

## **EASTLEIGH COLLEGE BOARD**

### **MINUTES OF 'SPECIAL' MEETING HELD ON WEDNESDAY 29 JANUARY 2020, 1700hrs IN ROOM E007**

#### **Present:**

Jon Sendell (Chair)	Shirley Nellthorpe
Natalie Wigman	Bernie Topham
Steve Johnson	Jem Musselwhite
Dr Jan Edrich (Chief Executive and Principal)	Shannon Patterson
Mairead Taylor	
Julie Richmond	
Verona Hall	

#### **In Attendance:**

Paul Cox, Vice-Principal Curriculum and Quality  
Ryan Sarll, Finance Controller  
Dr Chris Davis OBE, Clerk to the Board

#### **B.01.20 GOVERNORS' MEETING TIME WITHOUT SMT**

#### **B.02.20 MEMBERSHIP & BOARD MATTERS**

##### **i Apologies**

Apologies were received from Mrs Cross-Durrant and Ms Baker.

##### **ii Declarations of Interests**

Councillor Grajewski declared conflicts of interest in items B.02.20,viii; B.03.20, ii.

##### **iii Relinquishment of position as Vice Principal Commercial, Mr Matthew Phelps**

The Chair made Governors aware that Mr Phelps would unfortunately be leaving the College for a new position. He wished to record his thanks for all the hard work Mr Phelps had undertaken on the College's behalf during the last 14 years and wished him every success in the future.

The Board noted the relinquishment of position as Vice Principal Commercial, Mr Matthew Phelps.

##### **iv Appointment of new Staff Governor – Miss Julie Richmond**

The Clerk informed the Board that Miss Richmond had agreed to take up the position of Staff Governor. This had come about as result of a robust search for two Staff Governors with no applicants. Miss Richmond had been approached and confirmed her interest in once again taking up the mantle of Staff Governor (non-teaching).

The Board approved her appointment as a Staff Governor and thanked her for her continued commitment to the College.

##### **v Appointment of new Chief Executive and Principal Designate – Mr Paul Cox**

The Chair made Governors aware that Mr Cox had been appointed Chief Executive and Principal Designate as a result of the interview process in October 2019, this he said needed to be approved by the Board.

The Board approved the appointment of Mr Paul Cox as Chief Executive and Principal designate and to commence as Chief Executive and Principal on 1 September 2020. .

**vi Appointment of new Vice Principal (Funding, Finance and Management Information) - Mr Kevin Jones**

The Chair confirmed that as a result of the recent interview process to appoint a new Vice Principal (Funding, Finance and Management Information), Mr Kevin Jones had been successful. The Board needed to approve the appointment.

The Board approved the appointment of Mr Kevin Jones as Vice Principal (Funding, Finance and Management Information). It was confirmed by Dr Edrich that he would take up this appointment on 2 March 2020.

**vii Correction to Financial Statements 2018/19**

The Chair wished to make Governors aware of a correction that needed to be made to the Financial Statements 2018/19 regarding the compensation payment made to the previous Financial Director should read £25k, not £78k as per the statement in the Board papers. Dr Edrich said this would be amended before being signed by both her and the Chair of the Board.

**ACTION: JE**

**viii Relinquishment of position of Associate Governor – Mims Davies MP**

Dr Edrich informed Governors that Mims Davies had moved constituencies at the recent general election and was no longer the Member of Parliament for Eastleigh. It was therefore necessary to formally note the relinquishment of her position as Associate Governor.

Governors noted the Relinquishment of position of Associate Governor of Mims Davies MP.

**ix Minutes of the previous Meeting 18 December 2019**

The minutes of the meeting held on 18 December 2019 were agreed and signed as a true and accurate record.

**ix Matters Arising**

Mr Sarll reported that he had talked to the internal auditors over the wording from the Annual Audit report with regards to that wording being almost exactly the same as the previous year, they confirmed that they would note this for the following year.

The Chair enquired of the Chief Executive and Principal on how the decision over the annual pay review had gone down with staff.

Dr Edrich said that there had been no comments made to her. She felt it had been accepted and that it had not come as a surprise in light of the budget position and the financial situation impacting on the FE sector.

There were no further matters arising from the minutes of the previous meeting held on the 18 December 2019.

**B.03.20 GOVERNORS' MONTHLY REPORT – DECEMBER 2019**

**i Financial aspects**

Mr Sarll reported that the actual deficit for the end of December 2019 stood at £488k primarily due to the grant funding line. The full year forecast surplus is standing at £247k, slightly down on the previous month. This still provided a forecast of 'good' in ESFA financial health category.

The closing flow position was still positive showing a cash position of around £2.5m, with a forecast full-year position of £2.8m.

Further discussion followed surrounding:

- Redundancies
- The impact of redundancies on the curriculum and quality
- Areas most affected by redundancies

- Future areas of potential growth funding

### **Financial remodelling**

Dr Edrich reported that the Government wants to monitor all Colleges finances more carefully to include their business and financial modelling. As a consequence they have put in place a financial model, which she said is basically a monthly forecast of what the college is doing for three whole years. Before submission this has to be approved by the Board.

The return has to be completed by the 28 February 2020 but software released for this purpose has technical glitches. It is therefore proposed that the Board give the F&GP Committee explicit permissions to examine and approve the submission on the 14 February 2020, before circulating to the Board between the 14-28 February 2020, this is so the timeline can be met without having to call an extra Board meeting.

This proposal was agreed by the Board.

**ACTION JE/CD**

### **ii Safeguarding update**

Mr Cox reported that December had seen a relatively large number of incidents for safeguarding incidents.

He made special mention of a Subcontractor querying a safeguarding referral, which he said endorses that the mechanism is working.

He reported an increase in community tensions specifically to an increase in populism and far right activity in the local area. This is evidenced through feedback from the Bridge (pupil referral unit), information from the local police and the counter terrorism update for the region.

Mr Cox made Governor's aware that the planned access control would be delayed because of budget constraints, however the SMT were looking at ways of modelling reduced entrance points to the College and spreading the cost over the Financial years.

Further discussion focused on bringing in someone with first-hand knowledge with inspirational qualities who could come into College and provide a presentation on potential subjects such as gang membership and radicalisation and extremism. Details of potential speakers would be exchanged with members of the SMT. Mr Cox shared that the head of learner journeys was already exploring options.

### **iii Matters arising**

No further matters were raised concerning the monthly report.

Governors noted the Financial aspects, Safeguarding update and matters arising from the Governors' Monthly Report, December 2019.

## **B.04.20 TO APPROVE**

### **i Financial Statements 2018/2019**

The Chair asked Mr Sarll whether the situation regarding the Lloyds Bank loan had been resolved to the satisfaction of the external auditors. Mr Sarll confirmed that this position had been clarified, the bank had not reduced the interest rate but had extended the loan period on its current terms and the College was now a 'going concern'.

Dr Edrich made Governors aware that there was now a new Final Audit Findings Report on the Financial Statements issued by RSM UK Audit LLP. This was because the report presented to the Audit Committee in November 2019 stated that the College was not a going concern because of breaches to the loan covenants. This situation as previously reported had been resolved so an amended report has been issued and would go with the Financial Statements if approved. This report would appear as an agenda item at the Committee's meeting in March.

Mrs Hall queried whether when members of the SMT were working as part of national policy advisory panels they received remuneration and what was the impact on the College if members of the SMT were absent for any period.

Dr Edrich said there was no remuneration and the meetings were usually only once a term, they provided opportunities to network with ministers and their departments and gain insight from key personal involved with policy planning and implementation.

Governors approved the Financial Statements 2018/2019 for submission.

## **ii Financial Statements Representation Letter**

Mr Sarll confirmed that this was a standard letter and mapped out the Board's financial statements representation to the external auditors.

Dr Edrich made Governors aware that two amendments had been made to the table at the end of the Representation letter under 'Unadjusted misstatements Factual'; the final two entries: 'Amounts due from group undertakings / Amounts due to group undertakings' and 'Premises costs / Property plant and equipment' had been removed.

Mr Johnson felt that a minute should be included within the Board's minutes that reflected the deletion of two points that were in the previous years representation letter 2017/18:

21. To the best of our knowledge and belief we have made available to you details of all partnerships, franchises, joint ventures, subsidiary companies, associated companies and trusts that the college is associated with.
22. We confirm that no partnership or service organisation used by the group has reported any instance of fraud, non-compliance with laws and regulations or uncovered misstatements affecting the financial statements, nor are we otherwise aware of such an instance (other than that which we have already advised you of).

This proposal was agreed by the Board

### **It was agreed to:**

To approve the Financial Statement Representation Letter.

## **iii Regularity Representation Letter**

Mr Sarll explained that this was a standard letter and referred to the representations given to the external auditors in connection with their assurance engagement for the year ending 31 July 2019.

### **It was agreed:**

To approve the Regularity Representation Letter.

## **iv Bank loan update**

Mr Sarll explained what had happened with regard to the cash flow covenants and that the College is content with the prescribed cash levels and there is now an extension of the loan until 21 March 2021.

Dr Edrich explained that the College has two loans with Lloyds, one that should have been renewed in August 2019 and one that should have been renewed in March 2020. The bank has now effectively bolted the two loans together and rolled them forward until the 21 March 2021.

The Chair made Governors aware that there is now a charge against the Desborough Road car park as a result of the recent dialogue with bank, which is a change to the loan agreement with the bank.

Dr Edrich concluded by saying that Lloyds will revalue the estate, with the charge falling on the College.

The Barclays bank loan (£86k) covenant has been breached and will meet with the College in early February, rather than a loan renegotiation with potential additional charges. Discussion has taken place about paying the loan off.

Mrs Taylor explained that the cost of any business review could be in the region of £15k, so she felt that it would be financially beneficial to pay off some of the loan (£15k-£30k) and ask for a staggered settlement plan to pay off the remainder of the loan.

**ACTION: JE**

Governors agreed that this was a good way to move forward and approved the update on the Bank loan.

**v Headline Financial Forecasting and modelling**

Mr Sarll informed Governors that no data had been entered in the software as yet, but that he had a plan to move forward agreed earlier in the meeting under (B.03.20, i) Financial aspects, which provided the way ahead.

**It was agreed:**

To approve the Headline Financial Forecasting and modelling to go to the Finance and General Purpose Committee..

**B.06.20 TO REVIEW**

**i Strategic Options**

Mr Cox provided a presentation laying out the strategic position of the College which instigated further discussion and debate on the following areas:

- Why the need for change
- Income (12 streams, RAG rated))
- Net Income (last four years)
- Proposed strategic objectives
- Mission, Vision and Values
- Opportunities
- Leadership structure
- Instruments and Articles of Governance
- Eastleigh College Group (6 scenarios)
- Proposed Timeline (January to April)

Governors reviewed the Strategic Option and agreed that Mr Cox could further develop the draft options presented. Governors agreed to further explore key developments and information through the February Standards and Finance and General Purposes Committee meetings and that all Board members (subject to availability) would be welcome to attend either of the two committee meetings prior to the March Board.

**B.05.20 NEXT MEETING**

**Wednesday 18 March 2020, 1700**

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

Approve tuition fee framework 2020-21

Attendance register

Financial Regulations & Procedures - to approve

Gender Pay Gap Report

Employer Engagement Strategy

Review changes to I&As

There being no further business, the meeting finished at 1930.