



SOUTH GLOUCESTERSHIRE AND STROUD COLLEGE
FURTHER EDUCATION CORPORATION

Approved minutes of a meeting of South Gloucestershire and Stroud College
Further Education Corporation
Held on 3 December 2020, via Microsoft Teams

Present: David Hagg (Chair)
Louise Bright
Alicia Chappell
Sophie Chester-Glyn
Nicole Clark
Lynne Craig
Mike Croker
Carly Dyson
Phil Eames
Sophie Green
Kevin Hamblin (CEO & Executive Principal)
Dave Merrett
Ben Short
Rick Sturge

In Attendance: Rich Aitken (Head of Finance)
Gavin Murray (Vice Principal, Performance, Standards & Effectiveness)
Jude Saunderson (Chief Financial Officer)
Sara-Jane Watkins (College Principal)
Sharon Glover (Clerk)

The Chair informed members that he would be unstaring agenda item 7 and would be bringing forward agenda item 9 for presentation before agenda item 6.

1. **Apologies for Absence**

Apologies were received from Matt Davis, Roger Ellis and Moira Foster-Fitzgerald.

2. **Declarations of Interest**

The following declarations of interest were raised and noted by the Corporation:

- As Directors of SGS Commercial Services Limited Carly Dyson, Kevin Hamblin and Dave Merrett's interests were declared in agenda item 5 and 7c.
- Due to Alicia Chappell's age the Clerk reported that she would need to abstain from the staff pay award item.

3. **Minutes of Previous Meeting**

The minutes of the meeting held 5 November 2020 were approved as a correct record, ready for signing.

4. **Matters Arising From Those Minutes**

Actions from the action log were monitored and updates provided.

5. **SGS Commercial Services Limited**

Confidential Item.

6. **Management Information (Agenda item 9)**

Management Accounts Exception report - The Head of Finance reported that income was currently positive and updates were provided covering growth in 16-19 provision, 16-19 High Needs funding, Apprenticeship funding, Diploma in Sporting Excellence (DISE), Adult funding and Teachers' Pension Scheme Grant. It was reported that DISE has excellent recruitment and is doing well. There is a significant element of risk to the Apprenticeship funding, due to COVID-19, and this provision is being closely monitored. The Teachers' Pension Grant has been budgeted at risk although confirmation is awaited that the TPS Grant will be paid to Colleges for a further 12 months from April 2021.

There is currently no allowance within the forecast for a pay award for the years ending 31 July 2021 or July 2022 and this is a significant concern moving forward. There has been exceptional COVID-19 expenditure incurred and this continues to rise with no additional funding to support these costs. The ESFA has provided ACA capital with the assumption that the full spend is made before March 2021. The College has highlighted to the ESFA that there is an element of the capital spend which won't be completed before this date and this is a risk being discussed with the ESFA.

During November the College went live with an online payments platform for the payment of learners' fees. Although there is currently a high debt position there are communications planned to collect as much debt as possible.

Following scrutiny of the management accounts, members raised that two of the financial KPIs forecast for the year were showing as amber. Members were informed

that forecasting this early in the year proves challenging and that a prudent approach is taken hence the amber rating. Assurance was provided that the KPIs are closely monitored to ensure the College remains in good financial health. Members were appreciative of the prudent approach taken and were assured by the College's previous good track record of achieving targets and raised the need for ongoing review.

Members questioned the margin on the DISE delivery as this is sub-contracted provision. In the detailed management accounts members raised the large value of prior year student debt but noted the positive message relating to cash flow, especially in March where there continues to be a healthy margin. The Principal reported the contribution of the DISE provision, which had the best performance in the country. The Chair of the Audit Committee (Mike Croker) asked the Corporation to note the positive cash flow position when considering the going concern statement on the audited accounts.

The report was noted.

7. **Annual Report of the Audit Committee (Agenda Item 6)**

- a) Minutes of a meeting held 16 Nov 20 were noted. The Chair of the Audit Committee (Mike Croker) reported that most of the minutes related to the items being presented at the meeting.

The Chair of the Audit Committee reported on discussions about re-tendering of the Financial Statements Auditors and Internal Audit Service. The Audit Committee are recommending KPMG's re-appointment as Financial Statements Auditors for 2020/21 and to delegate authority to the Chief Financial Officer to negotiate the best possible fee with KPMG. Also recommended was that no audit tenders take place during 2020/21 and the rationale for this recommendation was reported.

The Chief Financial Officer informed that KPMG had warned of significant fee increases for next year and the audit partner had provided an explanation of this to the Audit Committee. There has been much communication on the Finance Directors' network that all audit fees are increasing. KPMG had indicated that fees would increase by circa £10k. Phil Eames also raised the need to consider SGS Academy Trust as a working partnership and that they need to be made aware of the Corporation's decision. The Clerk also raised that any fees negotiated for SGS Commercial Services would need to be approved by the Board of SGSCSL.

- b) KPMG's Letter of Engagement was approved for signing by the CEO & Executive Principal.
- c) SGS Commercial Services 2019/20 Annual Report and Financial Statements Members received the approved 2019/20 Annual Report and Financial Statements for SGS Commercial Services Limited. As with last year, the

Board of SGSCSL is requesting a Letter of Support from SGS Corporation. The Chief Financial Officer reported that a small surplus had been made. Although there had been a decrease in the investment property valuation this remained higher than original costs overall. Due to the net liability there is a need for ongoing support from SGS as KPMG will not sign off the accounts without it. The Letter of Support was approved with authority delegated to the Chair of the Corporation to sign on behalf of the Corporation.

- d) 2019/20 Annual report of the Audit Committee - The Chair of the Audit Committee reported that there is a requirement of the Post-16 Audit Code of Practice for Audit Committees to produce an annual report setting out their programme of work together with recommendations for Corporation approval of the Audit Committee Annual Report, Internal Audit Service Annual Report and Members' Report and consolidated Financial Statements for the year ended 31 July 2020. Thanks were provided to the Audit Committee, Finance Team and the Clerk.
- e) Reconciliation between management accounts and financial statements - The reconciliation between management accounts presented at the October 2020 Corporation meeting and financial statements to clarify the changes made were presented and noted by the Corporation.
- f) Financial Statements Auditor's Management Letter – The Chief Financial Officer presented KPMG's management letter. Members were informed that the audit had been substantially completed. KPMG are waiting for internal sign off to allow the accounts to be signed however there would be no impact on their approval at tonight's meeting. Confirmation was provided that the final ESFA audit reconciliation statements had now been received and there were no issues. Assurance was provided that processes are in place to address the priority actions raised. The Chief Financial Officer explained that the triennial valuation and volatility in asset values had a negative impact on the pension liabilities and bonds have performed poorly so the liability has increased which affects the net liability position. However, the Banks and ESFA strip out these adjustments from the financial statements.
- g) SGS College Members' Report and consolidated Financial Statements 2019/20 – The Chair of Audit Committee advised that the Corporation need to be satisfied that the College remains a going concern and that, in particular, they are satisfied with the Statement of Corporate Governance and Internal Control. The Chief Financial Officer also drew attention to the consolidated and college statements of income and expenditure. Members were informed that the deficit included pension adjustments which, when stripped out, creates a surplus position. The Chief Financial Officer also explained in detail the Statement of Changes in Reserves. Members raised that the Regional Commissioner produced a set of KPIs that if followed would provide financial strength to Colleges. The Chief Financial Officer advised that the ESFA produce a set of benchmark figures which are analysed by the College but are not presented to Corporation. However, the Chief Financial Officer agreed to

add into the financial report of the management accounts but raised that they are usually out of date. The Chief Financial Officer suggested appending the ratios separately in the financial plan but will circulate as a useful guide.

The Head of Finance explained that as the audit continued so late this year there are three non-material changes required to the financial statements and these changes were presented.

- h) Letter of Representation to KPMG – The Chief Financial Officer reported that KPMG had identified a couple of misstatements in the accounts and explained what these were. Confirmation was received that they were not material and had been added to Appendix B (summary of unadjusted audit differences) of the Letter of Representation. Therefore, the letter to be signed would be an updated version of the one presented to Corporation.
- i) Internal Audit Service Annual Report – The Chair of the Audit Committee reported that RSM's annual opinion was that the organisation has an adequate and effective framework for risk management, governance and internal control. This report provides the underpinning assurance for the financial statements.

The Clerk reported that the Audit Committee had received a report on bad debt write-off and this amounted to £547.64 for 2019/20.

As Directors of SGS Commercial Services, Carly Dyson, Kevin Hamblin and Dave Merrett refrained from resolution b) below.

It was resolved to approve:

- a) **KPMG's Letter of Engagement, for signing by the CEO & Executive Principal.**
- b) **The Letter of Support to SGS Commercial Services Limited, for signing by the Chair of the Corporation.**
- c) **The 2019/20 Annual Report of the Audit Committee.**
- d) **The Internal Audit Service Annual Report.**
- e) **The Financial Statements Auditor's Management Letter.**
- f) **SGS College Members' Report and consolidated Financial Statements 2019/20, subject to changes raised at the meeting, for signing by the Chair of the Corporation and Accounting Officer.**
- g) **The Letter of representation to KPMG, subject to changes raised at the meeting, for signing by the Chair of the Corporation.**
- h) **To re-appoint KPMG as Financial Statements Auditors for 2020/21 and to delegate authority to the Chief Financial Officer and Chair of the Audit Committee to agree the best possible fee with KPMG.**
- i) **That no audit tenders take place during 2020/21.**

8. **Student Union Financial Statements and Annual Report (Agenda Item 7)**

Members received the Student Union annual report and financial statements. Members questioned how fundraising opportunities could continue in light of the current pandemic. The Principal informed that she had been discussing this situation with the Student Union Officer and the Student Union. Each faculty has identified a charity and Just Giving forms part of enrichment.

The Chair invited feedback from the Student Governors and there was nothing to be raised.

The report was noted.

9. **Modern Slavery Act 2015 (Agenda Item 8)**

Members received the report and Anti-Slavery and Human Trafficking Statement for approval.

The report was noted and it was resolved:

To approve the Anti-Slavery and Human Trafficking Statement for publishing on the College website and delegated authority was provided to the Group CEO & Executive Principal to sign the statement.

10. **CEO & Executive Principal's Report**

Confidential Item.

11. **Principal's Report**

The Principal reported on the following:

- a) The pay award agreed at the July Corporation meeting was approved subject to achieving good financial health following the year end audit with payment to be made in December 2020. Agenda item 7 covered the year end audit including the College's good financial health. The pay award was therefore endorsed by the Corporation. The Chair reminded that payment would also be applicable to Senior Post Holders and members of the Executive Team.
- b) Togetherall online support system for staff and learners is now available with over 100 users so far.
- c) Changes to the exam dates for next year were reported.
- d) At the last meeting it was reported that the College would be going at risk for some of its additional capital allocation from the ESFA. Confirmation of ESFA's satisfaction with the proposed spend has now been received.

- e) Talent West is a collaboration with City of Bristol College to engage with key employers across Bristol in order to grow the joint apprenticeship market share. Rick Sturge has provided great support to this initiative and a business plan and promotion campaign will be presented to Corporation in the future.
- f) Attention was drawn in the report to the tenders submitted.
- g) Attention was drawn in the report to Brexit and the potential impact it will have on the College and its learners and staff.
- h) Members were informed of the College's intent not to maintain Investors in People accreditation. Instead the College will undertake the reassessment for matrix accreditation and will keep under review plans announced by the AoC for a Diversity Charter. This was supported by the Corporation.
- i) Members were informed that the confidential part of the Principal's report can now be made non-confidential as it related to the relocation of Bristol Zoo to their second site "Wild Place", which is now in the public domain. This move was seen as a great opportunity for learners, staff and the expansion of College provision.
- j) In relation to the action on the Corporation action log, members were informed of the College's plan to pursue communication with One Bristol Curriculum in the New Year.

The report was noted.

12. **COVID-19 update**

The Principal verbally reported that over 25% of learners have been impacted by either having Covid or the need to self-isolate and this is in line with the national picture. However, there have been no further cases since last Monday. Many learners are now back on site and the College is trying to deliver as much practical learning as possible.

HE learners and FE residential learners will be travelling home next week so there will be 400 fewer students on site. Learners returning to site in January will require rapid testing beforehand. The Principal has been in contact with South Gloucestershire Council's public health department as they have asked the College to pilot a lateral test rapid response unit. At this stage, no specifics are known but they are looking at WISE and Filton campuses as possible centres. One Governor raised that a lateral test unit had been established at the University of South Wales where she works and she would be happy to share their experiences with the College.

Although a vaccine has been approved the reality is that there will continue to be a short term impact on the Country with Covid-19 measures put in place continuing.

The Principal has been in contact with the MP of Stroud to try and lobby for teachers to be in the priority group for the vaccine.

Following attendance at a Voice of the Learner meeting, one governor raised the positive feedback received in relation to the College's digital response. Learners were also appreciative of the approach taken by the College in dealing with Covid-19 and felt safe by the measures introduced by the College. The Chair extended his thanks to the Principal and colleagues for all that they are doing.

The verbal report was noted.

13. **Strategic Property Group**

The minutes of the meeting held 19 Nov 20 were noted. The CEO & Executive Principal reported that the current Property Strategy had been written in support of the development of the Challenger to replace the A38 campus. The current strategy does not follow the ESFA's Estates Strategy template and was considered to be too verbose. Members were informed that the strategy presented was interim as the intent was for its review with the aim of integrating the digital and sustainability strategies into a revised Estates Strategy.

**It was resolved:
To approve the Property Strategy 2017-2027.**

14. **Committee membership**

Members received a report summarising vacancies and the Clerk reported expressions of interests received in filling these vacancies. Members were informed of the resignation of Stephen Marston as a Director of SGS Commercial Services with effect from 4 December 2020. Members agreed that the Search Committee should be asked to search for his replacement and also to search for a Co-Opted Member to join the Strategic Property Group to replace John Huggett.

It was resolved:

- a) **To appoint Louise Bright to the Search and Remuneration Committees, with effect from 3 December 2020.**
- b) **To appoint Rick Sturge to the Strategic Property Group, with effect from 3 December 2020.**
- c) **To appoint Lynne Craig as a Trustee on SGS Academy Trust, with effect from 3 December 2020.**
- d) **To appoint Laura Boutle as a Member of SGS Academy Trust, with effect from 3 December 2020.**

- e) **That the Search Committee is asked to search for a Co-Opted Member to sit on the Strategic Property Group and to also search for a Director to join SGS Commercial Services Limited.**

15. **Items of Urgent Business**

There were no Items of Urgent Business.

16. **Confidentiality (Agenda Item 20)**

Members agreed that due to business sensitivities the following items are to be retained as confidential: SGSCSL report and appendices (item 5), confidential Audit Committee minutes (item 7a), CEO & Executive Principal's report and appendices (item 10), SPG minutes (item 13) and minutes 5 and 10.

It was agreed that the confidential part of the Principal's report and the Property Strategy are to be downgraded to non-confidential.

17. **Assessment of meeting**

A summary of feedback in relation to the meeting held 5 November 2020 was received. Members were encouraged to complete the meeting assessment forms and return to the Clerk.

18. **Date of Next Meeting**

Thursday 28 January 2021 at 4pm via Microsoft TEAMS.

The Chair ended the meeting by wishing everyone a very Happy Christmas and best wishes for the New Year.

The meeting commenced at 5.00pm

Rick Sturge joined the meeting at 5.33pm (during item 6)

Alicia Chappell left the meeting at 6.00pm (after item 8)

Nicole Clark left the meeting at 6.43pm (during item 10)

The meeting closed at 7.15pm.

The meeting was quorate.