

Minutes of the Corporation Meeting

held on 27 November 2019

Present Louise Jones (*Chair*), Helene Jones (*Vice Chair*), David Williams (*Principal*), Amanda Allen, David Allen, Lewis Callary, Joanne Chilton, Peter Coley, Tiffany Harvey-Pallent

In attendance Joanne Williams (Deputy Principal)
Jacquie Carman (*Director of Finance and Corporate Services*)
Jennifer Sunter (*Clerk to the Corporation*)

1 Apologies

Apologies were received from Lance Hanson and Mark Johnson.

Members noted that Paul Dyson had resigned as a governor and expressed gratitude for his valued contribution.

2 Declarations of Interest

A declaration of interest was received from the staff governor present for agenda item 7.5 Staff Pay Award.

3 Minutes of Meeting held 25 September 2019 and Matters Arising

The minutes of the meeting held 25 September 2019 were approved as a correct record.

With regard to matters arising from the previous meetings:

25 September 2019

- Item 7.2a; Compliance with ESFA Conditions of Grant Funding and 7.3a Letter to Corporation Chairs on Bournville College from CEO ESFA and College Assurance Report. The Corporation noted that action in responses to correspondence received from the ESFA had been reported to the Audit Committee in November 2019. Any remaining actions would be monitored until completion.
- Item 9.2a; Key Performance Indicators 2019/2020. Previous year performance had been added to the Key Performance Indicators.

27 February 2019

- Item 4.1a, Minutes of the Search and Governance Committee held 12 February 2019. The Principal and Clerk updated members on forthcoming events to meet with staff.

Closed actions would be removed from the table.

It was agreed that agenda items 8.1 and 8.2 would be taken at the end of the meeting.

4 Strategic Overview

4.1 Principal's Report

David Williams highlighted key meetings and events he had attended, noting in particular the potential for development of adult education provision in Stourbridge.

Members were pleased to receive the draft judgements from the Quality and Standards Review triggered by the Office for Students and commended staff for the tremendous effort given.

Members further noted the work with the Invictus MAT to develop a partnership model to provide opportunities in both academic and vocational learning to sixth form students.

The report was received.

5 Students, Curriculum and Quality

5.1 Progress Report on SAR and Quality Improvement Plan for 2018/2019

Joanne Williams reported that the Students, Curriculum and Quality Committee had considered the previous year's Quality Improvement Plan. It was noted that much of the planned actions for improvement had been achieved and that student attendance, value added and retention on 19+ courses remained areas for further action.

The progress report was received.

5.2 Equality and Diversity Annual Report - Previous Year 2018/2019

Joanne Williams reported that there had been significant improvements made for Children Looked After and students who were on Education Health and Care Plans, however, there remained an achievement gap.

Challenges remained in supporting students who were not healthy enough to attend College and subsequently early review had been introduced.

Members asked about support, and Joanne Williams explained that there was much support for the College and students, however, this was not always enough to resolve the issues involved.

Members also noted the range of events and awards recognising the positive approach to equality and diversity at the College. This included a member of staff being the first FE Co-ordinator for the Violence Reduction Unit.

On recommendation of the Students Curriculum and Quality Committee the Corporation approved the Equality and Diversity Annual Report.

5.3 OfS - Compliance with Regulatory Deadlines

Members received the correspondence from the Office for Students regarding compliance with regulatory deadlines. David Williams explained the basis for payment of fees and members were satisfied that the College was acting systematically and was also putting together an annual schedule against deadlines provided. It was further noted that the College was reliant on the timely issue of invoices by the Office for Students.

6 Audit

6.1 Summary of Assurance relating to Systems of Internal Control and Corporate Governance

Members considered the report which had been compiled to gather all sources of assurance for the Corporation on the discharge of its duties. Assurance had been received from internal and external audit, specialist audit and management sources.

Members also noted the report from TIAA on their audit of Internal Financial Monitoring, which had afforded substantial assurance.

On recommendation of the Audit Committee the Corporation noted the Summary of Assurance relating to Systems of Internal Control and Corporate Governance, the contents of which supported the opinion in the Annual Report.

6.2 External Audit: RSM UK Audit Findings Report year ended 31 July 2019

Jacque Carman highlighted that the report of the external auditors had been provided following their onsite work and had been considered by both the Audit Committee and the Finance and General Purposes Committee.

Members noted the detailed findings across the report, particularly that the College remained a going concern, that there were no deficiencies in internal control and no recommendations.

Jacque Carman noted that RSM had also provided for information an appendix with a useful summary of sector emerging issues.

On recommendation of the Audit Committee and as also considered by the Finance and General Purposes Committee, the Corporation accepted the RSM UK Audit LLP Halesowen College Audit Findings Report for Year Ended 31 July 2019 and the assurance therein:

‘We consider that the audit and regularity assurance approach adopted will provide the Audit Committee with the required confidence that thorough and robust audit and regularity assurance engagements have been carried out.’

‘The accounting policies were reviewed with reference to UK GAAP, the FE&HE SORP, Casterbridge model financial statements and the accounts direction handbook. No issues were noted.’

Subject to the satisfactory clearance of our final audit queries, we can confirm that, at the date of this report, we anticipate no modifications from our proforma financial statement audit report or the regularity assurance report provided in the Audit Plan previously communicated to you.’

6.3 Annual Members' Report and Financial Statements 2018/2019

Jacque Carman drew out key points from the Annual Members' Report and Financial Statements 2018/2019. Financial performance was again very strong with outturn in accordance with budget, achievement of financial targets and a planned surplus. The College retained its outstanding financial health rating.

With regard to assurance and the signing of the statement on the responsibilities of the members of the Corporation, members noted the four key areas required as reported and the assurances provided across the suite of reports considered.

Jacque Carman noted the inclusion in the report of the newly required information on the pay multiple of the Principal and Chief Executive in relation to the median of staff pay.

Members noted that the financial statements had been audited and the auditors were due to issue an unqualified opinion.

It was further noted that the report had also been considered by the Finance and General Purposes Committee, which was satisfied with regard to the financial statements.

On recommendations from the Audit Committee and the Finance and General Purposes Committee the Corporation resolved to approve the Annual Report and Financial Statements 2018/2019 and that the required statements within, including the Statement on the College's Regularity, Propriety and Compliance with Funding Body Terms and Conditions of Funding be signed by the Chair and the Principal.

6.4 Halesowen College Enterprises Ltd Directors' Report and Financial Statements 2018/19

Members noted Halesowen College Enterprises Ltd Directors Report and Financial Statements 2018/19, as the accounts of the College's wholly owned subsidiary.

The company had made an increased profit on the previous year and had covenanted to Halesowen College under Gift Aid, the sum of £93,412.

On recommendations from the Audit Committee and the Finance and General Purposes Committee the Corporation accepted the Halesowen College Enterprises Ltd Directors' Report and Financial Statements 2018/19.

6.5 Audit Committee Annual Report year ended 31 July 2019

Members received the Annual Report of the Audit Committee year ended 31 July 2019, which provided an overview and an opinion with regards to the work undertaken and the assurances provided to support the signing of statements within the Annual Members' Report and Financial Statements 2018/2019.

Members again noted the robust procedures in place and the external audit report which had no recommendations.

Members thanked Jacque Carman and the Finance staff for their hard work.

Based on the review of the assurance mapping exercise, together with the assurance presented to the Audit Committee and Corporation throughout the year, the Corporation resolved to accept the Annual Report of the Audit Committee 2018/19 and the opinion contained therein and forward this report to the Education and Skills Funding Agency, alongside the Annual Report and Financial Statements 2018/2019.

The opinion contained therein being;

For the period 1 August 2018 to 31 July 2019 the Audit Committee is satisfied that the College's audit arrangements, governance framework¹, processes for risk management and control and processes for securing economy, efficiency and effectiveness, the solvency of the institution and safeguarding of its assets were adequate and effective, and that there were no significant issues of concern.

The sources of assurance for the year are summarised in the paper 'Summary of Assurance relating to Systems of Internal Control and Corporate Governance' as considered at the meeting held 14 November 2019. The Committee is satisfied that the internal and external arrangements in place to manage and quality assure the data on which it relies throughout the Corporate Cycle of Business are effective.

The Audit Committee is satisfied that there were no significant issues arising up to the date of the preparation of the Annual Report and that there were no significant matters of internal control included in the management letters or reports from auditors or other assurance providers.

The Audit Committee has received the necessary assurance to advise the Corporation on the adequacy and effectiveness of the Colleges' audit framework to support the signing of the Statement of Responsibilities of the Members of the Corporation within the Annual Report for the year ended 31 July 2019.

¹With reference to the scope of the adopted 'Code of Good Governance for English Colleges'

6.6 Appointment of External Auditors

Jacque Carman reported on the process undertaken and the basis of the recommendation from the Audit Committee to appoint RSM UK Audit LLP.

Members discussed the range of external audit providers operating in the Further Education sector.

It was further noted that on appointment, the College would receive a new audit partner and manager.

On consideration of the information provided and the Audit Committee recommendation, the Corporation resolved that RSM UK Audit LLP be appointed as external auditors for Halesowen College, commencing 2019/2020 and subsequently reviewed annually, under the College's procedures for auditor appointment.

6.7 Disaster Recovery Plan and Major Incident Policy (Confidential)

Jacque Carman explained that the internal review of the Disaster Recovery Plan and Major Incident Policy had been undertaken to reflect modern day challenges.

The Corporation were asked to adopt the current revised document, while recognising that further input and review was being sought from recent guidance from the Local Authority, West Midlands Police and the Dudley Resilience Forum.

On recommendation of the Audit Committee the Corporation resolved to adopt the current revision of the Disaster Recovery Plan and Major Incident Policy, noting that further revisions would be returned for approval.

7 Finance

7.1 Review of Current Revenue Budget (1)

Jacque Carman reported that the Finance and General Purposes Committee had considered the first review of budget in detail. The Chair of the Finance and General Purposes Committee highlighted the summary of budget as provided and affirmed the role of the Committee in monitoring and analysing financial performance moving forward.

Members noted the current position against financial targets and planned for achievement of surplus.

Jacque Carman highlighted readjustments with regard to the College Nursery and College Restaurant moving to Halesowen College Enterprises Limited and additional costs, including increased security measures and the Higher Education Quality and Standards Review.

Members also considered the risks to the budget model moving forward.

A stable financial position, with the College remaining on target to maintain outstanding financial health was noted.

On recommendation of the Finance and General Purposes Committee the Corporation approved the first review of revenue and capital budgets 2019/2020.

7.2 Human Resources Annual Review (Confidential)

Members noted that the Finance and Resources Committee had discussed and were satisfied with the report, as provided for the Corporation.

Members considered that the staff turnover rate was within target and close to the sector benchmark. Turnover related in part to necessary deployment of staff on sessional and fixed term contracts.

On recommendation of the Finance and General Purposes Committee the Corporation accepted the Human Resources Annual Review 2018/2019.

7.3 Staff Development Annual Review

Members discussed the wide variety and extensive list of training undergone by staff.

The Chair of the Finance and General Purposes Committee reported that the Committee had explored effectiveness and sought assurance that staff were undertaking the right courses.

David Williams commended the College's record in investing in staff development and qualifications which was evidence of being a good employer. The Principal also recognised the challenges in providing staff development for a diverse body of support staff.

David Allen agreed that staff were provided with a variety of development opportunities to maintain their professional development.

On recommendation of the Finance and General Purposes Committee the Corporation received the Staff Development Report.

7.4 Health and Safety Policy

Jacque Carman reported that the Health and Safety Policy Statement of Intent, Organisation and General Arrangement had been provided to offer an overarching policy of intent and responsibilities, to be visible and promoted.

Members noted that the high level policy was underpinned by detailed health and safety documentation.

On recommendation of the Finance and General Purposes Committee the Corporation approved the Health and Safety Policy No 1.

7.5 Staff Pay Award

Following review by the Finance and General Purposes Committee, David Williams reported that the considered proposal was to give a 2% pay award to staff from September 2019.

Members reviewed previous actions on pay, current and future affordability, in addition to local competitor action and recommendations from the Association of Colleges. Risk factors had been considered in relation to retention of staff and to continued affordability in relation to the lagged funding model.

Members were also assured that the Finance and General Purposes Committee had further considered affordability, cash flow and pay as a percentage of income and noted that provision for the pay award and any associated costs had been provided for within the budget. Members were also assured that this action would not affect financial health and that the budget remained on target.

The Corporation noted the current position and risk factors highlighted, and approved a 2% pay award from 1 September 2019, on the basis of the assurances received on the financial position of the College and affordability.

9 Monthly Performance Information

9.1 College Targets 2019/2020

In considering the monthly data Jacquie Carman highlighted key areas:

- that financial targets were being met or exceeded and that pay as a percentage of income remained under the stipulated threshold
- that other measures had improved, with class sizes close to target
- that there was pressure on rooms across the College
- that retention monitoring required particular attention

Members received the update.

9.2 Finance - Management Accounts

Members noted that the management accounts had been considered by the Finance and General Purposes Committee, in conjunction with the review of budget. No variance or concerns were noted at this point.

10 Committee Minutes and Reports

10.1 Minutes of the Audit Committee held 13 November 2019

The minutes of the Audit Committee held 13 November 2019 were received.

10.2 Minutes of the Students, Curriculum and Quality Committee held 14 November 2019

The minutes of the Students, Curriculum and Quality Committee held 14 November 2019 were received.

10.3 Minutes of the Finance and General Purposes Committee held 12 November 2019

The minutes of the Finance and General Purposes Committee held 12 November 2019 were received.

11 Governance

11.1 Committee Membership

Governors considered committee vacancies.

The Corporation resolved to appoint, for the remainder of the current year 2019/2020:

- **Tiffany Harvey-Pallent as a member of the Search and Governance Committee**
- **Helene Jones as Vice Chair of the Finance and General Purposes Committee**

The following agenda items from committees were provided for information and no item was indicated for further discussion.

12 Items from the Audit Committee held 13 November 2019

- 12.1 Accountability Reviews
- 12.2 Audit of Pension Contributions and TPA Return RSM (confidential)
- 12.3 Review of Risk Action Plan including Strategic priorities 2019/2020
- 12.4 Internal Audit Report: Key Financial Controls
- 12.5 Progress Report on Internal Audit Action Plans
- 12.6 Progress Report on Actions in response to ESFA CEO July 2019 letter to Chair

Items 12.1 to 12.6 were received for information.

13 Items from the Students, Curriculum and Quality Committee held 14 November 2019

- 13.1 Student Enrolments – In year 2019/2020
- 13.2 Student Performance Report
- 13.3 Value Added Report for 2019/2020
- 13.4 Teaching and Learning Report: Review of previous year 2018/2019
- 13.5 Teaching and Learning Report: In year 2019/2020
- 13.6 Pastoral Report 2018/2019
- 13.7 Courses Under Notice

Items 13.1 to 13.7 were received for information.

14 Items from the Finance and General Purposes Committee held 21 November 2019

- 14.1 Finance and General Purposes Strategic Update
- 14.2 Review of Planning and Investment - Options Strategy/Estates Plan
- 14.3 LGPS Pensions Update
- 14.4 Bursary Fund and Student Financial Outturn
- 14.5 Value For Money Annual Report
- 14.6 Staffing Report (*Confidential*)
- 14.7 Marketing Strategy
- 14.8 Student Union Accounts

Items 14.1 to 14.8 were received for information.

Under Standing Order 8 Proceedings at meetings, with regard to withdrawal from the meeting, members resolved that staff and student governors withdraw for items 8.1 and 8.2.

8 Confidential

8.1 Report on the review and release of confidential items

The Clerk reported a number of reports had been added to the file, in most part due to the confidential work of the Steering Committee with regard to BMet Stourbridge.

The Clerk had identified two sets of minutes for immediate release and further items for early review for potential release.

The Corporation received the update on the confidential file and approved the release of items identified.

8.2 College Nursery Update (Confidential)

A confidential minute was taken of this item.

15 Any Other Business

■ Corporation Away Day

Members noted that the day would be on 24 January 2020 with venue to be confirmed.

■ Leadership in Diversity

It was noted that consideration was being given to the value obtained from Leaders In Diversity, with other options being reviewed.

■ Integrated Financial Model for Colleges

Jacque Carman reported on the new financial model which would require approval and return to the ESFA of the new financial report by 28 February 2020. Despite the extended deadline the College awaited necessary information from the ESFA to be able to take this forward. As the timescales involved were both challenging and did not meet the Corporation's meeting cycle, further clarification would be sought on the acceptability of delegation to the Finance and General Purposes Committee to address this matter and approve the return.

Members agreed that the College pursue the necessary action and report to the Finance and General Purposes Committee or the Corporation for approval as required.

16 Date of Next Meeting

The next meeting of the Corporation is scheduled for Friday 24 January 2020.

The meeting closed at 8.20pm