THE CORPORATION OF WALTHAM FOREST COLLEGE

MINUTES OF THE MEETING HELD ON 20 JULY 2021

MEMBERS OF THE CORPORATION

Youness Abidou	present	Member
Craig Buist	present	Staff Member
Paul Butler	present	Member, Chair of the Corporation, Safeguarding Champion
Gary Davies	*apologies*	Member
Michael Eichhorn	present	Member
Janet Gardner	present	Member, Principal & Chief Executive
Vanessa Georgieva	*apologies*	Student Member
Alison Morris	present	Member, Careers Champion
Renatta Nzomono	present	Member, Chair of Audit Committee
Frank Royle	present	Staff Member
Tim Strong	present	Member, Chair of Search Committee & Remuneration Committee, Health & Safety Champion
Neil Taylor	present	Member
Jacqueline Young	present	Member
Yvonne Yau	*apologies*	Student Member

CLERK TO THE CORPORATION

Naomi Shoffman	Director of Governance (DoG)

IN ATTENDANCE

Hassan Rivzi	Deputy Principal Curriculum & Quality (DPCQ)
Abena Rodman -Tay	Interim Deputy Principal Corporate Resources (IDPCR)
Suzanne Datta	Director of HR (DoHR)
Jennifer Ross (JR)	Tibbalds for item considered at minute 61.21 only
Jane Dann (JD)	Tibbalds for item considered at minute 61.21 only
James Bowman (JB)	Waldram for item considered at minute 61.21 only
Luke Wilson (LW)	Waldram for item considered at minute 61.21 only
Laurie Morely (LM)	Property Consultant for item considered at minute 65.21 only

Due to the Coronavirus pandemic (Covid-19) the Corporation agreed that meetings may be held using Teams videoconferencing as per the Waltham Forest College Instrument & Articles, Instrument 1 (g).

57.21 APOLOGIES FOR ABSENCE

Apologies were received from the following members: Gary Davies due to work commitments, Yvonne Yau and Vanessa Georgieva due to being abroad. The Chair advise that Nadia Ahmed has been granted a leave of absence until September due to ill health.

The following SLT members were not in attendance: Amir Ahmed who is in hospital – Members asked that their best wishes for a speedy recovery be conveyed to him, Nadeem Khalifa due to religious holiday , Stella Hawkins and John Newton due to being on annual leave.

58.21 DECLARATION OF INTERESTS

Neil Taylor reminded the Corporation of his employment with Leyton Orient Trust; a sub-contractor of the College.

The members of the Corporation confirmed that there were no other items on the agenda for the meeting in which they had a personal interest.

59.21 MINUTES OF THE CORPORATION MEETING HELD ON 11 MAY 2021

The Minutes of the Corporation meeting held on 11 MAY 2021 were agreed by the Corporation to be signed by the Chair as a true record, subject to the correction of several typos and attendance list.

60.21 MATTERS ARISING

The DoG went through the action list and confirmed that all had been completed in line with the agreed target date, two actions have not yet reached the target date. There were no outstanding matters arising which were not already on the agenda.

61.21 REPORT FROM GOVERNORS PLANNING WORKING GROUP AND UPDATE FROM TIBBALDS

The Principal provided the Context of the Governors planning working group work and the letters of objection. The professional team then joined the meeting to update the board on some of the documentation and agree next steps

All round introductions were made, and the Chair asked the team to share key highlights. JR said she would lead on that and highlighted the following. The big issue is in relation to two of the proposed blocks which sit right on the boundaries of the college which the planners through laziness or omission have not considered nor had any regard on how the development will impact on the college. The main problems in term of access, lack of safety audits has raised a whole raft of issues which was not in the application material.

LW then provided the detail of the loss of sunlight and daylight. The BRE Recommendation is that reduction of more than 20% is not acceptable. LW showed in a drawing the major adverse level of impact in terms of loss of daylight and sunlight on the college building opposite proposed blocks C and D. Some of the classrooms will retain sufficient daylight for London criteria so although the impact is large, he believes the council will find most of the loss acceptable. JR said that it is important to understand what happens in each of these classrooms to help assess what the compensation would be to remedy this – A governor asked what activities would carry more weight? JR said that the wellbeing and teaching of students with difficulty in learning should be highlighted and that she needs to know what the Board wants to do so she can go back with that.

JB then explained the rights of light which is very separate to planning and is covered within the realms of common law. As we know the college will suffer fairly significant loss in light this could be deemed to be causing an actionable claim. JB cautioned that in the event of an injunction being threatened the council can implement section 203 which will remove the option to the rights. It’s clear they are prepared to use section 203 if need be and this would only come into play if planning application is granted. This can only be implemented if every other option and any negotiation is exhausted. JB said that he would recommend we put in the objection and state that we would be seeking a compensation in lieu of an injunction. A risk is that other neighbours could threaten an injunction which would lead the council to issue a section 203.

A governor said that the planning group had been advised that some of the classrooms could lose up to 97% of light and had agreed that it was not a good step politically to implement section 203. In response to a query JR confirmed that to date the College has just objected to the application.

A Governors asked if there is any way we can understand the other parties' position? JB responded that section 203 requires the developers to show reasonable negotiations – there are 12 properties which will be injured but we don't know which ones but could work those out. Legislation around section 203 is deliberately vague and different approaches are taken by different local authorities; LBWF are usually ok. Provided they approach every single person who enjoys the light then that's the correct process, but we don't know if they do that.

A Governor asked in respect of loss of light and location of blocks C and D would it make a difference of the blocks were shifted 5-10 m westwards? The Principal and JR advised that Countryside and the Council have made it exceptionally clear that they will not be changing the plans, so it's about agreeing what we hope to achieve and next steps. Governors agreed that we are unhappy with the proposal and that's where we are and also to send a holding position of in terms of going back on rights of light.

JR said that the action so far is that a formal planning objection has gone in. They still have to follow the rules and address the concerns and with more transparency. From the College's point of view some things are non-negotiable for instance the location of the new substation.

JB said that the process so far is relatively typical and will be used as a tool to reduce compensation, the legislation in terms of compensation is limited to the diminution in value of property. Right of light can be monetised in term of the reduction of light. That would lead to a figure of £150k but that is up for debate as they may say a different calculation should be made. It also worth getting a valuation surveyor.

JR advised that in planning terms the letter of objection has been sent. The applicant has requested a meeting on 2 August to respond to all our points. We want to ensure that:

- The College will get the best access possible which does not cause inconvenience,
- The College will get a new pedestrian link
- Countryside plant mature trees to replace those removed and compensation if they move them.
- The Substation to be taken out of all the drawings not on college land.
- The issue of sunlight and daylight is considered as they may cut something back on the top floor
- The College will get good landscaping and boundary edging, so the college is not disturbed.
- That the hours of operation will not disturb the teaching and learning .
- That on the compensation side of things – anything in terms of college obligations must be removed so we no longer have to contribute to maintaining grounds but will still have rights of way.
- That under section 106 and Agency of change we want countryside to accept that future residents cannot object to students' noise.

JR advised that there is more work to be done on legal processes and compensation. She advised that on planning there is still a distinction between the council and the planning committee and that the College has an option to make representations to the committee. She said she was pretty confident that the application won't be considered before September.

A Governor asked about the 21 days deadline to respond to the appropriation letter. JR said she will respond by 23rd July.

The Chair thanked the professional team and they withdrew from the meeting.

THE CORPORATION

- **CONFIRMED THEY ARE HAPPY WITH THE APPROACH BEING TAKEN IN TERMS OF OBJECTIONS AND THE ISSUE TO BE DISCUSSED AT THE MEETING WITH THE TECHNICAL TEAM AT THE MEETING ON 2 AUGUST 2021.**
- **AGREED THAT IF REQUIRED THE GOVERNOR PLANNING WORKING GROUP WILL MEET THOUGH THE SUMMER AND AT THE POINT WHERE COMPENSATION IS BEING OFFERED BRING THAT TO THE CORPORATION.**

62.21 PRINCIPAL'S COLLEGE REPORT

The Principal said that in the interest of time she would take the report as read and then highlighted the following key points:

- Overall, the College has made considerable progress this year against quality and financial key performance indicators (KPIs) despite all the challenges this year,
- The FEC visit formal report will be published in 4 weeks. The Initial draft was very positive and confirmed all recommendations from the diagnostic assessment visit had been fully completed and gave an endorsement of the College's approach with no further recommendations. This outcome is still subject to confirmation before they release the final report which will then be circulated to the Board. The outcome means that the college will no longer be in intervention
- Policy /political updates are provided in the report
- Predicted rates are shown in ranges as achievements have been more difficult to predict due to the changes to assessments from Ofqual and the awarding organisations for Covid. The range does however highlight that all grade groups are on a positive trajectory.
- The College has been working with Capital Colleges Group on a collaborative bid as part of the Further Education Professional Development Grant pilot. The Further Education Professional Development Grants pilot (FEPDG) is a national pilot of competitive grant funding aimed at improving the professional development of the workforce within the Further Education (FE) sector. It is part of the Government's commitment outlined in the Skills for Jobs White Paper and supports educational recovery. The grant supports collaborative working between different institutions, and in order to meet eligibility criteria, the lead institution should have a rating of Good or better for Ofsted and a good or better financial health score. The other institution should have an Ofsted grade of 3 or 4. Waltham Forest College has a financial health score of good and an Ofsted grade of good and will therefore be the project lead, Capital Colleges Group has an Ofsted grade 3 and a financial health rating of requires improvement. Despite the current grading both organisations have complementary areas of good practice that can be shared across colleges and the project is aimed at developing the workforce across both colleges. There are two bids of £500k each for which Board approval is being sought; the first bid is aligned to Priority theme 1: workforce capability and confidence to use technology effectively in education This theme will focus on improving skills and confidence of teachers largely through the use of individual coaching and is an identified are of improvement by Capital Colleges Group. The second bid is aligned to Priority theme 2: subject specific professional development. As the lead provider Waltham Forest College would be responsible for monitoring the use of funds and progress of the project/s within the timescales stated. The College has extensive experience of managing and monitoring bids and projects. If successful, the grant will be paid directly to Waltham Forest College as the lead provider. To mitigate risk, payments would be made to Capital Colleges Group in instalments on programme rather than on profile, based on regular submissions of relevant evidence and progress.
- A Staff satisfaction survey carried out by QDP which provides sector benchmarking for comparisons, was recently completed; participation rates were just under 64% compared to around 40% for the previous survey. Whilst there are still further areas to improve upon, good progress has been made since the last survey in 2019 and provided a helpful road map of where we need to be
- Financial KPI's –Current cash days are 109 (excluding Erasmus funds) and are forecast to be 92 at year end against an outturn of 27 for 2019/20. This is an important benchmark
- Earlier in the year, it was agreed at Corporation that to be prudent, the College would model the accounts with a 5% clawback to provide assurance and mitigate any shortfall in achieving AEB funding; this action was commended during the recent FEC review visit. The GLA has now provided colleges with an opportunity to present business cases to help mitigate the risk of clawback. Waltham Forest College is likely to be one of the few colleges not subject to clawback due to the strong performance of the delivery of AEB funding and is currently forecast to achieve around 92.5%, above the threshold of 90%. Nevertheless, the College will be submitting a business case based on expenditure already committed (e.g. staffing costs) to mitigate any unforeseen changes to the end of the year
- Stakeholder Engagement - A summary of recent activities aligned to the College's strategic priority areas are included below. Is included in the report
- Meetings have taken place with Portsmouth University Portsmouth and London metropolitan university to talk about HE opportunities through both franchise and co-design and co-delivery and we will continue to pursue those

The Chair of the CSWG commented that in terms of L3 quals the three types of quals at L3 that the government want are A levels, T Levels and apprenticeships and not anything else, so this is something to consider going forward. She observed that the professional grants was a very good project for the college to do and the approach re performance related payments will minimise risk and is entirely the right one. The Principal said that she is in discussion with Capital City Colleges group about procuring coaches though the ETF.

A governor said that he was impressed by the progress and hard work, and that he had seen before such a swift and broad improvement which often goes hand in hand with a small team, so it is important to discuss key personnel and succession planning. The Principal explained that the progress this year has been significant and due to the sheer hard work and energy and drive of every single member of staff at every level and that part of succession planning is building up the capacity of the senior team. It was agreed that this is an area to look at when reviewing the risk register.

Another governor said that he echoed the same comments but cautioned the need to look at sustainability of driving and improving strong performance and that it would be good to have a structure in place so it's part of usual business. The Principal said that the planning issues with the proposed development next to the College and the succession of bids have added considerably to the workload. Next year the college will be out of intervention and the issues with planning will have been dealt with so she is hoping other challenges will be less onerous.

A staff governor said that a lot of the pressure and drive means that there are now systems and processes in place which weren't there before so as a middle manager he now has the tools to do the job.

The Chair of the Audit Committee commented that establishing a risk strategy will help the senior team and provide a level of comfort in terms of what is prioritised and what shouldn't be to help understand the level of impact of each risk. It was agreed to add risk of loss of key personnel and sustainability to the risk register.

THE CORPORATION:

- **NOTED THE GOOD PROGRESS AGAINST QUALITY KPIS FOR 2020/21**
- **NOTED THE GOOD PROGRESS AGAINST FINANCIAL KPIS FOR 2020/21**
- **APPROVED THE SUBMISSION OF A COLLABORATIVE BID FOR THE FURTHER EDUCATION**
- **PROFESSIONAL DEVELOPMENT GRANT**

63.21 <u>CURRICULUM AND STANDARDS WORKING GROUP (CSWG) MEETING HELD ON 1 JULY 2021</u>

THE CORPORATION RECEIVED THE NOTES OF THE CURRICULUM AND STANDARDS WORKING GROUP (CSWG) MEETING

64.21 <u>UPDATE ON CURRICULUM AND QUALITY</u>

The DPC&Q spoke to the Curriculum and Quality Report and QIP and highlighted the following:

- The Predicted achievement table 1 and 2 shows overall predicting improved achievement against all streams.
- The results of the CAG in FS, maths and English will be known at the end of July. Even at the lower end of the range this will be higher than previous three years performance.
- Table 3 shows 91.4% vocational achievement in the study programme outcomes
- 20% of applications for next year have been made so far so that is looking positive
- Attendance in English and maths remains a cause for concern.
- The QIP template has been reformatted following helpful input from the CSWG. One of the changes to the template is that completed actions will only be removed once the impact is seen.
- Key actions will be taken forward to next year even if some progress has been made.

A Governor suggested that the increase in new enrolments may be Covid related as he has seen at other institutions so it may be a one-off spike. The Principal advised that there is also an upward trend in demographics, and the Collge has been growing its market share through improved schools liaison, improved quality, effective marketing and growing reputation.

The Chair of the CSWG said she wanted to reinforce the progress made but also to temper that with the fact that we don't actually know what the results are and that there are concerns with Functional Skills and impact of Study programmes. She continued that there is some way to go but conveyed her thanks to all the team for the hard work, stating that the Board should not underestimate the amount of work that's gone into this.

THE CORPORATION

- **NOTED THE GOOD PROGRESS IN THE MAJORITY OF THE ASPECTS OF CURRICULUM AND QUALITY**
- **NOTED THE PROGRESS MADE AND APPROVED THE UPDATED QUALITY IMPROVEMENT PLAN**

65.21 <u>DRAFT ESTATES STRATEGY AND FECTC CAPITAL FUNDING-STAGE 2</u>

LM the College's property consultant, presented the draft Estates strategy which looks to draw out key issues, planning, risks. The key reason for producing this is to support and underwrite the FECTC Capital Funding bid and any further funding bids as the information in the strategy will feed into and help strengthen and support any further funding opportunities. LM invited questions and feedback on this final draft.

A governor said that it is important to draw the links between this and the work the college is doing on planning and to take that to the council as part of the objections to the development.

Another governor echoed the point about linking this with the development and asked whether the strategy takes account of what may happen if the plans do not go our way. LM said he would include a paragraph or two in there as to what impact the development would have on us and that it may constrain our future growth.

A Governor said that the modelling that has been done is excellent and that the it is good that the college has got to this point in the FECTC Capital Funding bid but as the devil is in the detail, he asked how we will take this forward. The Principal said that the timescale to respond is very tight, but this strategy will provide the information to support the bid. The Chair said that a process for reviewing and monitoring this going forward should be agreed

The IDPCR than went through the position regarding the FECTC Capital Funding.

- The College has been approved to apply for the next stage (RIBA stage 2) of the FECTC project. The submission deadline is 8th October
- The total value of the project funding applied for is £25m with no match funding.
- The Board's support and approval is being sought to appoint consultancy design team professional services for the two FECTC projects applied for in March 2021 at a total project cost of £100k.
- We are not able to go through a full tendering process due to the time constraints - the RIBA stage 2 deadline is 2 months, and value for money
- If the project is not awarded, we will have to write this off. To mitigate this there is a sizeable contingency in next year's budget so we would use £100k of this, which will leave us £200k contingency. Hopefully the costs will be less than £100k. If we are successful will recoup the costs.

Governors agreed that it is important to have a strategy as a starting point and that it is good practice to review this annually as it sets out a road map. It was also agreed that if we don't this, we may regret it. LM was asked whether there are some actions that need to be addressed now. LM said that some was taken following the last round of FEDC funding and confirmed that there are no critical considerations at this stage for the Corporation.

The Chair said he was reassured that there is a good operational team in place to take this forward. He proposed and it was agreed that the strategy will be reviewed through the EPPWG.

THE CORPORATION APPROVED

- **THE ESTATE STRATEGY**
- **THE COST OF £100K FECTC CAPITAL FUNDING-STAGE 2AND CONTINUED USE OF THE SERVICES OF THE STAGE 1 PROJECT CONSULTANTS, VEAGA AND FUSION.**

66.21 <u>FINANCE WORKING GROUP 12 JULY 2021 REPORT</u>

The DoG conveyed the following report on behalf of the Chair of the FWG:

- The FWG noted the strength of the finances as we come to the end of the year, which is a great achievement for us all, we can now present ourselves as a truly sustainable college. That being said, the FWG challenged the budget and the cash expectations going forward and it was comforting to hear that SLT have an objective to improve the finances further and the hard work isn't over.
- The draft budget is supported by the FWG
- the management accounts present a strong picture with the team 'banking' benefits from cost savings, extra income from in year growth, Catering savings, etc.
- The catering, contract was also discussed and fully supported in that forum. It's the right decision and it seems we have a good supplier that is also committing financially to deliver a good service. Financially, this is cash neutral to the College now, rather than it being a large cost we continue to carry.

THE CORPORATION RECEIVED THE REPORT OF THE FINANCE WORKING GROUP MEETING

67.21 <u>INCOME AND EXPENDITURE 2020-21 – MONTHLY MANAGEMENT ACCOUNTS FOR 31 MAY 2021</u>

The IDPCR spoke to the Management Accounts to 31 May 2021 which had been reviewed by the FWG the previous week. She then highlighted the key points:

- The Cash balance at 31st May was £6,753k and 121 cash days, against the College target of >25 cash days. This includes £643k advanced payment from the Erasmus project due to start in 2022/23. Excluding this receipt from Erasmus, the cash days is 109.
- Yearend forecast for 2020/21 which is still the same as per April is £810k surplus compared to the budget of £96k.
- The year to date financial result shows a surplus of £987k compared to year to date budget of £167k as at the end of May 2021. There is a favourable movement of £820k
- The Financial Health Score is 'Good'.
- The restructured Bank loan means the college will be making repayments of £35k rather than £62k
- Modelling the year end started in June and July in line with the new FEC benchmarks .
- GLA-Adult Education –The College forecast delivery in the last return report was 92.5% indicating that the College is on track to achieve the target of 90%. Therefore, it is looking likely that we won't have a clawback so we will probably put back the 5% provision into either the June or July accounts. We still plan to make a business case in the event we don't achieve the target, although we have been advised that the GLA does not intend to clawback money from colleges
- Pay as a percentage of income is 67.15% which is 2.15% above the College target. There are robust weekly staffing panel meetings held to ensure only essential vacancies in the curriculum areas are filled, or to cover periods of long-term sickness affecting substantive employees, in certain business-critical areas. In addition, the staff cost relating to the in-year growth funding, has already been included in the staffing cost at the beginning of the year when the additional students were enrolled.
- Debt Service Cover Ratio is forecast at 7 compared to new FEC target of >2. The higher this ratio the higher the confidence that the College has sufficient cash to service its loan obligations.

THE CORPORATION:

- **RECEIVED AND NOTED THE MANAGEMENT ACCOUNTS TO 31 MAY 2021 RELATING TO THE FINANCIAL POSITION OF WALTHAM FOREST COLLEGE.**
- **NOTED THE KEY FINANCIAL RISKS BEING MANAGED AND THE MITIGATING ACTIONS BEING TAKEN BY THE COLLEGE.**

68.21 DRAFT INCOME AND EXPENDITURE BUDGET 2021-22

The IDPCR spoke to the Draft Income and Expenditure Budget 2021-22 which had been reviewed by the FWG the previous week. She then highlighted the key points:

- The ESFA have produced a new financial template which replaces the IFMC and is called CFFR and takes account of the new FE benchmarks. The data from the approved budget will be used to populate it
- The paper provides a draft position statement on the budget for 2021/22 and 2022/23as the College is required to submit a budget for this and next year
- In the Financial year 2021/22, it is expected that the College will generate funding worth £24,063k. This income is £493k less than the 2020/21 full year forecast as at April 2021. This is partly due to £591k of lagged funding relating to the growth in 16-19 being paid in 2020/21. In addition, the College received significant one-off funding from the ESFA and GLA relating to COVID 19 response fund to assist with the pandemic recovery and most of which are not available in 2021/22. The Curriculum plan for 2021/22 assumed an unfunded growth of 16-19 learners of 6% which is then paid in 2022/23. Income is based on allocations and growth will strengthen our position going forward
- Total pay cost (including Partnership Cost) in 2021/22 has increased by 3%(£464k). This comprises mainly of the 1% pay rise amounting to £91k and pay scales increments for staff who are not on-top of the scale. This has been compounded by the 1% pay rise(£100k) and pay anomalies payment(£185k) awarded in 2020/21 with some savings being realised from the redundancies made in 2020/21. In addition to the above, some of the staff cost is needed to deliver the growth in 16-19 learners as per the Curriculum plan, has been included in the budget. In most cases, this has been included as a sessional amount not an established post to allow for flexibility in realigning cost depending on recruitment. Pay cost for 2022/23 assumes a 1% pay increase costing £100k and incremental drifts for staff who are not on top of their pay scale. The pay cost assumes the Executive team achieve in year savings of £340k in both the Curriculum and Support areas. Included in the pay cost is agency and contingency amounts totalling £646k in both 2021/22 and 2022/23. the executive will review staffing levels after recruitment and make changes to staffing structure as required.
- Non pay cost (including sub-contracting cost) has reduced by 5%(£440k) mainly due to less income being delivered through sub-contracting as per the College long term strategy. In addition, the College has gone to tender to outsource its commercial catering facility which was loss making circa £150k. This has significantly improved the College's non-pay cost for 2021/22 and 2022/23 compared to 2020/21 forecast.
- Financial Health Score - as per the KPIs in table B, in 2021/22 and 2022/23, the College scores 220 and 260 points which equates to 'Good' and 'Outstanding' financial health respectively according to the current ESFA guidelines.
- Operating Surplus: The Operating Surplus as a percentage of income is lower in 2021/22 compared to the 2020/21 forecast but still above the FEC benchmark of 1%. The KPI target for 2020/21 is 3.40%, 2021/22 is 1.50%, and 2022/23 is 2.15%. The reduction in the operating surplus KPI is due to the reduction in income compared to the current year forecast.
- Cash Days: Cash days of 75 are forecast against the target of 25 days for 2020/21. For 2021/22, cash days are estimated to be 90 and 2022/23 increasing to 119 days. This excludes £643k advanced payment for the Erasmus project received in May 2020/21 as the cash reserves carried forward are based on the April 2021 forecast. The increase in cash days which is very strong provide comfort that the College has sufficient cash to meet current liabilities and improve its resilience in the future.
- Cash Reserves: For 2020/21, the cash reserve of £4,472k are forecast against the College target of £1,750k. In 2021/22 cash reserves are estimated to increase to £5,278k and £7,141k in 2022/23. This indicates that, the College is in a strong financial position to respond to opportunities in 2022/23 to achieve its long-term growth and financial sustainability.
- Liquid Ratio: The forecast for 2020/21 is 1.07 against College KPI target of >0.85. For 2021/22, the liquidity ratio is budgeted to be 1.5. This is greater than the new FEC target of 1.4 and continues to rise to 2.16 in 2022/23. The impact is that there is sufficient cover for current liabilities out of cash and debtors as the College reposition itself for growth.
- Borrowing as % of income: This is forecast at 1.85% in 2020/21, 1.29% in 2021/22 and reduces to 0.67% in 2022/23. This is as a result of the bank loan being re-profiled in 2020/21 and extended for an additional 4yrs with lower repayment amounts per quarter. Low borrowing reduces the interest charges incurred by the

College. It's worth noting that, the lower borrowing % scores the College 90 points in its financial health scoring and so worth maintaining so long as it's below 10%. However, this FEC Benchmark has been replaced with Debt Service Cover Ratio, as shown below.

- Debt Service Cover Ratio: This ratio is derived from Net cashflow from operating activities divided by the total of interest paid, interest element of finance leases, repayment of amount borrowed and capital element of finance leases. This ratio is forecast at 5% in 2020/21 increasing to 17% in 2022/23. The higher this ratio the higher the confidence that the College has sufficient cash to service its loan obligations.
- EBITDA as % income: Forecast at 9.10% in 2020/21 due to a surplus of £810k being forecast against budgeted surplus of £96k. But this reduces to 6.89% in 2021/22 and 7% in 2022/23 due to the lower surplus being generated compared to 2020/21.This indicates the College is generating sufficient in-year earnings after allowing for depreciation and interest charges though comparatively lower than 2020/21. This is on a trajectory to improve the cash position and increase the College's reserves in the long-term.
- Pay as a percentage of income (including Partnership): Forecast staff cost in 2020/21 excluding redundancy cost, is 67.18% and increases to just above 68% in 2021/22-23. Subcontracted income and related costs are excluded from the % calculation. Staff cost relating to the growth funding, has been included in the staffing cost budget for both 2021/22 and 2022/23. The College Executive Team is committed to making in-year savings to achieve the FEC target of 65%.
- Financial Loan Covenant: Operational Leverage- stipulates that, the Adjusted Operational Surplus for any given period shall not exceed 200%. The College is compliant based on the budget for 2021/22 and 2022/23. In addition to this, the College has a new loan covenant on debt service cover which it needs to comply with as part of the new terms and conditions with the bank. The College is complaint for both 2021/22 and 2022/23.
- The financial indicators demonstrate that the College has significantly improved its cash position and solvency by strengthening performance through a closer scrutiny of staffing costs and closer monitoring of income.
- Capex – The executive considered a wish list from of £1m from departments and rag rated the requests based on need and requirements for the capital bid . The total Capital budget for 2021/22 is £350k compared to £236k in 2020/21. the expenditure will be focussed on replacement of student computers as per the ICT infrastructure strategy, a new HR system that will enhance the reporting and improve compliance and workforce strategy, and for Estates to refurbish a room to cater for planned increase in student numbers in the Construction department and to make good some of the areas at the front of the College to enhance learner experience. There were some requests made from various departments for new equipment which were predicated on new courses which if they do go ahead, the senior team has agreed to fund.
- The aims and objectives of the budget are set out in the report.
- The Sensitivity analysis shows what needs to be considered and mitigating actions being taken. in terms of achieving the budget.

A Governor suggested that the college is on the higher end of the good financial health and asked at what point does it become outstanding. The IDPCR responded that the score has to be 240 or higher to achieve outstanding.

A Governor asked whether the HR software is being procured as a service which would mean it does not have to be capitalised. The IDPCR confirmed that the collge is buying the software so it will be compliant with HMRC requirements, so it needs to be capitalised.

A governor asked whether there is any provision for legal advice to support the work being done in response to the proposed development next the college. The IDPCR said that this will come out of the contingency. The Governor then asked how much has been spent to date on the professional team dealing with the development in this financial year to gauge what it may be next year. The IDPCR said that to date the spend has been around £20k estimated to be up to £50k by planning stage. The Principal said that should the College need to use the contingency the Board will be kept updated on the spend.

THE CORPORATION APPROVED INCOME AND EXPENDITURE BUDGET 2021-22 DRAFT INCOME AND EXPENDITURE BUDGET 2022-23

69.21 CATERING CONTRACT
The IDPCR provided the background and process to this contract being awarded. The award was approved via Chair's action to ensure the contractor would have sufficient time to prepare ahead of the start of the new academic year. The IDPCR assured the Board that due process had been followed.

THE CORPORATION APPROVED THE CATERING CONTRACT AWARD TO CATERLINK.

70,21 AUDIT COMMITTEE MEETING 12 JULY 2021 REPORT
The Chair of the Committee provided the following verbal report:

- Two internal audit reports were considered - Subcontracting and Follow up - both were positive audit reports which demonstrate the hard work of the senior management team.
- The Financial Statements Audit Strategy was presented by McIntyre Hudson the newly appointed external auditors. The external auditors will use a risk-based strategy. Three new auditing standards have been introduced for this year's financial statements.
- The College Risk Register was reviewed and the format of the register and various ways to map risks was discussed. It was agreed to looked at this further at the next RM workshop planned for September. It was also agreed to ensure that the risk decisions and where they are recorded are clear as some might be within local (level) risk registers and may or may not be picked up into the main risk register.

The DoG advised the Board that in line with the new ACOP requirement the financial statements will be presented to a joint meeting of the Audit & Risk Committee and Finance & Resources Committee on the 2 December 2021 which the Chair of the corporation will also attend and all governors will be invited to attend.

THE CORPORATION NOTED THE REPORT OF THE AUDIT COMMITTEE MEETING

71.21 DRAFT INTERNAL AUDIT PLAN 2021/22 and 2022/23
The Chair of the Audit Committee advised the Board that the Committee had considered reviewed and discussed the Draft Internal Audit Plan. The Committee had discussed whether risk management should be reviewed annually and asked for some benchmarking for the sector. The Committee agreed to recommend approval of the plan to the Board subject to a learner number audit being included in the 2022-23 plan.

THE CORPORATION APPROVED THE INTERNAL AUDIT PLAN for 2021/22 and 2022/23

72.21 REVIEW OF RISK REGISTER
The IDPCR advised that this risk register has been presented to all the Committee/working group meetings this term. And invited any questions. A governor said he would liaise outside the meeting re the risk around key personnel as discussed earlier.

THE CORPORATION NOTED THE RISK REGISTER AND THE MITIGATING ACTIONS BEING TAKEN

73.21 REPORT FROM SEARCH COMMITTEE MEETING 28 JUNE 2021 AND APPOINTMENT OF GOVERNORS
The minutes of the meeting were received and noted. The Chair of the Committee and Char of the Corporation provided some background to recruitment, selection and recommendation for the appointment of new governors.

THE CORPORATION APPROVED THE SEARCH COMMITTEE'S RECOMMENDATION TO:

- **EXTEND THE APPOINTMENTS OF MICHAEL EICHHORN AND JACQUELINE YOUNG FOR THE FULL FOUR-YEAR TERM (TILL SEPTEMBER 2023).**
- **PAUL DOUGLAS, ANDREW HALL, SUSANNAH HUME AND GBEMINIYI SOYINKA AS GOVERNORS WITH EFFECT FROM 1 SEPTEMBER 2021 FOR AN INITIAL ONE-YEAR TERM.**

74.21 GOVERNANCE REPORT

The DoG spoke to the report ad advised that Further to the decision to transfer from the Policy Governance model to a traditional Committee Model all the relevant documentation has been reviewed, revised and newly drafted to ensure it is fit for purpose for the new Governance Structure.

THE CORPORATION

- **APPROVED**
  - **THE CORPORATION'S INSTRUMENT AND ARTICLES 2021-22**
  - **THE CORPORATION'S STANDING ORDERS 2021 -22**
  - **THE CORPORATION'S SCHEME OF DELEGATION 2021 -22**
  - **THE COMMITTEES/WORKING GROUPS TERMS OF REFERENCE 2021 -22**
  - **THE COPORATION KPIS 2021 -22**
  - **THE COMMITTEES/WORKING GROUPS MEMBERSHIP COMPOSITION, 2021 -22**
  - **THE DATES OF MEETINGS 2021/22 AND WORKPLAN**
- **NOTED PROGRESS AGAINST THE BOARD REVIEW ACTION PLAN.**

75.21 ELECTION OF CHAIR AND VICE CHAIRS

The DoG advised that the current respective terms of office for the Chair and Vice Chair end on 30 September 2021. Therefore, the Board was asked to elect a Chair and two Vice Chairs.

THE CORPORATION

- **APPROVED THE APPOINTMENT OF PAUL BUTLER AS CHAIR OF THE CORPORATION UNTIL 31ST JULY 2022 AND THE EXTENSION OF HIS CURRENT TERM AS GOVERNOR TO 31ST JULY 2022**
- **APPROVED THE APPOINTMENT OF YOUNESS ABIDOU AND ALISON MORRIS AS VICE CHAIRS OF THE CORPORATION**

76.21 THANK YOU TO RETIRING GOVERNORS AND THE STUDENT GOVERNORS

- The Chair asked that the Boards thanks and appreciation be conveyed to the student governors.
- The Chair thanked Tim Strong for his support and contribution to the Board and the college during his tenure and in particular his help and advice when the college was going through some difficult times. The Principal then presented Tim with a gift a card from the College and Board along with an open invitation to visit the college at any time. Tim thanked everyone saying he had really enjoyed his time with the college and looked forward to staying in touch

77.21 ANY OTHER ITEMS OF URGENT BUSINESS

None.

78.21 DATE OF NEXT MEETING

The next meeting will be held on Tuesday 28th September 2021.

The meeting closed at 21.30

These minutes have been approved by the Corporation as a correct record.	
CHAIR:	**DATE:**
	REMOTE CONFIRMATION: **OR SIGNED:**