



Part I Minutes of the Corporation Meeting held on Tuesday 24th March 2020 commencing at 4.30pm via telephone conference

Members Present: Liam Butler
Katharine Clough
Peter Davies
Alison Hodge
Helen Lawley
Valerie Little
Jason Parker
Suhail Rana
Jonathan Sandhu
Liz Sithole
Neil Thomas (Chief Executive & Principal)
Tom Westley
David Whatton (Chair)

In Attendance: Georgina Barnard (Managing Director – IoT)
Andy Comyn (Chief Operating Officer)
Gill Darwood (Senior Officer Corporate Governance) (SOCG)
Debbie Goode (Executive Director Public Affairs & Marketing)
Steve Johnson (Executive Director Estates & Capital Projects)
Diana Martin (Vice Principal)
Sanjeev Ohri (Chief Officer Development & Dudley College Worldwide)

PART I

1 Confirmation of quorum and apologies for absence

1.1 Apologies for absence were received from Martin Dudley, Charlie Harvey and Aldrich Gonsalves. The Clerk confirmed that a quorum was present.

1.2 The Chair noted that this would have been Martin Dudley's last meeting and would be Jonathan Sandhu's last meeting. Members expressed their thanks to both Martin and Jonathan for their valuable contribution to the work of the Corporation.

2 Declarations of Interest

2.1 There were no declarations of interest.

3 Minutes of Corporation Meeting

3.1 Minutes of Corporation Meeting held on 11th February 2020

3.1.1 The minutes were confirmed as a true record and would be signed by the Chair.

3.2 Matters Arising

3.2.1 - **Partnerships report (amended)** – it was noted that the partnerships report had been corrected as requested at the previous meeting and was recirculated for members' information.

4 Strategic Matters – for discussion/approval

4.1 Covid-19 Update

4.1.1 A paper provided by the CE&P had been circulated in advance of the meeting for consideration by members.

4.1.2 The report provided details of delivery and community support currently being delivered by the college:

- The college campuses (including ATECC at Waltham Forest) were now closed to all but a small selection of vulnerable learners and those whose parents/carers were classified as key workers who were based at Broadway. All provision had now moved to remote or online delivery which was going well at present and systems were holding up well. All business support services were also being delivered remotely as much as possible at the present time. The CE&P noted that, as time goes on this would become more difficult as it would not be possible to deliver certain technical aspects of programmes remotely.
- On Broadway site the college was continuing to offer a service to vulnerable learners and learners whose parents were key workers. From the college, there were 200 potential vulnerable learners in scope, with 14 attending college on Monday 23rd but only 6 today. This was thought to be due to the change in government guidance overnight and the college would continue to offer support as long as anyone needed it.
- The college was also offering use of its facilities to the Dudley Academies Trust and other local schools from tomorrow, Wednesday 25th March.
- Free college meals had been made available but the intention was to move to a system of sending free college meal money via students' bank accounts, subject to agreement of the ESFA to this arrangement.
- The CAT Centre was being utilised as a venue by WM Ambulance Service for training and recruitment. Due to closure this facility was not required for use of college students and was therefore being offered in the interests of community support.
- The number of staff on site was now at a bare minimum, approximately 14 staff across all sites with one member of senior leadership on site as duty manager each day.

4.1.3 The CE&P drew members' attention to the notes he had provided on the impact on the College's operations up to the point of closure on Friday 20th March, in relation to:

- Employers cancelling industrial placements.
- Employers cancelling work placements.
- The College choosing not to send students to work placement, such as care homes where they presented a risk to elderly residents.
- Employers refusing access for group training.
- Employers cancelling full cost training.
- Employers unable to accept visits from assessors or Business Development Managers impacting on apprenticeship recruitment and delivery.
- Impact on requirement for 20% off the job training.
- Employer redundancies due to financial pressures on their business.

4.1.4 In respect of the financial impact:

- The CE&P provided an update following his conversations with the College's bankers, who had been highly supportive and had outlined some of the measures they would be prepared to take, although they were currently awaiting confirmation from funding agencies as to what arrangements would be put in place by them as a first resort.

These potential measures included waiver of bank covenants, payment holidays and short term cash flow support.

- The CE&P confirmed that the WMCA who funded the adult education budget had confirmed they would pay on profile as planned exactly as if the college had delivered to the plan agreed at the start of the year.
- The ESFA had issued some limited guidance which confirmed they would pay full time learner income (although it was noted that this was lagged income based on the previous years' enrolments anyway). They had not as yet given any assurances in relation to other income lines and they were currently still reviewing arrangements regarding examinations and assessments, but had not provided any further detail at the present time.
- The COO provided a summary of the position in relation to the cash flow over the coming months, which he explained had been considered from a cash flow perspective rather than through management accounts, looking at what income may still come in, what may be deferred and what may not come in at all. These were best 'guesstimates' in terms of predictions.
- Based on learning continuing going forward, £1m of funding had been taken off apprenticeships, on the basis of no new starts, current learners continuing and a 50% achievement rate by the end of the year.
- Full cost commercial courses – assumption that these would not continue going forward which would result in a reduction of £300k this year, as well as a reduction in other miscellaneous income such as catering income and other commercial areas.
- Payment for sale of Priory Villa – half of balance due in year deferred to next academic year.
- An estimated reduction in income overall of £1.3m cash income.
- Offset against these reductions there would be some element of cost savings, for example in agency staff and subcontracted staff, not recruiting additional staff in existing vacancies, amounting to approximately £1m pay and non pay expenditure.
- Also on the positive side, the cash flow was due to seasonality currently at its lowest point, and the current cash position was good and higher than budgeted partly due to the receipt of £800k through the IOT funding which did not yet need to be paid out.

4.1.5 In summary the COO confirmed that there were no immediate cash flow pressures to the end of the year, with the anticipated net position £500k down compared to budget.

4.1.6 In terms of capital expenditure, savings of £800k were anticipated between the present and the end of July as it was highly unlikely that some planned projects would proceed on schedule so payments would not fall due, therefore creating additional headroom.

4.1.7 The CE&P explained that due to government support which had been announced, there was the potential to furlough members of staff whereby they were kept in employment but laid off and the government would cover 80% of their salary. He advised that the College was not anticipating doing this based on the current cash flow assumptions, however if the current situation continued for an extended period of time this would need to be further considered.

4.1.8 Other potential impacts were discussed including:

- Planned capital works to ADC.
- Potential delay of launch of T Levels.
- IoT Contractors on site had ceased work today following further guidance from government.

4.1.9 The CE&P and COO provided responses to a number of questions from members. The CE&P advised that the bank had confirmed their willingness to provide a letter of comfort once the position in relation to support from the ESFA had been clarified.

4.1.10 S Rana reported that remote working with learners was working well at present and highlighted the need in respect of learners progressing to university to complete the full syllabus in preparation for their higher studies, even though they would not be undertaking final examinations.

4.1.11 **It was resolved** To note the update and to endorse the College's approach in respect of its responses to the Covid-19 pandemic.

4.2 **Exceptional arrangements for Corporation approvals going forward**

4.2.1 The Chair explained that the SOCG had produced a paper which detailed proposals which members were asked to consider to ensure the continuance of effective governance arrangements due to the Covid-19 outbreak. These measures included:

- A temporary change to the quorum of Corporation Meetings to enable the Corporation to maintain decision making powers. The proposal was to amend this to a quorum of 3 members for a temporary period which would be reviewed on 1st September 2020, with a view to reverting to the previous position should normal working arrangements be achievable at the point.
- Arrangements for the appointment of an acting Chair in the absence of the Chair and Vice Chair. It was proposed that P Davies be designated as 'acting Chair' should the current Chair and Vice Chair be indisposed, and that in his absence any other external member be designated as 'acting Chair'.
- Arrangements for the appointment of an interim Clerk in the absence of the Senior Officer Corporate Governance.
- Arrangements for executive leadership of the College in the absence of the Chief Executive & Principal.

4.2.2 The paper also detailed the decision making arrangements which already existed in relation to passing resolutions, including written resolutions, emergency Chair's decisions and circumstances for specific delegation of powers.

4.2.3 Members noted the proposal that these arrangements would be further reviewed on 1st September 2020 and would revert to original constitutional arrangements at this point in time if normal operations had resumed.

4.2.4 In view of the fact that the term of office of Peter Davies was due to end on 21st September 2020, it was proposed that in these exceptional circumstances, his term of office would be extended for a further period up to a maximum of 12 months to enable the Corporation to retain his experience and expertise

4.2.5 The SOCG explained that the proposed contingency arrangements would ensure that any decision making could continue whilst maintaining full oversight and scrutiny by all governors and in accordance with the College's constitution as set out in the Instrument & Articles of Government.

4.2.6 **It was resolved:**

- To amend the quorum for Corporation meetings to 3 members, for a temporary period to be reviewed on 1st September 2020.
- To extend the term of office of Peter Davies from 21st September 2020, due to exceptional circumstances, for a further period up to a maximum of 12 months to 20th September 2021.
- That in the absence of the current Chair and Vice Chair, Mr Peter Davies, or in his absence, an alternative external member of the Corporation, be appointed to act as Chair.

5 Business Matters for approval

5.1 IoT Marketing proposal

- 5.1.1 Debbie Goode presented the proposal to allocate a budget for marketing of the Black Country & Marches Institute of Technology (IoT). She explained that the national government context against which the IoT would be promoted was one by which each institution would be responsible for the achievements of its own outputs, without the benefit of a nationally orchestrated campaign. This therefore created the imperative for the local arrangements to be effective in terms of creating awareness, generating desire and promoting buyer behaviour for the IoT's services. To support the full marketing mix anticipated for the first launch phase one of the IoT's activity in 2020/21 a substantial budget was needed to enable the target learner numbers for the first year of operation to be achieved. Therefore, the Corporation were requested to approve the proposed £300k budget to be set aside in support of Dudley College of Technology's marketing plan.
- 5.1.2 The CE&P explained that this approval would be subject to the continuation of the build programme and should this be deferred then the proposal would be adjusted to meet revised timescales. The accompanying proposal included details of how this expenditure would be allocated to the various marketing activities and channels.
- 5.1.3 **It was resolved** To approve the budget of £300k of marketing expenditure in respect of the Black Country & Marches Institute of Technology.

5.2 Tender for external auditors for 2019/20 accounts

- 5.2.1 The COO reported that, due to developments since the meeting papers were published, the proposal contained within the paper was no longer being put forward for consideration.
- 5.2.2 Given the current situation, he requested members to consider a proposal to extend the current auditors' contract for a further period of 12 months, and for this option to be agreed for any other contracts which may come up for renewal in the next 12 months. Any contracts being extended in this way would be reported to the Corporation.
- 5.2.3 **It was resolved:**
- To approve the extension of the current contract for external audit awarded to KPMG for a period of 12 months.
 - To endorse the approach in relation to any other contracts which would come up for renewal within the next 12 months.

5.3 **Counter Fraud and Corruption Strategy**

5.3.1 The COO explained that the Counter Fraud and Corruption Strategy and accompanying policies had been considered at the Audit Committee on 9th March 2020. Feedback from RSM, the college's internal auditors, had highlighted that in the ESFAs latest Post 16 Audit Code of Practice updated in March 2019, it stated that a Corporation must establish an effective and proportionate Counter Fraud Strategy. As a result, the audit committee had considered the new Counter Fraud & Corruption Strategy and, with the addition of one minor amendment agreed at the committee, had recommended it to Corporation for approval. The strategy referred to the following existing policies, which had also been updated.

- Whistleblowing Policy
- Gifts and Hospitality Policy
- Anti-bribery Policy

5.3.2 **It was resolved:** To approve the Counter Fraud and Corruption Strategy, Whistleblowing Policy, Gifts and Hospitality Policy and Anti-Bribery Policy.

5.4 **Working Time Policy**

5.4.1 The Chief Operating Officer reported that a new section had been added to the policy, section 5.2 – Working hours – Tesco Academic Staff. This reflected the working hours agreed for academic staff employed in the delivery of the Tesco contract only.

5.4.2 This policy had been considered by the College's Joint Consultative Committee and had been agreed by the union representatives at that meeting.

5.4.3 The COO answered a number of questions on points of detail and it was agreed that, under section 3.3, consideration could be given to the wording regarding provision of facilities, in view of the current climate where homeworking was in wide operation.

5.4.4 **It was resolved:** To approve the Working Time Policy subject to amendment of clause 3.3 in relation to the provision of facilities.

5.5 **Gender Pay Gap Report**

5.5.1 The Chief Operating Officer provided members with information on the college's gender pay gap, the key points were:

- All employers with 250 or more employees were required to publish information about the gender pay gap by 31st March 2020. Information was based on a snapshot date of pay on 31st March 2019.
- Workforce comprised of 55% female and 45% male.
- Mean and median gender pay gap figures slightly increased from the 2018 gender pay gap report.
- College mean pay gap was 16%, which was 1.3% lower than the national average of 17.3%.
- Overall proportional pay gap was 0.00%.

5.5.2 The COO explained that this gave a somewhat historic position as at March 2019, at which point in time the gender balance within the executive team had been affected by the departure of one female executive member. The current gender balance was quite different with a number of female appointments at both executive and senior leadership level.

5.5.3 **It was resolved:** To approve the Gender Pay Gap Report.

6 Business Matters to note

6.1 Management Accounts – January 2020

6.1.1 The COO presented the management accounts and accompanying report for the period ended 31st January 2020. The report provided a commentary on the year to date financial performance of the college, the key points of which were noted:

- The EBITDA was £2.641m, £0.307m below forecast but £1.22m (86.6%) more than this stage last year.
- Income was currently £25.921m, £0.389m below forecast, but £4.269m more than last year.
- Expenditure was broadly in line with budget.

6.1.2 Since production of the January Management Accounts, coronavirus (COVID-19) had spread throughout the world. As previously discussed, with it being such a rapidly deteriorating situation, the college was currently working to understand the short and long term impact. Like all businesses, it seemed inevitable that there would be a detrimental impact on the year-end financial position. However it was noted that, where there was an impact on income, costs would be managed as well as possible to minimise the financial risk to the college.

6.1.3 It was confirmed that cash generation remained strong and the college was expected to be able to meet all its obligations whilst remaining within existing credit facilities.

6.1.4 **It was resolved** To approve the management accounts to January 2020.

6.2 Audit Committee – minutes of meeting held on 9th March 2020

6.2.1 The minutes of the Audit Committee meeting held on 9th March 2020 were noted and L Butler advised that they represented an accurate record of the meeting.

6.2.2 The key points from the minutes were noted as:

- Learning Support for Apprentices final report undertaken by RSM noted.
- Internal audit progress report and key sector issues update noted.
- Rolling schedule of audit recommendations noted.
- External auditors' performance report noted.
- Tender of external auditors for 2019-20 accounts noted.
- Risk management – Spring Term report approved.
- Coronavirus update noted.
- To recommend the Counter Fraud and Corruption Strategy to Corporation for approval.
- To recommend the Whistleblowing Policy to Corporation for approval.
- To recommend the Gifts and Hospitality Policy to Corporation for approval.
- To recommend the Anti Bribery Policy to Corporation for approval.
- ESFA funding assurance review final report undertaken by PricewaterhouseCoopers noted.

6.2.3 **It was resolved:** To note the minutes of the Audit Committee.

6.3 **Confidential – Capital Projects, Progress Report**

This matter is the subject of a separate and confidential minute.

6.4 **FE Commissioner’s letter, annual report and college assessment**

6.4.1 The chair explained that a letter from the FE Commissioner to all Chairs and Principals of FE Colleges dated 6th February 2020 had been received which was provided at Appendix A, together with the Commissioner's annual report for 2018/19 at Appendix B.

6.4.2 The Annual Report detailed the activity and impact of the Commissioner and his team in formal interventions, diagnostic assessments and structural reviews. It also detailed work in relation to quality improvement involving National Leaders of Further Education, National Leaders of Governance and the Strategic College Improvement Fund.

6.4.3 The FE Commissioner's letter detailed a number of areas of concern which had been identified in those colleges which had entered formal intervention. The SOCG explained that the attached Appendix C detailed each of the areas highlighted by the Commissioner and provided a brief assessment of the College's position against each point. This assessment was agreed by members as an accurate reflection of the College’s position.

6.4.4 **It was resolved:** To note the FE Commissioner’s letter, annual report and college assessment.

7 **Date of Next Meetings**

7.1 The SOCG explained that it was proposed to hold an additional full meeting of the Corporation on 28th April 2020 to receive an update in relation to Covid-19 and its impact. This meeting would be held by video conference and papers would be issued during the previous week.

7.2 Further meetings were scheduled for:
Development Event: Friday 1st May 2020 at 11.30am
Ordinary Meeting (budget): Monday 22nd June 2020 at 4.30pm

8 **Any Other Business**

8.1 There were no matters of any other Part I business.

The meeting closed at 17.45.

Approved by the Corporation at its meeting on 28th April 2020