

Part I Minutes of the Corporation Meeting held on Tuesday 7th July 2020 at 4.00pm via video conference

Members Present: Liam Butler
Peter Davies
Alison Hodge
Helen Lawley
Valerie Little
Jason Parker
Suhail Rana
Jonathan Sandhu
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 Business Development & DC Worldwide)
Carl Riding (Vice Principal Curriculum & Performance)

PART I (Not confidential unless indicated)

1 Confirmation of quorum and apologies for absence

1.1 Apologies for absence were received from Charlie Harvey, Katharine Clough and Liz Sithole. The SOCG confirmed that a quorum was present.

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 28th April 2020

The minutes were confirmed as a true record for signature by the Chair.

3.2 Matters Arising

3.2.1 There were no matters arising other than those on the agenda.

4 Financial Matters

4.1 Confidential - 3 year financial plan 2019/20 to 2021/22

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

4.2 **ESFA financial return**

- 4.2.1 The COO explained that, to capture the financial impact of Covid-19 on the FE sector, the ESFA had issued a new financial plan that all colleges were to submit by 31 July 2020. The financial plan was to cover the forecast out turn for the current 2019/20 year and the forecast for the 2020/21 year. Although not mandatory, colleges could also include a 2021/22 forecast within the return and this had been done.
- 4.2.2 The draft return was provided to members, which was based on the base case forecast discussed in detail at item 4.1. It was noted that very little commentary was currently included within the financial plan, however the College anticipated that it would include a full explanatory commentary with its submission setting out the agreed forecast assumptions and time line in order to help arm the ESFA with information that may help them in their dialogue with government to secure more funding support for the FE sector.
- 4.2.3 As shown in this return, the forecast education specific EBITDA for the years ending 31 July were as follows:
- 2020 : £2.444m (5.03% of income)
 - 2021 : £1.509m (3.18% of income) (£2.676m excluding £1.167m of restructuring costs, 5.6% of income)
 - 2022 : £3.838m (7.64% of income).
- 4.2.4 The COO explained that the forecast resulted in the following ESFA financial health assessment grade, along with the College's self-assessment grade in brackets and explanation for any differences noted.
- 2020 : Requires Improvement (Requires Improvement)
 - 2021 : Inadequate (Requires Improvement - if the restructuring costs were to be excluded from the EBITDA calculations, then the College's grade would increase to Requires Improvement)
 - 2022 : Requires Improvement (Good - Removing the impact of the committed IoT and T level capital expenditure from the cash flow forecast would increase the year-end cash balance and would push the College's financial health assessment to be on the Good boundary).
- 4.2.5 It was noted that the financial grade methodology did not take account of colleges who had invested in their estate and therefore had a reduced cash position.
- 4.2.6 The COO noted that the forecast included a contribution to the Students' Union at the same level as the previous year of £63,641 which required Corporation approval.
- 4.2.7 The forecast also included the £300k marketing activity for the IoT which was previously approved by the Corporation.
- 4.2.8 The COO explained that the external audit would look at the going concern basis for the College and also for Transformational Technologies Partnership Limited (TTPL), a wholly owned subsidiary which operated the IoT, which would be subject to a separate audit. He explained that Dudley College would be providing ongoing support for TTPL to maintain their going concern basis and support the running of the new building until the IoT was moving into a position of generating income.
- 4.2.9 **It was resolved**

- To approve the financial contribution to the Students' Union for 2020/21 of £63,641.
- To approve the three year financial forecast for submission to ESFA.

4.3 **Management Accounts to May 2020**

- 4.3.1 The management accounts and the accompanying report for the period ended 31st May 2020 were noted. The COO explained that the report provided a commentary on the year to date financial performance of the College and referred to the revised forecast out turn prepared as part of the 3 year plan discussed in detail at item 4.1. It was noted that the management accounts included comparisons to the RFI forecast figures from February 2020 (as the latest Corporation approved forecast), so the College would expect there to be negative variances against the actual YTD numbers due to the impact that Covid had had on operations.
- 4.3.2 The education specific EBITDA after 10 months of the year was £4.165m, which was £280k below the RFI forecast. The College anticipated that the revised full year forecast EBITDA of £2.445m would however be achieved.
- 4.3.3 Cash remained in a good position, with a £2m forecast year-end balance at 31 July 2020 with no cash pinch points this academic year.
- 4.3.4 Whilst the College considered that the revised Covid-19 forecast was prudent, there was a risk of breaching one EBITDA covenant test at 31 July 2020. However, Santander had very helpfully provided written confirmation that any financial impacts relating to Covid-19 would be recorded as exceptional items and as such would be excluded from the covenant calculations.
- 4.3.5 **It was resolved** To approve the management accounts to May 2020.

4.4 **Minutes of F&E Committee on 11/05/20**

- 4.4.1 The minutes of the Finance & Estates Committee meeting held on 11th May 2020 were noted and P Davies advised that they represented an accurate record of the meeting.
- 4.4.2 P Davies highlighted key matters of business covered at the committee which had included:
- Financial update relating to Covid-19 impact.
 - Management accounts to March 2020.
 - Development projects updates including ATECC, T levels and IoT.
 - Partnerships and sub-contracting termly report.
- 4.4.3 In addition he noted that a number of policies to be covered as separate agenda items had been recommended by the committee for approval.
- 4.4.4 The CE&P noted that there had been some recent changes to funding guidance on sub-contracted apprenticeships and the requirement for colleges to now publish annually a list of sub-contracted provision together with the strategic justification for doing so. The CE&P reminded members that the College already produced this information and reported it regularly to the Corporation. He confirmed that this would continue to be reported to the Corporation and an annual report would be published on the College website.

4.4.5 **It was resolved** To note the minutes of the Finance & Estates Committee held on 11th May 2020.

4.5 **Policies for approval**

4.5.1 **Learner Financial Support**

4.5.1.1 The COO reported that in line with good practice the Finance & Estates Committee had undertaken a periodic review of the Learner Financial Support Policy. The amended policy had been recommended by the Committee for approval.

4.5.1.2 **It was resolved** To approve the learner financial support policy for 2020/21.

4.5.2 **Fees and Charges 2020/21**

4.5.2.1 The COO presented a report outlining the College's proposed fee structure and fee rates for the 2020/21 academic year. The report reflected changes to funding models and structures that were now in place, including the devolution of adult funding for learners in the West Midlands. He explained that the College had absorbed the additional inflationary pay and non-pay costs of delivering provision for the last three years, however the College proposed to increase fees this year for UK and international learners, whilst still seeking to maximise learner participation across the College. The report had been considered by the Finance and Estates Committee and recommended for approval.

4.5.2.2 **It was resolved** To approve the fees and charges for 2020/21.

4.6 **Students Union Financial Statements 2018/19**

4.6.1 The COO presented the Students Union Financial Statements for 2018/19 which showed the income and expenditure account and balance sheet for the period ended 31st July 2019 for Dudley College of Technology Students' Union. He noted that the accounts recorded a net profit of £941 and total reserves at year end amounted to £6,806, most of which were comprised of cash at bank and in hand totalling £5,304.

4.6.2 The COO noted that the Corporation played a role in monitoring Student Union activity and the associated income and expenditure to ensure funds donated from the College to the Students' Union were used appropriately.

4.6.3 **It was resolved** To note the Financial Statements for the Dudley College of Technology Students' Union for the year 2018/19.

4.7 **ESFA financial health letter**

4.7.1 The COO noted that, following a review of the College's audited financial statements and finance record by the ESFA, the letter noted that the College's ESFA financial health assessment grade for 2018/19 was Requires Improvement. This agreed with the grade previously presented to and approved by Corporation in December 2019 on finalising the 2018/19 annual accounts.

4.7.2 This was provided to members for information and was as previously reported to Corporation.

4.7.3 **It was resolved** To note the financial health letter from ESFA.

4.8 **FEC letter to Chairs, CEO/Principals and Heads of Governance dated 16/06/20**

4.8.1 The letter received from the FE Commissioner dated 16/6/20 was noted. The letter provided links to guidance for Colleges in respect of Covid-19 and explained that the FEC intervention team were now resuming their intervention activities in Colleges.

4.8.2 **It was resolved** To note the FEC letter dated 16th June 2020.

5 **Standards Matters**

5.1 **Minutes of Standards Committee 07/05/20**

5.1.1 The minutes of the Standards Committee meeting held on 7th May 2020 were noted and the Chair advised they represented an accurate record of the meeting.

5.1.2 The CE&P provided an update on activity which had taken place since the last meeting in respect of learners coming into College to complete their final assessments in controlled groups. This had been highly successful with almost 100% attendance. Plans for September were now being put together based on the latest guidance which would ensure that all face to face technical programme delivery would resume but other aspects of the programme of study would be delivered remotely, such as tutorial activity and English and Maths, for all 16-18 learners.

5.1.3 In respect of adult learners, the proposal would be to clean the College between the hours of 5.00pm and 6.00pm and have adult delivery in the evenings and restricted to certain buildings. He explained that the additional Corporation meeting in August would focus on teaching and learning and members would be asked to consider and approve detailed plans for September operations.

5.1.4 The Chair noted that all learners who required counselling support were continuing to be supported.

5.1.5 He also noted that the lack of social interaction for learners was an issue which the Students' Union were working hard to address and he recorded his formal thanks to Helen Lawley and the Students Union volunteers for the work they were doing to support learners.

5.1.6 In response to a question from V Little, the CE&P confirmed that unsatisfactory engagement with distance learning, such as for English and mathematics, would be followed up and face to face intervention targeted where learners were not engaging.

5.1.7 In response to a question from A Hodge, D Martin confirmed that numbers of safeguarding referrals were consistent compared to the previous year, but there had been an increase in the number of learners on child protection and child in need plans. She confirmed that safeguarding staff had continued to attend case meetings remotely and were in touch as the designated key worker for those vulnerable young people. They had also begun to join case meetings for new students who were joining the College in September.

5.1.8 **It was resolved** To note the minutes of the Standards Committee held on 7th May 2020.

6 **Audit Matters**

6.1 **Minutes of Audit Committee 15/06/20**

6.1.1 The minutes of the Audit Committee meeting held on 15th June 2020 were noted and L Butler, as acting chair at the meeting, advised that they represented an accurate record of

the meeting. He outlined the key matters which had been covered at the meeting which had included:

- Internal audit progress report and rolling schedule of audit recommendations
- Internal auditors' performance and reappointment of internal auditors
- Internal audit plan 2020/21
- Fraud and irregularity annual report
- External audit plan for 2019/20
- Risk management report

6.1.2 A number of matters considered by the committee were recommended to the Corporation for approval and were included as separate agenda items.

6.1.3 **It was resolved** To note the minutes of the Audit Committee held on 15th June 2020.

6.2 **Appointment of RSM as internal auditors for 2020/21**

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

6.3 **Internal Audit Plan for 2020/21**

6.3.1 The COO explained that RSM had produced the Internal Audit Plan for 2020/21 which focused on strategic risks identified following discussions held with management in May 2020, as summarised below.

6.3.2 **Term 1**

- Freedom of Information & Data Protection.
- Selected Controls for Higher Education Students Early Statistics (HESES) Survey.
- Student Loans Company (SLC) and Competition Markets Authority (CMA).

6.3.3 **Term 2**

- Procurement, Financial Planning and Budgetary Control.

6.3.4 **Term 3**

- Estates Management (with Health & Safety).
- Learner Number Systems to review the compliance requirements for the Adult Education Budget (AEB).
- Resourcing Technically Advanced Provision Advisory Review.

6.3.5 Based on this plan, the total number of internal audit days in 2020/21 was 52, compared to 54 days in 2019/20.

6.3.6 **It was resolved** To approve the internal audit plan for 2020/21.

6.4 **Fraud and irregularity annual report 2019/20**

6.4.1 The COO explained that the Corporation was required, through the work carried out by management, as monitored by the Audit Committee, to ensure that the risk of fraud and irregularity within the College was minimised. In order to assist with this obligation, it was usual practice for Audit Committees to carry out a formal annual self-assessment of the measures that were in place to minimise risk and to recommend further mitigating actions should they be thought necessary. This review had been undertaken at the audit committee and the report for 2019/20 was recommended by the committee for approval.

6.4.2 **It was resolved** To approve the fraud and irregularity annual report 2019/20.

6.5 **Plan for External Audit of 2019/20 accounts**

6.5.1 The COO reminded members that as agreed at the Corporation meeting on 24th March 2020, KPMG had been retained to carry out the external audit for a further year in 2019/20. The draft 2019/20 audit plan prepared by KPMG had been considered by the audit committee and was recommended by the committee for approval.

6.5.2 **It was resolved** To approve the external audit plan for 2019/20.

7 **Strategic and capital projects**

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

7.2 **Institute of Technology**

7.2.1 The COO provided an update on progress with the Institute of Technology. Following the last Transformational Technologies Partnership Limited (TTPL, a not for profit limited by guarantee company wholly owned by Dudley College with oversight of the Black Country & Marches IoT) Board meeting in May, and despite the restrictions during the Covid lockdown, there had been some excellent progress made towards delivering the Black Country & Marches IoT, most notably:

- All sub-licences with the four initial delivery providers were now in place after completion of the University of Worcester and In-Comm sub-licences in May 2020 (Dudley College and University of Wolverhampton had already signed). This gave the IoT the ability to deliver from both the Black Country and also in the Marches through the In-Comm sub-licence.
- The DfE had agreed to increase their level of funding by £0.89m from £16.47m to £17.36m of the projected £17.39m cost of the Dudley IoT build following representations from Dudley College with support from members of the IPI Alliance Board. The additional funding was of great benefit to the IoT and College.

7.2.2 In December 2019 when all the IoT documents were completed, the College, as the parent company of TTPL, provided a guarantee to the DfE to use reasonable endeavours to support the completion of the IoT capital build in Dudley in line with the capital funding agreement between the DfE and TTPL. The DfE had now requested that the grant increase was reflected in the guarantee.

7.2.3 As a result, Corporation was asked to approve the signing of a letter agreeing that the guarantee already in place was extended to include the additional IoT capital funding of £889,088 to a total of £17,359,088. A copy of the letter was provided to members.

7.2.4 At a recent IoT network meeting in June attended by all the existing 11 IoTs and the DfE, learner number KPIs were discussed. There was strong sentiment across the group that learner numbers would be impacted by Covid. There was an acknowledgement of this by the DfE, who encouraged all IoTs to raise individual concerns with their IoT relationship manager. The College was preparing an analysis of the potential impact on the Black Country and Marches IoT learner number based on expected roll-over numbers of learners on related Dudley College programmes, delays on learners completing and progressing on to higher technical programmes and feedback from employers. The College expected this piece of work to be completed over the next couple of weeks, and would be meeting with David Foskett, the IoT relationship manager later in July.

- 7.2.5 G Barnard provided a brief update on work with employers and in particular with health trusts. Work around medical engineering had increased as a result of Covid. Engineering activity was now also starting to pick up. She explained that the business development team were engaged in regular communication with employers.
- 7.2.6 **It was resolved** To authorise the Chair to sign a letter agreeing that the guarantee already in place was extended to include the additional IoT capital funding of £889,088 to a total of £17,359,088.
- 7.3 **Confidential/commercially sensitive - Capital projects update**
This matter is the subject of a separate and confidential minute.

8 Governance matters

8.1 Appointment of student governor for 2021

- 8.1.1 The SOCG advised that Helen Lawley had been appointed as Student Union President for the year 2020/21 and was therefore recommended to the Corporation for appointment as a student governor.
- 8.1.2 The SOCG explained that the efforts of the Students' Union to attract nominations for the second student governor post had so far been unsuccessful, largely due to the difficulties caused by the Covid-19 lockdown. Further efforts would be continued in the Autumn term to attract suitable candidates and this would be supported by the SOCG and CE&P. The Corporation recognised the difficulties that the Students' Union had in recruiting volunteers and engaging with students because of the current social restrictions.
- 8.1.3 **It was resolved** To appoint Helen Lawley as student governor for the year 2020/21.

8.2 Approval of business plans for 2020/21

- 8.2.1 The SOCG presented the business plans for the Corporation's committees for 2020/21:
- 8.2.2 *Standards Committee*
The business plan had been considered by the Standards Committee on 7th May 2020 and was recommended to the Corporation for approval.
- 8.2.3 *Audit Committee*
The business plan had been considered by the Audit Committee on 15th June 2020 and was recommended to the Corporation for approval.
- 8.2.4 *Finance & Estates Committee*
Due to the timing of meetings, this plan had not been considered by the Finance & Estates Committee, but was based on the business plan for 2019/20 with some adjustments to reflect the timing of returns to the ESFA.
- 8.2.5 **It was resolved** To approve the business plans for the Corporation's committees for 2020/21.

9 Date of Next Meeting

- 9.1 Additional meeting: 25 August 2020 at 4.00pm

10 Any other business

- 10.1 There were no further items of business.

The part 2 minutes are contained within a separate confidential set of minutes.

The meeting closed at 18.20 hrs.

Approved by the Corporation at its meeting on 25th August 2020.