Auditor's Audit Completion Report was received, reviewed in advance of the meeting by the Audit Committee, with the final 2019-20 outturn in line with year-end forecast outturn. The Deputy Principal – Finance & Resources stated that a review of covenant arrangements that the College had in place for the year ended 31 July 2020 had been undertaken by the External Auditor, along with a review of its latest financial forecasts of which, at the time of writing, were yet to reflect the additional expected in-year 16-18 growth funding confirmed by the ESFA on 3 February 2021. There remained no high priority issues arising from the audit of the accounts, with only one medium-priority internal control recommendation stipulated, as reported at the Board's December meeting (*referred to under minute 235*). As such, an unqualified opinion was expected to be issued with no issues of concern to bring to the attention of the Board. The report also contained the auditor's Letters of Representation, which required Board approval (*referred to under minute 325-328*).

321 The Deputy Principal announced that, on 9 February, the ESFA had provided confirmation that the College would be awarded £692k of additional 16-18 growth funding, plus an additional £146k of Teachers Pension Scheme support. He went on to state that, whilst the receipt of written confirmation of covenant waiver amendments from Lloyds Bank was yet to be received, confirmation of the in-year funding would bring further comfort to the Bank, in addition to the prudent re-forecast submitted in January.

322 Unadjusted misstatements totalling £63k were identified within the Executive Summary of the report and subsequently questioned given that the information had not been detailed further within the Summary of Misstatements later in the report. In response, the Deputy Principal confirmed that the discrepancy would be addressed outside of the meeting with the External Auditor.

323 The subject of whistleblowing was raised to which the Deputy Principal confirmed that the College was not aware of any whistleblowing allegations or investigations.

324 Confirmation was received that the procurement and re-tender process for external audit services would commence following the submission of the 2019-20 financial accounts to the ESFA. The approval of

the appointment process was confirmed at the December Board meeting (*referred to under minute 241-243*).

FINANCIAL STATEMENTS FOR 2019-20 AND AUDITOR'S LETTERS OF REPRESENTATION

325 The revised Financial Statements for 2019-20, which included the Auditor's Letters of Representation, were received for consideration. The final position showed an operating deficit of £199k, which was reported to be in line with the July forecast outturn, reviewed in advance of the meeting by the Audit Committee and as reported at the December Board meeting (*minute 238 refers*). Attention was drawn to the changes made to the document following the December Board, with specific focus upon Going Concern matters, banking covenants and the receipt of additional in-year funding for the increased number of 16-18 learners of £692k plus additional Teachers Pension Scheme support of £146k.

326 The Board were informed that Lloyds Bank had stated that the completion of their covenant waiver work would take place in the week commencing 15 February and as such, had committed to communicating an outcome to both the College and External Auditor in advance of the ESFA revised accounts submission deadline of 19 February.

327 The Board discussed how confirmation of the in-year funding strengthened the College's financial position which would in turn bring further comfort to the Bank, in addition to the prudent re-forecast submitted in January, which had not assumed any 16-18 in-year growth funding for 2020-21. Should the outcome fall below expectations, the subject of an extension to the extended ESFA submission deadline was raised and confirmation was received that a further delay would place the College into formal intervention status. The Deputy Principal stated that he would be in regular communication with the Bank until an outcome had been communicated. Confirmation was received that the ESFA would also be informed of developments.

328 Resolved

1. that, subject to finalisation, and confirmation in writing from Lloyds Bank that the proposed covenant amendments have been approved, the Financial Statements for 2019-20 be approved.
2. that the Auditor's Letters of Representation be approved.

329 The Board acknowledged that a vast body of work had been undertaken and therefore thanked Deputy Principal and his team accordingly.

ANNUAL REPORT OF THE AUDIT COMMITTEE

330 The updated Audit Committee's Annual Report was received which summarised the work of the Committee and the outcomes of audits during the 2019-20 academic year. Specific reference had been made to the changes to the document since it was last presented at the December meeting in respect of the matters referred to under minute 320 – 321 above.

MANAGEMENT ACCOUNTS TO 31 DECEMBER 2020

331 The Board received the Management Accounts to 31 December 2020. The operating position detailed within the document presented showed a deficit position of £344k against a profiled deficit of £122k. In light of the 16-18 in-year growth and Teachers Pension Scheme funding announcements from the ESFA totalling £838k and discussions with Lloyds Bank regarding 2020-21 covenant adjustments in both January and February, the Board agreed that matters had since progressed since the time of writing the document. Confirmation was received that a new financial reforecast would be produced which would incorporate the additional funding and illustrate the updated financial position of the College.

332 Attention was drawn to the section of the document entitled Summary of Financial Health and Banking Covenant Compliance where it was clarified that, as at December 2020, the breach position for 2019-20 and 2020-21 related to Lloyds banking covenants. The probability of a covenant breach with Barclays Bank at 2020-21 year end was discussed. The Deputy Principal confirmed that the Barclays full year 2020-21 covenant was £16k away from being compliant prior to the in-year funding announcement. As such, the risk of a breach had since been mitigated by the confirmation of additional funding.

333 Governors were informed that apprenticeship funding continued to remain the main risk to achieving funding targets, with a slower than usual start to the financial year. Retention had also been affected by lockdown and associated decline of the economy. As such, the Deputy Principal confirmed that the College forecast had already been reduced from £2.35m to £2.2m and had now been further reduced to £1.9m.

334 Attention was drawn to the progress made to achieve both ESFA and WMCA AEB funding allocations, where it was confirmed that, at the time of the meeting, the College had achieved approximately 68% of its allocation and as such would continue to be monitored to ensure further income was secured throughout the course of the academic year.

335 In light of the ESFA in-year funding announcement, the subject of the achievability of a staff pay award was questioned by governors and subsequently discussed. Confirmation was received that the in-year cost of a pay award was estimated at £145k; the affordability of which had been previously brought under question prior to the funding outcome on 9 February. The Deputy Principal advised that, in his opinion, the funding amount awarded by the ESFA would be sufficient to warrant a recommendation to the Board that a pay award was made to the College workforce at its March meeting, to bring all staff in line with the AoC recommended pay scales. To illustrate affordability, he advised that a two-year reforecast would be presented alongside the recommendation to inform decision making against the overarching principle of financial stability and affordability.

336 Given the in-year funding received in 2020-21, a governor enquired into whether there was any impact to 2021-22 rolling cash position. Confirmation was received that the ESFA lagged funding model remained in place and as such, the numbers generated in terms of 16-18 learners in 2020-21 would still lead to an increased allocation for 2021-22 by approximately £1.2m and as such, the in-year funding received would not be deducted from the 2021-22 sum but instead awarded as an additional sum in recognition of the increased learners and associated cost in 2020-21. This in turn was confirmed to have had a positive impact on cashflow with approximately £500k of additional net profit at the end of the academic year.

Tender and/or Quotation Outcomes Exceeding £75k

337 The Board received detail of supplier turnover which covered the period from December to February, reviewed in advance of the meeting by the Finance Recovery Group. Confirmation was received that there had been no items over £75k purchased within that period. Governors were reminded of two purchases from GBSLEP funds for Digital Hubs, previously agreed by the Board at its October meeting.

338 Governors went on to consider a £90k software purchase from the Prodigy Learning Group, which covered the majority of software required for new teaching in the Digital Hubs. Additionally, a £108k purchase from Trenton Construction from ESFA Capital Improvement funds for the demolition of the Capelle and Wells buildings on the Rodbaston site, in accordance with the Estates Strategy, was also considered. Detail in relation to the procurement was also shared.

339 Resolved

1. that the purchase of software from the Prodigy Learning Group be approved.
2. that the purchase of services from Trenton Construction be approved.

TWO-YEAR FINANCIAL REFORECAST

340 The two-year financial reforecast and associated supporting documentation submitted to Lloyds Bank in January 2021 was received and noted. It was reported that the Bank had requested refreshed financial information to take into account the 2021 national lockdown, in addition to what had been submitted in December 2020. Given that matters had since progressed since the time of writing the January reforecast, confirmation was received that a new financial reforecast would be produced and presented at the March Board meeting to reflect additional in-year ESFA funding.

ANY OTHER BUSINESS

College Seal

341 The Board received a report from the Clerk in relation to the use of the College Seal for the purpose of sanctioning a licence for works for number 5 Rodbaston Drive.

2021-22 Meeting Dates

342 The Clerk reported that the planning of the 2021-22 Corporation meeting schedule had commenced and, to ensure that scheduling was informed, members were invited to advise her directly of any specific dates of which would make attendance a challenge. Governors were advised that prior commitments would be accommodated wherever possible.

Learner Voice

343 Governors in attendance at January Learner Voice meetings provided positive reports to the Board with regard to the way in which a) business was conducted, b) previous issues had been addressed and c) learners had expressed their appreciation in response to the support offered by the College. As such, College staff were commended for their work to support learners.

Staff Supporting Change

344 The CEP reported on the work undertaken with regard to Staff Voice, rebranded Staff Supporting Change. Governors were advised that the scheduling of such meetings had increased when compared to previous years and the findings of which had been largely positive, with areas for further development identified, along with a number of innovative ideas for improvement, which would be taken forward. She advised that further reporting would take place a subsequent Board meetings.

DATE OF NEXT MEETING

9am, Tuesday, 2 March 2021

Chair

Date