

EASTLEIGH COLLEGE BOARD

MINUTES OF THE FULL BOARD MEETING

WEDNESDAY 6 MAY 2020, 1700hrs 'Virtual' meeting on-line

Present:

Jon Sendell (Chair)
Angela Cross-Durrant
Councillor Judith Grajewski
Bernie Topham
Natalie Wigman
Steve Johnson
Mairead Taylor
Gemma Baker
Julie Richmond
Dr Jan Edrich (Chief Executive and Principal)

In Attendance:

Paul Cox Chief Executive and Principal designate
Kevin Jones, Vice-Principal (Finance, Funding and Management Information)
Darren Coventry, Vice-Principal Commercial and Customer Services
Dr Chris Davis OBE, Clerk to the Board

BOARD TRAINING

Instruments and Articles (I&As) 2020

The Clerk provided a background summary on the Board's current I&As:

- Eastleigh I&As are included in the Governor Handbook
- They were last approved in 2012
- They were due to be updated after the merger with SCC but this didn't happen
- They vary quite a lot from the standard I&As (which is permitted)

He suggested that as a result of the College entering a period of potential change and interaction with outside agencies, it was essential that the I&As are up-to-date, statutorily compliant, and easy to locate on the website and familiar to external bodies. A proposal was that for ease of recognition and mapping future updates, the Board may wish to consider adopting the Eversheds' standard I&As template which is provided free of charge and updated by them on a regular basis.

Governors' approved the proposal that the Board should adopt the Eversheds' standard I&As template. The process should now involve a 'marked up' version being brought back to the July Board for approval.

ACTION: CD

Governor Recruitment

The Clerk felt that it was timely at this point to share a paper/proposal he had been working on recently which dealt with the issues around future recruitment of Governors to the Eastleigh College Board.

The paper he tabled (Eastleigh College Governor Recruitment) provided information on the following:

- present vacancies on the Board
- proposal that the Board should seek 6 applicants for the position of Governor
- investigated the use of an executive recruitment agency to undertake this for the College.
- recruitment would be planned to be staged over the next 12 months
- fees and pricing
- potential skills requirement:
 - 2 with financial strategic/audit
 - 1 curriculum/education
 - 1 digital marketing
 - 1 change/sustainability

- 1 governance/non-executive board experience

Governors felt that further work needed careful consideration around the following issues:

- The number of Governors required to make up the Board
- Configuration of the Governance model required (Carver or Committees)

The Clerk was asked to convene a meeting of the Search Committee to discuss this further and make recommendations to the Board.

ACTION: CD

The Board agreed to allow the Clerk the opportunity to explore further the use of 'Peridot' to recruit six applicants to the position of Independent Governor at Eastleigh College within the next 12 months (or as timely as possible).

BOARD MEETING

B.12.20 GOVERNORS MEETING TIME WITHOUT SMT

- i No matters raised.

B.13.20 MEMBERSHIP & BOARD MATTERS

i Apologies

Apologies were received from Jem Musselwhite, and Shannon Patterson.

ii Declarations of Interests

There were declarations of interest by Councillor Judith Grajewski with regards to item B.15.20 i, and her position as Hampshire County Council's Executive Member for Public Health and items B.16.20 ii, iii, iv as a member of the Solent LEP. Dr Edrich declared an interest over item B.16.20 vi, the appointment of Mr Paul Cox as Chief Executive and Principal

iii Minutes of the Meeting held on the 25 March 2020

The minutes of the meeting held on 29 January 2020 were agreed and signed as a true and accurate record.

iv Matters Arising

All matters arising had been completed.

v Approve the appointment of the new Chair of the Remuneration Committee

Steve Johnson kindly offered to Chair the next meeting of the Remuneration Committee on the 13 May 2020.

The Chair thanked Mr Johnson for his offer and asked Governors to vote on the appointment.

Governors unanimously approved the appointment of Mr Steve Johnson as Chair of the Remuneration Committee.

vi Appointment of a new Chair of the Audit Committee, Mrs Mairead Taylor

The Clerk reported that Mrs Mairead Taylor had been recommended to chair the Audit Committee, replacing Miss Nellthorpe who had recently retired.

The Chair asked Governors to consider the recommendation and vote on the recommendation that Mrs Mairead Taylor assume the role of Chair of the Audit Committee.

Governors unanimously approved the appointment of Mrs Mairead Taylor as Chair of the Audit Committee.

vii **Board attendance 2019**

The Clerk made Governors aware of their level of attendance at the five main Board meetings, which took place during 2019. The overall Board attendance average was 82%, achieving the Board's agreed required level of attendance of 80%.

Governors noted the Attendance Register for Board meetings 2019.

B.14.20 GOVERNORS MONTHLY REPORTY (March 2020)

i **Financial aspects**

Mr Jones focused on the management accounts of the report. He said that March is the low point of the year in terms of the cash-flow and how the income is received by the College. Based on internal analysis and as result of the COVID-19 'lockdown' the outturn position is worse than previous forecasts, the deficit at the end of year is now revised down at £147k.

Planning has begun for 2020/21 and allocations are being worked on, with a need for keeping a grip on pay costs and spending, with a reconciliation of the establishment.

He said that the College should now begin to see an increase in income during the remaining months, with apprenticeship income being recuperated in arrears.

He did reiterate that apprenticeship is probably the biggest area of risk because of 'lockdown' with apprentices being furloughed and potential breaks in learning and slippage of the end point assessments.

Mr Jones confirmed that he had been through the detail of the report with the Chair of the Finance and General Purposes Committee (F&GP) to try and reach a reporting mechanism which was both factual, detailed, whilst at the same time providing clarity.

In terms of the KPIs Mr Jones went on to report that the latest forecast figures suggest a financial health score of 170, with the EBITDA score down 10 points and the current ratio up 10 points to offset this. 180 points is required to categorise as "good", so the latest forecast identifies a financial health score of "Requires Improvement".

He concluded by saying that further actions are needed in-year to improve the College financial position to ensure a surplus outturn can be achieved and that the College can achieve a Financial Score Health better than "Requires Improvement".

Dr Edrich asked a question about the graph which showed the Monthly Accumulative Historic Cost Surplus / Deficit, which showed a very similar position of being below budget in March 2019, she asked Mr Jones what he expected it to do.

Mr Jones responded by saying that the expectation is that it should follow the line of the budget for the remainder of the year and the gap between the budget and where the College is roughly equivalent to the outturn forecast and the original budget. He continued by saying that there is more confidence this year due to the adjustment of the forecast to reflect the issues that materialised last year based on where the College is currently to where we think the College may move to. In general he felt that the pattern should continue upwards and a good indication of this is that the College's cash position at the end of April is slightly stronger than predicted.

Mrs Cross-Durrant asked if there was an estimate of the financial impact of COVID-19 to the College so that Governors could understand the real consequence this may have to the budget outcome.

Mr Jones reported that any new costs related to COVID-19 had been entered under a new code, which has been set up to enable tracking of the related additional costs. Costs accumulated early on for IT hardware and software, much of this he said had been funded by carry through bursary money. Money has also spent on cleaning, new signage and texts; there is also an intention to produce a new marketing campaign for recruitment during the summer months. He then went onto explain that as a result of the 'lockdown' there would also be a reduction in income resulting in a loss

of between £80-£100k. There is also the big unknown regarding apprenticeship income in both the medium and long term.

The Chair of the F&GP Committee thanked Mr Jones for his report and congratulated him on the good work undertaken so far. He said the financial reporting within the monthly report had improved and would continue to evolve as Mr Jones in consultation with the Chair of F&GP worked to implement clarity and best practise.

ii **Safeguarding update**

This item was covered later in the meeting under Cov-19 update.

iii **Matters arising**

There were no further matters arising from the Governors monthly report, March 2020.

Governors' received the Governors' monthly report for March 2020.

B.15.20 TO RECEIVE

i **Covid-19 update**

Wellbeing, welfare and Safeguarding

Mr Cox provided a presentation that summarised the key areas regarding the welfare, wellbeing and safeguarding of our staff and learners so far during the Covid-19 pandemic (as of Wednesday 6 May 2020).

The two areas were identified as:

- Known cases
- Safeguarding update

He informed Governors that Hampshire County Council (HCC) have introduced a mandatory weekly return on Safeguarding and other matters. Mr Cox confirmed that with regard to the safeguarding information request that the College had fully met the HCC requirements.

Mr Cox said that he felt that in relation to the national position the numbers of staff and students affected by COVID-19 was very low and since the initial 'lockdown' had been declared was declining further. However the numbers are based on self-reporting and therefore could not be confirmed as wholly accurate. One member of staff had been hospitalised and has been extremely ill and it is understood that in this case Covid-19 was caught at a funeral. The College was providing support where required in this particular case as well as others. At this stage the college does not have any cases of Covid-19 that are thought or known to have originated from either the Eastleigh or Winchester campuses.

He made comment that there is a major difference in the way the College was reporting on vulnerable students to those of both the government and HCC. This is due to no guidance on the criteria that defined a vulnerable student at the beginning of the isolation period, the College had therefore included a much broader range of criteria (e.g. asylum seekers, students under different scales of bursary support) which had not been included on government guidance nor the subsequent HCC return. Safeguarding support has maintained a 24/7 service since pre lockdown on 23 March.

He went onto inform Governors that concerns over the mental health, especially with regard to staff loneliness was now a major factor in the College's support network. Councillor Grajewski confirmed that there was also a great deal of support on the HCC helpline.

Mr Cox confirmed that 'exit' plans had already been discussed with all levels of management within the College.

He drew awareness to the fact that the College was facing an extremely challenging period of managing the professional competence and technical assessments required by the various trades, which were not covered by the published teacher assessment process. Consultation had taken place with Ofqual to discover how these technical qualifications might be processed. Risk assessments were being undertaken observing social distancing and all government guidance.

Questions followed from Governors covering the following areas:

- The number of students required to undertake technical assessment
- Use of Bursary payment to fund extra resources

Financial impact

Mr Jones said he had previously covered most of this update in his Governors' monthly report. However he wished to reiterate that his biggest fear was the inability of the College post COV-19 to recruit the number of apprentices forecast in the 2019/20 and 2020/21 budgets / forecasts.

Mr Cox concluded by saying that there would undoubtedly have to be Government relief with regards to the apprenticeship situation as he expected that the college's historic recruitment levels during the July to September period would be seriously impacted and that this was a substantial risk to college forecasts.

Apprenticeships

Mr Coventry asked Governors to understand the two areas of risk being looked at which are the risks to the learner and the risks to the College finances:

The areas looked at in terms of the number of students focused on ECTA, the Assessment centre and Subcontractors (with Subcontractors being the most problematic). The slide provided the following details:

- Number of live apprenticeships
- Those that have been furloughed
- Those engaged on e-learning
- Agreed breaks in learning
- EPA 2019/20

He commented that the longer the isolation continues the more likely that those learners that have been furloughed (College still able to generate the monthly programme payment if it is evidenced that they are undertaking e-learning) will be placed on agreed 'breaks in learning' and therefore not enabling the College to substantiate a claim to the ESFA for a monthly programme payment.

He then outlined the challenges that the College faces:

- Communicating with employers and learners about the need to undertake e-learning
- Subcontractor return has been difficult due to additional reporting line (College – Subcontractor - employer)
- Number of Furlough learners moving into 'Break in Learning' category will increase as 'trades' and learners exhaust the online learner materials
- Fortnightly collection of data

The second slide looked at the finances:

- Increase checks on the number of learner engaging with e-learning
- Ensuring content is refreshed

The final slide focused on End Point Assessments (EPA):

- EPA is still taking place where the Awarding Organisation has given guidance and the College is continuing to book these in
- Practical assessment – waiting on further guidance

Outside organisations are starting to plan for a return to work – Southampton Engineering Training Association (SETA) working with engineering apprenticeships are starting to book EPA for the end of May

Mr Cox reiterated that apprenticeships are at this point the biggest unknown in terms of impact on income.

B.16.20 TO RECEIVE

i Loan update and possible approval

Mr Jones explained that the final paper work on the loan agreement had yet to be received, however it was hoped that it be ready for signing off at sometime during the following week.

Mr Jones reminded Governors that this was not 'new' money it was a tidying of an existing Lloyds loan. One significant issue raised by the College was the matter around the likelihood of the covenants being breached during the loan period, based on the knowledge of those signatories at the time of signature. The resulting dialogue with Womble Bond Dickenson and Lloyds has been a softening of the covenants in light of the Coronavirus crisis, they will postpone the testing until December 2020, which will be after the year-end financial statements for 2019/20 are signed off and by that time the negotiations on the facility beyond April 2021 will be well advanced.

He asked the Board to review the supplementary minute (see Annex A of these minutes), which referred to the requisite quorum of the Sub-group to be set at any two of the Sub-group members.

Governors' approved the supplementary minute, which referred to the requisite quorum of the Sub-group to be set at any two of the Sub-group members.

ii College Strategy Financial Plan 2019/20 to 2023/24

Mr Jones informed Governors that following the reported deficit in 2018/19 the College had created a new business plan and modelled seven scenarios, which were reviewed by the Board at their January meeting. Scenario 7 was used for the February Integrated Financial Model (IFM) return.

Since February, the strategic plan has been developed and new information has been received including the confirmed allocations for 2020/21. The College has also updated its staffing establishment and forecast staffing costs following a staffing restructure, which was started in November 2019 and completed in February 2020. The financial plan had also been shared with the ESFA and Further Education Commissioner team since the January board meeting.

Mr Jones delivered a presentation, which provided the IFM around Scenario 8, replacing assumed figures with actual or more detailed forecast data as they have become available since the January board meeting where the draft scenarios were first introduced, whilst at the same time providing a more realistic picture of the College's finances moving forward. It was he said a very fluid document and is still being worked on to enhance the outcomes.

iii Business Plan 2019/20 to 2020/21

Mr Cox said the Business Plan had been developed alongside the iterative development of the College strategy, which has been developed collaboratively with governors, managers and staff.

iv College Strategy 2019/20 to 2023/24

Mr Cox reported changes to the strategy:

Sustainability and Direct Delivery Growth

- 1.5, Pursue a sustainability first agenda with regards to estates, premises, procurement and ways of working.

Forward Scanning

- 4.4, Pursue and restlessly refine the ambitious digital strategy focused on the 'classroom' and 'office'

The plan focuses on College provision that the College does well.

Councillor Grajewski commented that the final slide in the presentation was very enlightening and well constructed slide.

Governors' approved the College Strategy 2019/20 to 2023/24 and its iterative component parts, the College Strategy Financial Plan 2019/20 to 2023/24 and Business Plan 2019/20 to 2020/21.

v **Insolvency regime**

The Clerk said that the DfE had reviewed the Insolvency Regime (January 2020) and it was a requirement on him to report the findings of that review and provide a timely reminder of the considerations of the Insolvency Regime. The review resulted in no clear or obvious changes to the regime.

After consultation with Eversheds the main points they raised were as follows:

- the board and executive should recognise that the monthly cashflow position is as important as the year-end position and that insolvency can develop quickly
- the board should ensure that the college executive undertake robust and comprehensive monthly cashflow forecasting and, where appropriate, ensure this is reviewed externally/independently
- the board should undertake regular monitoring and review of both cashflow and loan covenant compliance
- to ensure strong financial management, the board should ensure that its makeup includes good finance skills and that there is an effective finance committee - there should be a credible, professionally qualified finance director appointed with sufficient seniority within the college (preferably a senior post-holder)
- the board should ensure that there is adequate risk assessment and sensitising of key cash variables, in particular capital receipts and Adult Education Budget clawback
- the board should not rely solely on the Education and Skills Funding Agency (ESFA) or other review ratings to give an indication of solvency, which may either not fully reflect the college's true financial position or may not be up to date

Governors received the update on the Insolvency Regime.

vi **Appointment of new Chief Executive and Principal, Mr Paul Cox**

Dr Edrich reported that after consultation and agreement with the Chair and Mr Cox (Chief Executive and Principal designate) it had been proposed that Mr Cox should take up the appointment of Chief Executive and Principal on the 1 August 2020.

She informed the Board that she would remain in a position of support until the 31 August 2020.

Governors unanimously approved the appointment of Mr Paul Cox as Chief Executive and Principal on the 1 August 2020.

**B.17.20 Date of the next meeting:
Wednesday 1 July 2020, 1700 hrs**

Governors' Monthly Report

Approve revenue and capital budgets 2020/21 and three year financial forecasts

Annual pay review

Financial Regulations & Procedures

Employer Engagement Strategy

There being no further business, the meeting closed at 1930hrs.