

Minutes of the Corporation Meeting

Tuesday 26 January 2021, at 6pm through Microsoft Teams

Present Louise Jones (*Chair*), Andy Dobson (*Principal*), Amanda Allen, David Allen, Joanne Chilton, Lance Hanson, Jake Hiatt, Helene Jones (*Vice Chair*), Mark Richardson,

In attendance Joanne Williams (*Deputy Principal, Director of Learning and Teaching*)
Jacquie Carman (*Vice Principal and Chief Operating Officer*)
Jennifer Sunter (*Clerk to the Corporation*)

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| 1 | | Apologies Apologies were received from Joanne Rouse and Zubeda Limbada. |
| 2 | | Declarations of Interest There were none. |
| 3 | | Minutes of Corporation Meeting held 14 December 2020 The minutes of Corporation Meeting held 14 December 2020 were approved as a correct record. Under Matters Arising: Corporation Meeting 30 September 2020, Item 4.1 Principal's Report – Ney Review. Following discussion, it was agreed that it was appropriate to consider updates to the Annual Plan 2020/2021 at the same time as the mid-year review of risk. Other actions remained pending. |
| 4 | | Audit and Finance |
| | 4.1 | Summary of Assurance relating to Systems of Financial Control and Corporate Governance |
| | | The Chair of Audit Committee highlighted that the summary document set out the sources of assurance and evidence in addressing the responsibilities of the Corporation. Jacquie Carman confirmed that the report was provided in support of the Committee advising the Corporation on the signing of declarations in the Annual Members' Report and Financial Statements. The Summary of Assurance relating to Systems of Financial Control and Corporate Governance was received. |
| | 4.2 | RSM UK Audit Findings Report year ended 31 July 2020 |
| | | The Chair of Audit Committee addressed the key findings of the external auditor report, with no issues identified and an unqualified audit opinion provided. The Audit Committee had considered the report in detail, noting that the one area noted during the audit as requiring additional work had been signed off. The increased scrutiny of colleges as going concerns and associated increased audit requirements was also highlighted to members, with appropriate references in regard to Halesowen College's review and approach, being addressed in reports provided for the Corporation. Jacquie Carman reported that the external auditors had looked in detail at the four areas of highest risk and that it was very positive to achieve an unqualified audit opinion within the sector at this time. |

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| | | <p>On recommendation of the Audit Committee the Corporation accepted the RSM UK Audit LLP Halesowen College Audit Findings Report for Year Ended 31 July 2020, the letters of representation and the assurance therein that;</p> <p>‘We believe that the audit approach adopted will provide those charged with governance with the required confidence that a thorough and robust audit has been carried out.’</p> <p>‘Our audit work is substantially complete and subject to the successful resolution of outstanding matters, we anticipate issuing an unmodified audit opinion on the group’s financial statements and an unmodified regularity conclusion in line with the agreed timetable’</p> |
| | 4.3 | Annual Members’ Report and Financial Statements 2019/2020 |
| | | <p>Jacquie Carman presented the key points of note within the Annual Members’ Report and Financial Statements 2019/2020, which contained the required reporting strands.</p> <p>The College had achieved an operating surplus, prior to adjustment for pension liabilities, and met or exceeded financial targets. Halesowen College Enterprises Limited had achieved a small surplus, which would be covenanted back to the College under Gift Aid.</p> <p>The College retained outstanding financial health. However, while in a strong position to move forward, it was important to recognise that there were significant financial challenges.</p> <p>External auditors had reported no concerns and confirmation was received that there would be no clawback of funds.</p> <p>Jacquie Carman highlighted the narrative around key elements of strategy, objectives and targets, stakeholder relationships, equality and diversity and disability, in addition to future developments, linked to both risk and the College as a going concern. While the College itself had no issues on going concern, the wholly owned subsidiary, Halesowen College Enterprises, had been severely impacted by the pandemic and had been provided with a letter of support from the College.</p> <p>Members noted the governance statements and how the Audit Committee had considered sources of assurance to underpin their advice to the Corporation on signing of these by the Chair and Principal, on behalf of the Corporation.</p> <p>Jacquie Carman further outlined the audit work on the four key financial statements, income and expenditure, reserves, balance sheets and cash flows.</p> <p>With regard to pension deficit, members noted that this had doubled in the current year, and although not a cash liability while the College offered the scheme, it remained an area of concern. Continued growth of the pension deficit had the potential to lead to a negative reserve position, and could negatively impact on how college finances are viewed externally.</p> <p>The Chairs of Audit and Finance and General Purposes Committees confirmed appropriate committee scrutiny of assurance, risk and financial reporting.</p> <p>Members commended Jacquie Carman and the finance team for their work through increasingly challenging times.</p> |
| | | <p>Based on the recommendations from the Audit Committee and Finance and General Purposes Committee, the Corporation approved the Annual Members’ Report and Financial Statements as at 31 July 2020, and that they be signed and provided for the agency by the deadline of 31 January 2021.</p> |
| | 4.4 | HCE Directors’ Report and Financial Statements 2019/2020 |
| | | <p>Members received the separate report, Halesowen College Enterprises Limited Directors’ Report and Financial Statements 2019/2020.</p> |

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| | | <p>Members acknowledged that these had been audited and signed off by the company's directors.</p> <p>The impact of the pandemic and actions taken were noted.</p> |
| | | <p>On recommendation of the Audit Committee, and the Finance and General Purposes Committee, the Corporation accepted the Halesowen College Enterprises Limited Directors' Report and Financial Statements 2019/20.</p> |
| | 4.5 | <p>Audit Committee Annual Report year ended 31 July 2020</p> |
| | | <p>The Audit Committee Annual Report was commended to the Corporation by members by the Committee, summarising the breadth of assurance received, that there were no significant issues identified and that the College remained a going concern.</p> |
| | | <p>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 accepted the Annual Report of the Audit Committee 2019/20 and the opinion contained therein, and that this report would be provided for the Education and Skills Funding Agency, alongside the Annual Members' Report and Financial Statements 2019/2020.</p> <p>The opinion of the Audit Committee being:</p> <p>For the period 1 August 2019 to 31 July 2020 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 Committee has considered and is satisfied with adequate disclosures and that the College remains a going concern moving forward.</p> <p>The Committee is satisfied that the sources of assurance considered and 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.</p> <p>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.</p> <p>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 Corporate Governance and Internal Control within the Annual Members' Report for the year ended 31 July 2020.</p> <p>¹With reference to the scope of the adopted 'Code of Good Governance for English Colleges'</p> |
| 5 | | <p>Staff Pay Considerations</p> |
| | 5.1 | <p>Review Staff Pay</p> |
| | | <p>The Chair outlined that the College wished to be a good employer, while taking necessary time to consider both short and medium term financial positions, to ensure that a pay award was affordable.</p> <p>The Chair of the Finance and General Purposes Committee noted the reasoning behind both deferments of considering pay; that while the AoC recommendation was now known, modelling data was needed on affordability, not least recognising potential significant clawback on the adult learner contract.</p> <p>Members further discussed the timing of pay awards, which related to confirmation of funding.</p> |

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

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| 5.1a | It was agreed that modelling and clear recommendations on pay would be provided for the March 2021 meetings of the Finance and General Purposes Committee and Corporation, with focus on the College as a prudent but good employer. |
| | <i>The Clerk noted that consideration of resolution under Standing Order 8 Proceedings at meetings, with regard to withdrawal from the meeting, was not required with no confidential items going forward.</i> |
| 5.2 | Remuneration Committee Annual Report and Recommendations, Including Remuneration Committee Statement for publication |
| 5.2a | The Clerk reported that the Remuneration Committee Annual Report was deferred until March 2021. |
| 6 | Committee Minutes |
| 6.1 | Draft Minutes of the Audit Committee held 20 January 2021 |
| | The draft minutes of the Audit Committee held 20 January 2021 were received. |
| 6.2 | Draft Minutes of the Finance and General Purposes Committee held 21 January 2021 |
| | The draft minutes of the Finance and General Purposes Committee held 21 January 2021 were received. |
| | <i>The following agenda items from Committees of the Corporation were provided for information.</i> |
| 7 | Audit Committee, 20 January 2021 |
| 7a | Accountability Review Update This assurance report was noted. |
| 7b | Audit of Pension Contributions Audit of Pension Contributions was noted, with key points on pensions having been covered under the agenda. |
| 8 | Finance and General Purposes Committee, 21 January 2021 |
| 8a | <p>Management Accounts, December 2020</p> <p>Members noted that the accounts had been considered by the Finance and General Purposes Committee. There was assurance that the College was currently in a strong position, still demonstrating strong financial health, with good performance against financial ratios. However, there were challenges on learner numbers, with the biggest risk to the financial model being achievement of the adult funding grant. The current position in relation to two non-recurrent sources of funding, for student catch up and student transport was also significant. Action to address overspend in some areas of pay was being considered.</p> <p>Members asked about support for students in need of digital access. Jacquie Carman reported that the College had distributed the devices in hand, utilised funding from The Halesowen Foundation to help students, and had purchased 52 additional units this current year. The College was mindful of and had adopted a policy on digital poverty and digital divide. Interest free loans had also been appropriately offered.</p> <p>It was further noted that while the Government scheme to support purchasing more equipment had not yet been opened to Colleges, it had to be recognised that availability of equipment to purchase was currently challenging.</p> |

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| | | The College was regularly surveying students and was assured that the critical mass of students had got the equipment they needed. |
| 9 | | Any Other Business |
| | 9a) | Draft Minutes of the Remuneration Committee held 21 January 2021 The non-confidential draft minutes of the Remuneration Committee held 21 January 2021 were received. |
| | 9b) | Draft Minutes of the Search and Governance Committee Special Meeting The draft minutes of the Search and Governance Committee Special Meeting were received. The Clerk outlined the interview of a candidate with the required skills and qualification being sought. |
| | | On the recommendation of the Search and Governance Committee the Corporation resolved that Thomas Huntbatch be appointed as a member of Halesowen College Corporation, commencing 1 March 2021 to 31 July 2022, subject to meeting set eligibility criteria. It was further approved that Thomas Huntbatch be appointed to the Audit Committee, commencing 1 March 2021, subject to agreement. |
| | 9c) | Review of Governance The Chair of Audit Committee reported on progress in setting the scope and terms of the review of governance. The review was being undertaken by Dan Grant with specialist support, and the scope was set to cover a range of areas including points raised through the Ney Review and the recent Further Education White Paper 'Skills for Jobs: Lifelong Learning for Opportunities and Growth'. Members discussed the approach and scope and if this would achieve the desired outcomes. |
| | Action 9c) a | It was agreed that a further meeting on the terms of the governance review would be convened. |
| 10 | | Date of Next Meeting The next meeting of the Corporation is scheduled for Wednesday 31 March 2021. |

The meeting closed at 7.15pm.

| Actions from Meetings | | | |
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| Ref | Agenda item and action | Review Date | Reported by |
| Corporation Meeting 30 September 2020 | | | |
| Action 10a | Legal Advisors to the College It was agreed that it was timely to review the provision of professional legal services to the College. | 2020/2021 | JWi |
| 4.1 | Principal's Report – Ney Review. The amended Annual Plan 2020/2021 would be provided as part of the Corporation strategic planning away day, on 29 January 2021. 26 January Update: | | |

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| | Following discussion it was agreed that it was appropriate to consider updates to the Annual Plan 2020/2021 at the same time as the mid-year review of risk. | March 2021 | |
| Corporation Meeting 14 December 2020 | | | |
| Action 5.2a | Human Resources Annual Report It was necessary that any anomalies in the report were updated for the record. | January 2021 | JCa |
| Corporation Meeting 26 January 2021 | | | |
| Action 5.1a | Review of Staff Pay It was agreed that modelling and clear recommendations on pay would be provided for the March 2021 meetings of the Finance and General Purposes Committee and Corporation, with focus on the College as a prudent but good employer. | March 2021 | Ado/JCa |
| Action 5.2a | Remuneration Committee Annual Report and Recommendations, Including Remuneration Committee Statement for publication The Remuneration Committee Annual Report was deferred until March 2021. | March 2021 | HJo |
| Action 9c) a | Review of Governance It was agreed that a further meeting on the terms would be convened. | February 2021 | JCh |