

EASTLEIGH COLLEGE BOARD
MINUTES OF MEETING HELD ON WEDNESDAY 16 DECEMBER 2020, 1700hrs using 'Teams'

Present:

Jon Sendell (Chair)

Natalie Wigman

Steve Johnson

Bernie Topham

Mr Cox (Chief Executive and Principal)

Mairead Taylor

Rupert Goodman

Colin O'Donoghue

Judith Grajewski

Gemma Baker

Jem Musselwhite

Julie Richmond

Sophie Annett

Phil Harris-Bridge

James Heaton-Smith

Kerry Matthews

Paul Cox (Chief Executive and Principal)

In Attendance:

Kevin Jones, Vice-Principal (Finance, Funding and Management Information)

Darren Coventry, Vice-Principal Commercial and Customer Services

Lou Gittens, Vice-Principal Curriculum

Paul Stannard, Vice Principal Quality

Dr Chris Davis OBE, Clerk to the Board

B.40.20 GOVERNORS' MEETING TIME WITHOUT SMT

(Confidential item)

i Findings of Investigation on PDT

(See Confidential addendum)..

ii Completion of the probationary period of the Vice-Principal (Finance, Funding and Management Information) Mr Kevin Jones

(See Confidential addendum).

(End of Confidential item)

(All SMT and members of staff joined the meeting)

B.41.20 MEMBERSHIP & BOARD MATTERS

i Apologies

Apologies were received from student governors Lucas Reynard and Sian Davison.

ii Declarations of Interests

There were no declarations of interest, financial or otherwise declared.

iii Minutes of the Last Meeting 21 October 2020

The minutes of the meeting held on 21 October 2020 were agreed and signed as a true and accurate record.

iv Matters Arising

Mr Cox said that he was still in the process of producing a document on FE College mergers and the issues involved for distribution to all Governors.

ACTION: PC

There were no further matters arising associated with the minutes of the Board meeting on the 21 October 2020.

(Mr Sendell retired from the meeting)

v Further 12 month extension, Mr Jonathan Sendell

The Clerk informed Governors that Mr Sendell had been given a further 12 months extension as a Governor and as Chair of the Board in December 2019 and it was now time to review this extension and approve a further extension of 12 months.

Mr Sendell confirmed previously that he was happy to continue as Chair of the Board for a further 12 months.

Governors unanimously agreed to Mr Sendell continuing as Chair of the Board for a further 12 months.

(Mr Sendell re-joined the meeting)
(Mr Johnson retired from the meeting)

vi Further 12 month extension, Mr Steve Johnson

The Clerk informed Governors that Mr Johnson had completed his two four-year terms as a Governor at the College, however due to the strategic exigencies facing the College at this time it was felt necessary to enquire if Mr Johnson would consider a further 6 month extension in his role as Chair of the Finance and General Purposes Committee until the end of the academic year.

Mr Johnson confirmed previously that he was happy to continue as Chair of the Finance and General Purposes Committee for a further 6 months.

Governors unanimously agreed to Mr Johnson continuing as Chair of the Finance and General Purposes Committee for a further 6 months.

(Mr Johnson re-joined the meeting)
(Mrs Wigman retired from the meeting)

vii Further 4 year term of office, Mrs Natalie Wigman

The Clerk informed Governors that Mrs Wigman had completed her first four-year term as a Governor at the College. A decision for a further 4-year term of office was now being sought.

Governors unanimously agreed to a further 4-year term of office for Mrs Wigman.

(Mrs Wigman re-joined the meeting)

viii Retirement of Governor – Councillor Judith Grajewski

The Chair formally reported that this was the final meeting for Councillor Grajewski having served on the Board for four years. Her loyal and outstanding service to the College was very much appreciated, especially her work on the Finance and General Purposes Committee.

Councillor Grajewski said it had been an honour to work as a Governor at the College, she would certainly miss the strategic challenge and providing support for the young people of the area. She wished the College all continued success in the future.

Governors thanked Councillor Grajewski for her hard work and wished her well for the future.

ix 12 month appraisal Ms Julie Richmond

The Clerk explained that Ms Richmond had completed her initial 12 months as a Staff Governor and was seeking to be further extended to complete her first 4-year term of office.

The Board unanimously approved Ms Richmond's 12-month appraisal and her further extension to complete her first 4-year term of office.

B.42.20 GOVERNORS' MONTHLY REPORT – OCTOBER 2020

i Financial aspects

Mr Jones reported some of the key messages from the October 2020 report.

He informed Governors that the forecast outturn is slightly improved on the previous month, projecting an operating deficit of £395k against a budgeted deficit of £775k, producing a positive variance of £380k. There was he said still a lot of uncertainty around COVID-19 events and there would be more challenges in 2021. He concluded by saying that he felt that the College would not be in a position to break even this year.

The Cash position is strong and despite dropping back slightly would likely finish at about £2m by the end of the year.

He reported that there was lots of activity around capital expenditure and the good news of an extended period of spend of the £1.1m for conditions work on the College received in September 2020.

Mr Johnson congratulated Mr Jones on the report and said it was the first time ever that it reports against budget and previous forecasts and is now part of the Income and Expenditure account.

He concluded by saying that any further views of how to improve the reporting would be very welcome, especially from new members of the Board.

Mr Cox wished to focus Governor's attention to a bullet point from the financial reporting headlines, which focused on the pressures relating to Covid-19 and the fulfillment of the new College strategy and business plan with the possibility of additional staffing being required. Furthermore the timing of the planned SMT transition may well see some overlap of new and existing postholders to enable a transition period which could also see staffing costs increase.

ii Safeguarding update

Mr Stannard reported that October had been a relatively busy month for safeguarding incidents; 91 incidents of which 72 attributed to historical information. He highlighted that there had been involvement with police regarding exploitation issues with some of the supported learning learners and 4 students that 'went missing in education' (all now reported safe).

Mr Heaton-Smith asked if the College looks at any trends and bench marking.

Mr Stannard said numbers are up, especially in connection with mental health and going back to look at the data is very useful.

Ms Matthews said it would be useful for Governors to receive percentages of referrals or activities to provide context to the reporting.

Mr Stannard said he would be able to provide this in future reporting.

ACTION: PS

Mr Harris-Bridge felt the report was very comprehensive, however there was a need for outcomes of action and who is responsible together with a definite timeline.

Mr Stannard explained that this was all contained in the system used by the College 'Pro-monitor', which provides the whole journey. The information can be broken down and is available and accessible to the SMT.

Mr Stannard reported that the Link Governor for safeguarding is Ms Matthews.

Councillor Grajewski reported that she is a member of the HCC Health and wellbeing board, which reports to the Council on the impact of mental health on schools and colleges. They are becoming concerned about mental health champions within education and how they are coping.

Mr Stannard said that the College now has 25 mental health first-aiders who work with the learner mentors, qualified and trainee councillors. It is planned to train more mental health first-aiders in the new year.

Ms Matthews said that there are challenges ahead and more data is required at the University to provide the necessary services. Future proofing is a very big challenge and an area of work that needs to be continually flagged.

Mrs Topham agreed with this summary and commented that it was also about learners being ready for the environment they faced. The pandemic was also adding to the anxiety.

Mr Stannard concluded by saying that the Hampshire Safeguarding Children Board Annual Audit form goes off annually.

- This year's report had been submitted
- Working really hard on improving the website page 'Learner hubs'
- 1-1 meetings with subcontractors
- Prevent, strong relationship with the South East Prevent Co-ordinator

Ms Matthews made two further comments:

- She felt that the Safeguarding Team at the College hugely underplay all the positive hard work and results that they are achieving
- Benefits of receiving all the minutes and the referral to the Link Governor being familiar with all the policies, she confirmed for the minutes that she was.

iii Matters arising

Mr Cox asked if there were any questions regarding the monthly report.

No further matters were raised concerning the monthly report.

Governors noted the Financial aspects, Safeguarding update and matters arising from the Governors' Monthly Report, October 2020.

B.43.20 TO RECEIVE VERBAL REPORT ON THE MINUTES OF COMMITTEE MEETINGS

i Audit Committee Minutes, 4 November 2020

Mrs Taylor provided Governors with a verbal summary of the meeting of the Audit Committee on 4 November 2020.

The Committee covered the following agenda items:

- Audit Committee Annual Report to the Board
- Internal Audit Annual Report, 2019/20
- External Audit Progress re 2019/20 closure and associated audit report
- Procedure for appointment of External and Internal Auditors 2021/22
- Review of Risk Management Board minutes on the 8 October 2020
- Procedure for Risk Management

Governors received the verbal report on the Standards Committee draft minutes of 4 November 2020.

ii Finance and General Purposes Committee Minutes, 18 November 2020

Mr Johnson provided Governors with a verbal summary of the meeting of the Finance and General Purposes Committee on 18 November 2020.

He explained that the minutes reflected the Committee's decisions and actions relating to the following agenda items:

- College Banking and Insurance Arrangements
- Subcontractor Policy
- Subcontractor Procedure
- Disciplinary Procedure for Senior Post Holders

Governors received the verbal report on the Finance and General Purposes Committee minutes of 18 November 2020.

iii

Standards Committee Minutes, 2 December 2020

Mrs Wigman made Governors aware of the following agenda items discussed at this meeting:

- Governance SAR
- Whole College SAR
- Final outcomes 2020/21
- QIP final report
- Marketing Strategy (to be circulated to all Governors)

Governors received a verbal report on the Standards Committee draft minutes of 2 December 2020.

iv **Eastleigh College Ltd, 16 December 2020**

The Clerk gave a verbal summary on the meeting that had taken place an hour earlier. He advised that the company's Directors had approved the Financial Statements.

Governors received a verbal summary of the meeting of Eastleigh College Ltd of 16 December 2020.

B.44.20 TO RECEIVE OPERATION & TERMS OF REFERENCE OF COMMITTEES

i **Audit Committee**

No changes were made to the Terms of Reference of the Audit Committee.

It was agreed:

To approve the Audit Committee Operation and Terms of Reference.

ii **Finance and General Purpose Committee**

No changes were made to the Terms of Reference of the Finance and General Purposes Committee.

It was agreed:

To approve the Finance & General Purposes Committee Operation and Terms of Reference.

iii **Standards Committee**

No changes were made to the Terms of Reference of the Standards Committee.

It was agreed:

To approve the Standards Committee Operation and Terms of Reference.

B.45.20 TO RECEIVE

(Confidential items)

- i Sub-Contracting Policy**
(See Confidential addendum).

Governors received and noted the Sub-Contracting Policy.

- ii Business Plan and KPI Progress**
(See Confidential addendum).

Governors received the FEC Diagnostic Assessment Report.

B.46.20 TO APPROVE

- i In Year Sub-contractor Contracts and Amendments**
(See Confidential addendums).

(End of Confidential items)

- ii Audit Committee Annual Report to the Board**

Mrs Taylor said that report is an annual requirement of the Joint Audit Code of Practise, covering a summary of the committee's activities for the year under review, including any significant issues arising and any significant matters of internal control included in reports received from auditors or other assurance providers. It provides the committee's view of its own effectiveness and how it has fulfilled its terms of reference.

Also included in the report is the committee's opinion on the adequacy and effectiveness of the College's audit arrangements, its framework of governance, risk management and control, and its processes for securing economy, efficiency and effectiveness.

She said that it was the Audit Committee's opinion that the College has an adequate and effective framework of control, which provides reasonable assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

Mr Harris-Bridge said that under 'Effectiveness of the Audit Committee' it sounded very much like the Audit Committee declaring its own effectiveness. Surely there was a requirement for independent assessment of this effectiveness by the auditors.

The Clerk confirmed that both the independent auditors were always present at the meetings of the Audit Committee and bi-annually reviewed governance at the College, which included the Audit Committee.

Mr Harris-Bridge said that the involvement and support of the auditors needed to be referred to within the report to ensure an independent source of compliance.

The Chair asked Mrs Taylor and the Clerk to investigate the inclusion of support and assistance from the internal auditors within the report.

ACTION: MT/CD

Mrs Topham asked for a review of the following information within the report:

- She reported that a typographical error had been made on page 10, the date of her appointment should read March 2019.
- Another typographical error needed to be checked and referred to the meeting 22 May 2019, which should read 22 May 2020.

ACTION: CD

Mr Johnson asked for a reference to be made regarding Miss Shirley Nellthorpe retirement.

Governors approved the Audit Committee Annual Report to the Board subject to the amendments above.

iii Risk Management Process and Methodology

Mr Jones began by explaining the background to the current Risk Register (51 pages) and Risk Reduction plan (25 pages). This approach he said has been well received by Governors and has also received positive feedback from Internal Audit reviews. However, the documents have, through continuous additions, become too large and unfocussed to support management decisions. The risk management process has become bureaucratic and responsive, rather than being a tool to support management decisions. The recent FE Commissioner Diagnostic Assessment also recommended that the Risk Register was 'overly complex' and needed more clarity.

All the previous risks have been mapped into a simple 4x4 matrix. The over complexity of how risks are managed is the main reason behind the proposed changes to risk management.

The proposal under discussion is that the College moves to a new focussed list of risk events. These are presented to Governors and management in a format that provides a simplified Risk Register with top-level information alongside a Risk Matrix, which plots the current net risk scoring. Each individual risk would also have a detailed individual risk report, which would support the effective risk management and replace the Risk Reduction Plan.

Mr Jones then took Governors through the next steps to develop the new process. Mrs Annett said she was encouraged by this style of risk management, however she could not find two things:

- How regular will the reviews take place
- No mention of mitigation or planned management of risks

Mr Jones said that any mitigation would go into the risk report and the review procedure needs to be developed.

Mr Johnson congratulated Mr Jones and fully supported the proposal.

He felt that some of the 14 risks were quite subjective and enquired whether the existing risks were picked up in the 14.

He concluded by saying that he felt the new process was an excellent way of monitoring the risks going forward but importantly could be used to scope potential opportunities.

Mr Harris-Bridge wanted to echo comments already made by Governors and the approach to strategic risk management.

He wished to make the Board aware of his experience on other boards during the pandemic crisis and the discussion on "we didn't see that coming", has reformulated / repositioned the board's approach to strategic risk management. The key as a governing body is seeking assurance on managing and mitigating against strategic risk is not something that the Board does alongside its other responsibilities; it is the work of the Board.

Mr Harris-Bridge therefore asked how does the Board overtly relate the work of the Board to managing and mitigating against strategic risk, he didn't think it was clear by looking at the agenda how this was related to the strategic risks identified.

The Chair felt this need to be looked at by the Vice-Principal (Finance, Funding and Management Information) and the Clerk to see how this could be evolved moving forward.

Governors approved the Risk Management Process and Methodology

iv Internal Audit Annual Report 2019/20

Mr Jones explained that this was a standard report, which provided an annual opinion on the overall adequacy and effectiveness of the College's framework of governance, risk management and control.

In the opinion of the report, Eastleigh College's framework of governance, risk management and control is adequate and audit testing had demonstrated controls to be working in practice, which she said was a positive outcome.

Mr Jones said that there had been interesting debate at the Audit Committee on the 4 November 2020 about the potential impropriety of a subcontractor and why it had not been picked up or identified during the annual internal audit process.

The conclusion he said had been that the controls that the College had in place actually identified the issue, which consequently established that it had been a good audit. However the audit this year on subcontracting may be through a different lens.

The other areas looked at during the internal audit visits had generally provided a positive supported position. He reminded Governors that it was the role of the internal auditors to provide assurance that the checks and controls are in place and are working correctly.

Mr Johnson was again concerned that the report almost read word for word from previous annual reports, something he had brought up in previous meetings. He felt that there was little value in the 15-page report. He wanted to make sure that the service being provided to the Board by the internal auditor.

Mr Harris-Bridge agreed with the comments made by Mr Johnson and said he had tendered a similar question at the previous Audit Committee meeting and in email discussion with members of the SMT.

The issues he said he had focused on the weaknesses in the controls that went back earlier years:

- things not being followed up
- the ability to override some of the standard controls that should have present

He said he seriously questioned the degree of control that is lacking, as identified in Mrs Annett's report on the potential impropriety of a subcontractor.

Mrs Taylor informed Governors that the College was going out to tender for both internal and external auditor in the new year and that Southern Internal Audit Partnership could not be included in any framework that is connected with a consortium would have to withdraw at this stage of the tendering process.

Mrs Taylor also made Governors aware that Southern Internal Audit Partnership were not made aware of the impropriety issue until October 2020 and that was the reason it had not been commented on within the Internal Audit Annual Report 2019/20. The internal auditor had at the previous meeting of the Audit Committee (4 November 2020) made the point that the internal auditors should have been made aware of the situation at the earliest opportunity.

Mrs Topham commented that another issue discussed at the Audit Committee meeting was the timing of this report and the period of the report up to the 31 July 2020, the report therefore looked at the audit period being reported on, not subsequent periods.

There were still concerns raised over the material content of the report and the fact that it virtually read word for word from previous annual reports.

Mr O'Donoghue said he was very doubtful that an auditor would change the wording, his experience with auditors was that they used very standard templates for audit reports, which would be used across the sector.

Governors approved the factual content of the Internal Audit Annual Report 2019/20.

v External Audit, Final Audit Findings Report

Mr Jones explained that there were now several documents to consider which intertwined with each other, namely the External Audit, Final Audit Findings Report, the Year-end Financial Statements 2019/20, the Financial Statements Representation Letter and the Regularity Representation Letter.

Mr Jones made Governors aware that the External Audit, Final Audit Findings Report are dated April to December 2020.

There were no major issues identified; there were some journals in the appendix. All the adjustments made were made by the College and have subsequently been signed off by the external auditors.

He continued by saying that generally it is a solid report, however this is not the final version of the report and any decision made on the accounts would have to be subject to any significant changes.

Governors noted the External Audit, Final Audit Findings Report.

vi Year-end Financial Statements 2019/20 update

Mr Jones said that the layout is largely unchanged from previous years and uses the AOC "Casterbridge" template to identify any new reporting requirements each year.

He informed Governors that the accounts have been audited by RSM UK Audit LLP (RSM) and Frances Millar from RSM confirmed on Friday 11 December 2020 that the accounts are complete and the Board can authorise these subject to final confirmation of the wording for 'going concern'.

He said RSM take independent advice before reaching a final 'going concern' conclusion and following our meeting Ms Millar was clear in her view that 'going concern' would be signed off, but that there could be some tweaks to the wording in the 'going concern' sections.

The accounts need to be submitted before 31 January 2021, but will require wet signatures from the Chair, the Chief Executive and Principal and from RSM, so approval in the meeting today and then signatures could be added after any tweaks to wording either before Christmas or early January.

Mr Jones continued by saying the accounts have moved from the management accounts and a bridging statement was shared with F&GP Committee and can be shared with the full Board. RSM also presented their draft report to Audit Committee where a slightly earlier version of the draft accounts was discussed.

There is one accounting change from the version presented to F&GP in that the full balance of the loan is now showing as a creditor due within one year. In preparing the accounts, the logic was that the bank intended to extend the loan repayment date, but for the accounting RSM advised that the contractual position, which ends 31 March 2021 should be reflected.

He informed Governors that the College has written confirmation that the loan extension for a further year is approved and are awaiting the contract amendment documentation from Lloyds. Ideally it would have been better to have this for approval at today's meeting, however the loan extension has been confirmed in writing by Lloyds and the College hopes to complete the legal process as quickly as possible once received.

RSM have also provided an audit report, letter of representation and management letter and these support the accounting position as well as including some of the accounting changes the College has included as part of the audit. All changes to the accounts were identified and actioned by the College rather than directed by the auditors. The only exception was the late change of interpretation of the outstanding loan debt as falling all due within 12 months, which was discussed with the auditors to agree the appropriate accounting position.

Mr Jones concluded by saying that the College has a set of accounts that RSM have confirmed are complete and they are close to agreeing the final wording to support the 'going concern' conclusion. Accounts need to be completed for filing by end of January 2021, and they will require wet signatures from the College and from RSM before submission to ESFA.

Mr Jones therefore recommended that the Board approve this set of accounts for the College for 2019/20 financial-year.

Mr O'Donoghue asked about the auditor's position regarding the subcontractor impropriety issue.

Mr Jones responded by saying that within the accounts the College has provided for the full amount that is owed to the ESFA, which is fully provided within the provisions and assumed that it will be paid back at some point once a payment method has been agreed.

Mr Johnson congratulated Mr Jones on producing an excellent set of accounts and for producing a bridging statement showing a year-end surplus of £146k.

He did raise a concern however in that as a retired auditor there were no audit points / control issues raised.

Governors' approved the updated Year-end Financial Statements 2019/20 subject to the 'going concern' wording from RSM and any issues that emerge out of final RSM report.

vii Financial Statements Representation Letter

Governors approved the Financial Statements Representation Letter alongside the accounts subject to any final wording from RSM.

viii Regularity Representation Letter

Governors approved the Regularity Representation Letter alongside the accounts subject to any final wording from RSM.

ix College SAR 2019 -2020

Mr Stannard provided Governors with an overview of the College SAR process.

He reported that he had been through the final College SAR with both the Chairs of the F&GP and Standards Committees prior to the December Board meeting.

He was pleased to report that the College has continued to make progress in some of the key areas, which caused concern from last year's report. However, apprenticeship performance continues to be disappointing and that based on previous benchmarks that overall apprenticeship outcomes are below the minimum levels of performance (MLP) which in 'normal' times would likely trigger an inspection. Mr Stannard outlined that the College's day and block release apprenticeships performed significantly above subcontracted and College work-based provision.

He said he was extremely proud of the all the staff who were involved in getting assessments out during the lockdown period.

The Chair said it was testament to the SMT curriculum managers in pulling this report together, it had been an excellent appraisal process, he wanted to thank everyone involved.

He concluded by sharing the headline data, focusing on those areas causing concern and those continuing to make progress. The self-assessment of the quality of the provision was Grade 2.

B.47.20 TO CONSIDER

i Confidential items (confirmation)

Governors agreed that agenda items 1, 6.i, 6.ii, 6.iii and 7.i would be determined as confidential agenda items and will be annotated as such within the minutes of the meeting.

Mr Johnson wished to make a general comment about the length of the December Board meeting. He said the agenda for these meetings is always very long and extremely difficult to fit into the prescribed two hours allocated for each meeting.

He wondered if some of the agenda items could be reviewed separately outside the meeting. He said that there was a need to debate the items without the pressure of time being a constant irritation or focus.

He closed by saying that the six new Governors appointed in September had been an excellent addition to the Board and thanked them for their input and hard work.

The Chair felt that the situation regarding the lengthy agendas needed to be discussed in further detail, perhaps there should be more evolving responsibilities to the committees. However the exceptional matter discussed during the meeting time without SMT added over 30 minutes to today's meeting, without this matter the meeting would have concluded at 1900. Perhaps this item could be brought back to the January 2021 meeting to explore further options.

ACTION: CD

Mr Harris-Bridge shared his experience of working on other Boards with this financial cycle of business saying that they had always provided an extra 30 minutes for this specific meeting, to enable ample scrutiny of the financial information that comes to the Board.

Mrs Topham said that she would have liked a little longer of the College SAR process to explore the finer details, but unfortunately time was already getting away from the agenda.

The Chair brought the meeting to a close and wished everyone a very merry Christmas and a happy new year.

B.48.20 DATE OF NEXT MEETING/S

Wednesday 27 January 2021, 1700hrs

Wednesday 24 March 2021, 1700hrs

Governors' Monthly Report – financial aspects, safeguarding update and any other matters arising

Approve Revenue and capital budgets 2021/22

Approve 3 year financial forecasts

Review Financial Regulations & Procedures

In-Year Sub-contractor Contracts and Amendments

Gender Pay Gap Report

Approve Annual Pay Review

The meeting concluded at 1930.