

- 5.1.1 The CE&P presented details of the feedback from the recent FEC visit based on the summary provided by the Deputy FEC at the end of the visit. The final written report was still awaited and would be provided to members as soon as it was received.
- 5.1.2 He confirmed that the FEC team intended to revisit the College in November 2021, when they hoped to be able to undertake a 'physical' visit. This would be an opportunity for them to see more of the College than the previous virtual visit, to see progress the College was making on recommendations and, in their words, 'we expect to sign the College off'.
- 5.1.3 The team had been keen to state that their recommendations were not a change to anything the College was proposing or actioning, rather suggestions on how this activity might be enhanced. In particular, their main focus was on cash generation and how quickly the College could move to a position where it was less reliant on bank support. The Executive Team now intended to complete a review of these recommendations alongside its current strategic and financial plans to determine if any changes needed to be made to the College's approach. The outcome of this review would be presented at the next Corporation meeting in January 2021 with members invited to input and agree a final set of proposals to be implemented and a clear mechanism for monitoring progress.
- 5.1.4 The Chair noted that every effort would be made to address the recommendations of the FEC team and members agreed that the College would be able to align to the proposals without any change to the existing strategy.
- 5.1.5 **It was resolved** To note the update on the FEC visit.

Lord Austin joined the meeting.

5.2 **Annual Strategic Impact Assessment 2019/20**

- 5.2.1 The CE&P introduced the Annual Strategic Impact Assessment for 2019/20 which articulated to stakeholders the achievements of the College and any areas for further improvement measured against the College's own strategic aspirations for its key client groups.
- 5.2.2 He explained that, due to the exceptional year caused by the pandemic, there would be no national published data or value added data. The College would therefore report on the impacts in terms of achievements and provide a narrative about the activities during this exceptional year.
- 5.2.3 The CE&P outlined the balanced scorecard in respect of each Key Client Group and invited members to approve an assessment of either 'meeting expectations', 'exceeding expectations' or 'below expectations'.
- 5.2.4 *16-18 year old learners*
- Growth in learner numbers
 - Continued expansion of catchment area
 - High level of diversity in terms of ethnicity and disability.
 - Achievement rates increased overall but some decrease at level 2 (due to impact on teaching time for English and mathematics and some retention issues due to Covid in other level 2 programmes).
 - Increased participation in STEM provision.
 - Progression rates increased.

- Members agreed the assessment of 'meets expectations' for the 16-18 year old key client group.

5.2.5 The CE&P provided clarification in relation to a number of points raised by members particularly regarding the College's approach to GCSE English and mathematics retakes. D Martin noted that for future years, learners taking T levels would have to pass English and mathematics at grade 4 or above or level 2 functional skills in order to achieve their T Level qualification.

5.2.6 *A level learners*

- Growth in learner numbers to over 500 learners which exceeded target.
- Catchment area expanded to include more learners from the south of the borough.
- High level of diversity in terms of ethnicity and disability, with higher percentage of female than male learners.
- A fall in the achievement rate was due to the effect of the first year of linear programmes which meant that all learners remained on course for the full two year programme rather than having the option to finish after year 1 AS levels.
- Participation in STEM subjects at 64%.
- A-C grades increased for fourth consecutive year.
- A* and B grades on a three year increasing trend.
- Members agreed the assessment of 'exceeding expectations' for A level key client group.

5.2.7 *Adult learners*

- Increase in learner numbers compared to previous year.
- Wider catchment area than 16-18 learners which was to be expected.
- Highly diverse profile in terms of ethnicity and disability.
- Achievement rates were comparable to previous year.
- STEM provision lower than other key client groups due to inclusion of ESOL and employability programmes.
- Members agreed the assessment of 'meets expectations' for the adult key client group.

5.2.8 *Apprenticeships*

- Reduction in starts due to impact of Covid.
- Travel to learn pattern more dispersed although focused in the West Midlands region but with some national reach for specialist provision and delivery in Waltham Forest.
- Diversity showed an imbalance towards white, male learners due to predominance of engineering and construction sectors.
- Achievements had been impacted by Covid and showed a three year downward trend.
- High percentage of STEM provision.
- Members agreed the assessment of 'below expectations' for the apprenticeship key client group.

5.2.9 The CE&P provided clarification on a number of points raised by members in relation to apprenticeship provision. It was noted that achievement rates were out of the College's control as apprentices had to remain in the same job for the duration of the programme, and counted as a fail in the year they were due to complete if they did not complete their

qualification. Any apprentices transferring to a full time programme, for example due to redundancy, would count as a fail on their apprenticeship programme.

5.2.10 A Hodge proposed that it would be helpful to present the data for those who passed as a percentage of those completing the programme and the CE&P agreed that this data would show a high level of success for these apprentices. He agreed to include this analysis in the report.

5.2.11 *Higher skills learners*

- Continued movement in enrolments towards higher apprenticeships away from more traditional HNC/HND routes.
- Diverse profile and wide travel to learn pattern across the region.
- Due to impact of Covid, any learners who had not completed had been carried forward to the next year.
- Participation in STEM programmes had increased.
- Members agreed the assessment of 'meets expectations' for the higher skills key client group.

5.2.12 *Dudley Worldwide*

- Income had increased slightly on the previous year but operating surplus was reduced.
- Reduction in in-country projects which had been a strategic decision to focus on fewer, more substantial projects.
- Fall in delegates in learning due to Covid impact.
- International visitors to the College was consistent with previous year.
- High levels of satisfaction from learners.
- Members agreed the assessment of 'meets expectations' for the Dudley Worldwide key client group.

5.2.13 The Chair noted the value of the international work as professional development activity for College staff including the senior leadership team.

5.2.14 **It was resolved** To approve the assessments for key client groups for inclusion in the Annual Strategic Impact Assessment 2019/20.

6 **Audit Matters**

6.1 **Audit Committee - Minutes of Meeting held on 30th November 2020**

6.1.1 The Vice Chair of the committee, Liam Butler outlined the main points which had been covered at the meeting and noted that the key items from the meeting were covered on today's agenda.

6.1.2 **It was resolved** To note the minutes of the audit committee meeting of 30th November 2020.

6.2 **Audit Committee's Annual Report for 2019/20**

6.2.1 The SOCG presented the report which summarised the work undertaken by the Audit Committee in 2019/20. She explained that the report was intended to support Corporation in its consideration of the financial statements for the year ended 31 July 2020.

6.2.2 **It was resolved** To note the Audit Committee's annual report for 2019/20.

6.3 **Internal Auditors' Annual Report for 2019/20**

6.3.1 The COO presented the annual Internal Audit Report which set out the work carried out by RSM Risk Assurance Services LLP in the 2019/20 academic year, including the recommendations made in each category, and RSM's performance against plan.

6.3.2 The summary of internal audit work completed in 2019/20 was noted as:

- Framework for Compliance with Legal and Regulatory Requirements - Prevent & Safeguarding
- IT Health Check
- Governance Arrangements - Institute of Technology
- Key Financial Controls
- Learner Number Systems
- Employer Engagement - Apprenticeships Pipeline
- Follow up
- Quality Assurance Systems

6.3.3 Based on their work, the COO reported that RSM had reported the College had an adequate and effective framework for risk management, governance and internal control in place, with the recommendations made throughout the year helping to identify further enhancements to the framework of risk management, governance and internal control.

6.3.4 **It was resolved** To note the annual internal audit report.

Liz Sithole joined the meeting.

6.4 **Commercially sensitive - Management Letter**

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

6.5 **Letter of Representation**

6.5.1 The COO presented the letter of representation which had been prepared by KPMG to support the Corporation in confirming to KPMG that the financial statements of the College for the year ended 31 July 2020:

- gave a true and fair view of the College financial position at 31 July 2020,
- had been prepared in accordance with the appropriate accounting practices; and
- had been prepared on a going concern basis.

6.5.2 He noted that the letter was worded in the same way as the previous year which meant that Corporation were not being asked to provide any additional assurance or representation other than had previously been given.

6.5.3 **It was resolved** To approve the letter of representation for signature by the Chair.

6.6 **Risk Management Policy Review**

6.6.1 The COO presented the risk management policy review and noted that the College Senior Leadership Group regularly reviewed the risk register and took actions on risks arising. The register was also reviewed by the Audit Committee at least once per term. The policy was currently working well and no changes were planned.

- 6.6.2 Following the Audit Committee meeting on Monday 30th November, members had felt that the policy would benefit from further clarification under section 4, which had now been added to the policy.
- 6.6.3 **It was resolved** To approve the risk management policy.
- 6.7 **High Level Risk Register**
- 6.7.1 The COO presented the high level risk register and confirmed that members of the Executive Leadership Group had updated the register and it had been considered and recommended by the Audit Committee. The risk register showed the College's current level of risk, along with historical risk levels and dates, with a note briefly explaining the factors affecting the latest risk score.
- 6.7.2 There were no new risks added to the list but two risks had been changed as summarised below:
- CCR.40 - Failure to recruit sufficient high quality industry standard staff - Likelihood increased from 3 to 4 due to the increased risk in meeting the financial cost of recruiting and potential candidates not being willing to move given the uncertainties arising from Covid.
 - CCR.14 - Failure to continue to manage redundancy and industrial change - Likelihood increased from 3 to 4 due to the heightened risk around Covid.
- 6.7.3 V Little noted that the risk related to Waltham Forest was still included on the report and the COO advised that the centre had still been in operation at the point the register was reviewed but this risk would be taken off the next report.
- 6.7.4 Members also considered the proposed new risk model which had been presented at Audit Committee and endorsed the approach to trial this alongside the existing model. The model gave the opportunity to look at differing risk appetites across different areas.
- 6.7.5 **It was resolved** To approve the high level risk register and endorse the proposal in relation to the revised risk model.
- 6.8 **Digital Signing Policy**
- 6.8.1 The COO presented the new Digital Signing Policy which had been discussed and recommended by the audit committee at their recent meeting. The policy gave the ability for the College to use a number of digital and electronic signature solutions to replace more traditional methods for obtaining signatures for legal documents and learning agreements. The policy had been reviewed by RSM for adherence to ESFA rules on learner enrolment and digital sign-ups.
- 6.8.2 **It was resolved** To approve the Digital Signing Policy.

7 Finance & Resources Matters

7.1 Finance & Estates Committee – Minutes of Meeting held 3rd December 2020

7.1.1 Peter Davies as chair of the Finance and Estates Committee presented the minutes of the meeting held on 3rd December 2020 and highlighted a number of matters covered at the meeting which were not on the current agenda, including:

- The 3 year plan showed that the ESFA financial health rating going forward would move from 'requires improvement' to 'good'.
- The ESFA proposal to change the financial health rating in recognition of anomalies in the existing methodology.
- A capital allocation (FECA) of £2m to be used on the College estate.
- Partnerships report which had included a review of 2019/20 performance and a plan for 2020/21 which was as previously reported to Corporation and continued to focus on key strategic partners or A rated partners.

7.1.2 For completeness it was agreed to bring the full Partnerships Plan for 2020/21 to the January Corporation meeting for formal approval.

7.1.3 **It was resolved** To note the minutes of the Finance and Estates Committee held on 3rd December 2020.

7.2 Reconciliation of July 2020 management accounts & year-end accounts 2019/20

7.2.1 The COO presented a reconciliation between the historical cost deficit of £1.472m (EBITDA £2.203m) in the management accounts at 31 July 2020 and the total comprehensive income for the year retained within general reserves of £23.303m in the 2019/20 statutory financial statements.

7.2.2 He advised that there were no non-FRS 102 adjustments this year as all year-end adjustments had been included in the July management accounts in order to provide Corporation members and management with the most up to date and accurate information available when considering options and mitigations post Covid-19. As such, the education specific EBITDA of the College group reported in the July management accounts of £2.203m was unchanged in the statutory accounts seen earlier on this agenda.

7.2.3 There were however £21.992m of FRS102 pension scheme adjustments included in the statutory accounts, which reduced the management accounts historical cost deficit from £1.472m to £23.464m. £161k was also transferred from the revaluation reserve to the Income & Expenditure account, resulting in total comprehensive income for the year retained within general reserves in the 2019/20 statutory financial statements of £23.303m.

7.2.4 The £21.992m of FRS102 pension scheme adjustments were made up the actuarial loss of £18.586m, combined staff and administration expenses of £3.003m and interest costs of £0.403m, all of which were in respect to the Local Government Pension Scheme and not something that the College was able to influence or control.

7.2.5 **It was resolved** To approve the reconciliation of July 2020 management accounts and year end accounts 2019/20.

7.3 **Annual Report and Financial Statements 2019/20**

7.3.1 The COO presented the draft consolidated financial statements for the year ended 31st July 2020. The annual accounts were now complete, and were consistent with the management letter prepared by KPMG as seen at item 6.4. Draft versions of the accounts had previously been considered at Audit Committee and at Finance & Estates Committee.

7.3.2 KPMG had issued an unmodified Auditor's Report on the financial statements which was effectively confirming that all appropriate accounting practices had been followed and the accounts provided a true and fair view of the financial position at 31 July 2020. Furthermore, in terms of their regularity audit work KPMG had reported that nothing had come to their attention to suggest that the income and expenditure in the year had not been applied to the purposes intended by Parliament and the relevant authorities. No new control observations or recommendations were identified from the audit this year.

7.3.3 The COO outlined points of note arising from the financial statements for the year ended 31 July 2020:

- Negative total comprehensive income of -£23.464m compared to -£4.321m last year (as seen in the Statement of Comprehensive Income on page 28). The significant variance was mainly explained by the FRS102 pension scheme adjustments amounting to £21.992m, comprising the actuarial loss of £18.586m, combined staff and administration expenses of £3.003m and interest costs of £0.403m, all of which were in respect to the Local Government Pension Scheme and not something that the College was able to influence or control.
- No change to the previously reported £2.203m (4.5% of income) education specific EBITDA - this had already been seen in the earlier paper reconciling the statutory accounts to the managements accounts and was included on page 5 of the statutory accounts for the reconciliation from the operating deficit to EBITDA for the year.
- A decrease in net current assets of almost £1.5m to net current liabilities of £1.446m. This was principally due to an increase in the level of grant funded assets in the course construction at year-end. Cash increased in the year by £1.4m to £3.668m as seen in the balance sheet on page 30.
- Net assets/reserves decreased by £23.464m to net liabilities of £11.834m, due largely to the increase in the net pension obligations and FRS102 charges arising from the pension scheme noted above, as seen in the balance sheet on page 30.

7.3.4 **It was resolved** To approve the annual report and financial statements 2019/20.

7.4 **ESFA finance record**

7.4.1 The COO noted that the ESFA Finance Record was a standard template which captured the statutory annual accounts numbers and monitored these against the ESFA's existing financial health assessment measures. As previously advised, the College's 2019-20 financial health as measured by the ESFA's assessment was 'Requires Improvement' with a score of 130 out of a possible 300.

7.4.2 Normally this report was submitted to the ESFA along with the KPMG audit management letter and annual accounts after approval by Corporation before 31 December. This year however due to Covid-19, the ESFA had extended the submission date to 31 January 2021 but would incorporate the 2020/21 forecast out turn (to include the actual year to date

position at either 31 October or 30 November plus the forecast for the remaining months) into this report along with the report on the 2019/20 actual results.

7.4.3 The COO advised that this new report had very recently been made available by the ESFA and therefore the Finance & Estates Committee had considered and recommended for approval to Corporation the old style finance record, and had proposed that the RFI forecast for 2020/21 agreed by Corporation on 3 November 2020, was used to complete the 2020/21 out turn section of the revised finance record report. This would then be brought back to Finance & Estates Committee and Corporation in January for approval ahead of submitting to the ESFA by 31 January 2021.

7.4.4 The COO provided clarification in response to questions from members.

7.4.5 **It was resolved** To note the update in relation to completion of the ESFA finance record.

7.5 **Management Accounts – October 2020**

7.5.1 The COO presented the management accounts and accompanying report for the period ended 31st October 2020. The report provided a commentary on the year to date financial performance of the College compared to the recently revised RFI forecast agreed by Corporation in November. The COO highlighted the key points as:

- EBITDA was £4.679m, £35k below forecast.
- income was currently £14.905m, £169k below forecast.
- expenditure (excluding interest and depreciation) was £10.080m, which was £134k ahead of forecast.

7.5.2 Historically, it was shown to be too early in the year to be able to draw any real conclusions about full year actual performance compared to forecast, particularly given the difficulties in accurately profiling monthly income and cost budgets in the early months of a new financial year, which was made even harder by the on-going impact of Covid this year. However, there were no suggestions at this time that the full year revised RFI forecast EBITDA of £2.122m would not be achieved.

7.5.3 **It was resolved** To approve the management accounts to October 2020.

7.6 **Confidential - Revised Bank Facility Agreement and Loan Covenant Review**

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

7.7 **Sponsorship payment to Dudley Academies Trust**

D Whatton, P Davies, V Little, A Hodge, A Comyn and N Thomas declared an interest in this item.

7.7.1 The COO reminded members that Dudley College was the approved academy sponsor of Dudley Academies Trust. Since the Trust's formation in August 2017 the College had provided a range of support to the Trust. One aspect of this support was a voluntary financial contribution which took the form of annual sponsorship payments to the Trust. The financial support was never contractual as this was never the intention, instead it was a way to help the Trust through the early days of formation when it was known the Trust would be operating at a deficit.

- 7.7.2 The impact of Covid-19 had caused a much greater financial impact on Further Education providers than schools and academies due to the different commercial income streams that colleges depend on, which had received limited funding support. This had resulted in a significant income decrease for the College, whereas the Trust's financial position was no worse, and probably a little better, due to additional funding support that had been provided to the schools sector throughout the Covid pandemic.
- 7.7.3 The Trust was now in the position where it was forecasting a broadly break-even budget in 2020-21, compared to the significant deterioration in the College's financial position previously discussed at Corporation (before any mitigating actions were taken).
- 7.7.4 Whilst Corporation had approved the latest RFI forecasts which did not include a financial contribution to the Trust, members were now asked to explicitly endorse the College's position and agree that the College made no financial contribution to the Trust in 2020-21 or in any future years, but that it continued to provide support on a non-financial basis.
- 7.7.5 The COO confirmed that this would not have a detrimental impact on the operation of the multi academy trust and had been taken into account in the Trust's annual budget.
- 7.7.6 **It was resolved** To approve the proposal that the College made no financial contribution to the Trust in 2020/21 or in any future years, but that it continued to provide support on a non-financial basis.

Wendy Davies left the meeting.

7.8 **Treasury Management Policy**

- 7.8.1 The COO presented the Treasury Management Policy and executive summary, which had been recommended by the Finance and Estates Committee for approval. He noted that the College was seeking to make only minor amendments to these documents.
- 7.8.2 L Butler raised a number of points for clarification relating to investment arrangements and the COO agreed to look into these points and bring the policy back to the next meeting for approval.
- 7.8.3 **It was resolved** To defer approval of the Treasury Management Policy to the next meeting..

7.9 **Value for Money Policy**

- 7.9.1 The COO presented the Value for Money policy which had been considered and recommended by the Finance and Estates Committee for approval. He noted that it was a requirement of the College's financial memorandum with the Education and Skills Funding Agency that the College Governing Body was responsible for delivering value for money from public funds. This policy set out how the College would go about securing the efficient, economical and effective management of all College resources, expenditure, capital assets, equipment and staff so that value for money was achieved. The only change to the policy reflected the change of job titles in the College structure.
- 7.9.2 **It was resolved** To approve the Value for Money Policy.

7.10 **IoT update and agreement**

- 7.10.1 The COO reported that a meeting of the Board of Transformational Technologies Partnership Limited had taken place on Friday 3rd December at which the following matters were considered:
- Operational development plan - progress update
 - Applications/enrolment and marketing update
 - DfE Monthly monitoring report
 - New build programme update, including cost programme
 - Finance and funding update including draft agreement for lease,
- 7.10.2 The COO, as Chair of the Board of TTPL, provided a verbal update on these matters discussed at the meeting. He further provided an update on a meeting which had taken place earlier in the day with the DfE, where they had indicated that they were not prepared to adjust learner numbers from the original targets but may consider the proposal to add new programmes in line with sector developments.
- 7.10.3 G Barnard provided an update on employer engagement in relation to the IoT and the establishment of the advisory board which had attracted membership from a number of key employers as well as trade associations and awarding bodies. The first meeting of the group would take place in February to look at the curriculum plan and emerging technologies.
- 7.10.4 In terms of recruitment, she confirmed that enrolment numbers were starting to show some signs of recovery on apprenticeships, but to mitigate any reduction in targets the curriculum offer was being expanded particularly in healthcare provision and digital technology for health. Medical engineering provision had shown particular growth with over 100 learners due to be on programme by the time the IoT opened.
- 7.10.5 She reported that the IoT website had now been launched and targeted social media activities were underway.
- 7.10.6 Members welcomed the positive developments in relation to the IoT and the COO invited Corporation members to join a site visit in January alongside members of the TTPL board.
- 7.10.7 Members considered the latest version of the draft agreement for lease between TTPL and Dudley College of Technology. This was an agreement to grant TTPL the right to occupy and use the new Dudley IoT building to deliver the IoT project under a lease arrangement. This agreement was previously considered by the Corporation at its meeting on 25th September, at which authority was delegated to the Chair and the CE&P to sign the agreement once finalised. The latest version of the agreement was therefore provided for members' information.
- 7.10.8 **It was resolved**
- To note the IoT update.
 - To note the latest version of the lease agreement previously approved and delegated for signature to the Chair and CE&P.

8 Capital Project Matters

8.1 **Confidential - capital projects update**

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

9 Standards Matters

9.1 Standards Committee – Minutes of Meeting held on 16th November 2020

- 9.1.1 The Chair, as chair of the standards committee, presented the minutes of the meeting held on 16th November 2020 and outlined the main points arising from the meeting:
- Data dashboard review had been considered in respect of learner numbers and success rates which had fed into production of the Annual Strategic Impact Assessment.
 - Collaboration with other colleges on projects relating to NEET learners and Digital Skills.
 - Safeguarding matters and in particular the College's work to support learners during the pandemic.
 - Digital developments in teaching and learning to support staff and learners with remote delivery.
- 9.1.2 **It was resolved** To note the minutes of the Standards Committee held on 16th November 2020.

9.2 Letter following Ofsted interim visit

- 9.2.1 The CE&P noted that members had received verbal feedback from the recent Ofsted interim visit, conducted on 21-22 October 2020. The final report and covering letter had since been received by the College and were provided for members' information.
- 9.2.2 The CE&P noted that, unfortunately, the very strict word count for these reports meant that it did not capture all of the feedback shared with the College by the inspectors at the end of their visit. Nevertheless it was a strong endorsement of the work undertaken since the first lockdown and the impact this had had on the College's students. The CE&P advised that the outcome of all of the interim visits would be fed into a national report from Ofsted which may shape future policy and support for the sector.
- 9.2.3 The CE&P advised that Ofsted would not return to formal inspection visits until the summer term but would continue interim visits and had advised of their intention to conduct a further interim visit to the College in relation to T levels. This report would include recommendations but no grading.
- 9.2.4 **It was resolved** To note the Ofsted visit report.

9.3 Safeguarding Procedure

- 9.3.1 D Martin advised that the Safeguarding Children and Adults procedure had been updated to reflect updates in the new Keeping Children Safe In Education 2020. The procedure also reflected the change of job titles and staffing changes.
- 9.3.2 **It was resolved** To approve the updated Safeguarding Procedure.

10 Date of Next Meeting

Tuesday 28th January 2021 at 4.30pm

11 Any Other Part I Business

- 11.1 The CE&P noted that this was Shaun Hunt's final meeting and acknowledged the valuable work he had undertaken in some of the College's key developments particularly in relation to the development of Advance I and II. Members thanked Shaun for his contribution to the success of the College and wished him well for the future.

11.2 The Chair expressed his best wishes and thanks to the staff members present for their hard work during the year and wished them a relaxing Christmas break.

The part 1 meeting closed at 18.25 hrs.

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

A handwritten signature in blue ink, consisting of a stylized 'D' followed by a horizontal line extending to the right.

D Whatton, Chair of the Corporation

28th January 2021