CORPORATION
MINUTES PART 1 NON-CONFIDENTIAL
Date: Thursday 4 November 2021
Venue: Poplar and Online
Time: 5:30pm

Chair	Rob Hull
Corporation Members	Vivien Bailey OBE, Marilyn Hawkins, Steve Hedges, Gerry McDonald, Diana Murray, Cynthia Griffin, Neil Yeomans, Stephen Critoph, Jai Bhakar, Sue Williams
Officers	Deputy CEO: Suri Araniyasundaran Principal Tower Hamlets and Hackney: Alison Arnaud Principal Havering Colleges: Janet Smith Principal Redbridge and Epping Forest: Narzny Khan
Director of Governance	Elsa Wright
Apologies	

Item No	Item of business
1	**Havering merger** See Part 2 minutes
	PRELIMINARY PROCEDURAL MATTERS
2	**Chair's Welcome & Opening Remarks** The Chair welcomed everyone to the meeting. Governors introduced themselves for the benefit of the new members.
3	**Apologies for Absences** There were no apologies for absence.
4	**Declaration of Interests** Members were reminded of the need to declare any interest in any items on the agenda. All members had completed the annual return and governors were reminded that at each meeting declarations should be made if they were specific to the papers. No declarations were made.
5 **6**	**Minutes of the Last Meeting Held on 8 July 2021** The minutes were **APPROVED** with no changes and would be signed as an accurate record of the meeting online. **ACTION – Minutes to be signed online** **Matters Arising and Action Points from the Meeting** The Corporation noted the action points. All items had been completed or would be covered in the agenda for the meeting. 7.2.2 - Epping - The Deputy CEO confirmed that a retendering process was taking place with returns due on 6 December. Prices were rising and this would be a competitive process for a revised tender price. It was proving challenging to get contractors to tender.

STRATEGIC MATTERS	
7	**Group Principal & CEO's report**

The CEO introduced his report and updated governors on the announcements on funding. The detail from the DFE and Treasury would be critical. Schools were now being funded at 2010 level in real terms. Colleges had been promised real terms increases going forward but the gap remained as schools used the higher level pre-16 funding to cross subsidise. There had only been one base rate rise since 2013 and this had been eroded with inflation over that period running at 18-20% inflation.

There was a significant sum of £1.3m for catch up which was needed to support those coming from schools needed. It should provide an additional fund 40 hours per student per annum. The rules were overly complex and could target student by qualification and post code but again the detail was needed. Treasury had confirmed that as the OFS classified colleges as private sector and would receive no support for the NI increase. A sum of £7.6bn for capital had been announced over 5 year period. The adult base rate was a complex matrix based on the student's needs, the course and the number of hours with no change since 2013. The GLA had given a 10% increase last year which had benefitted the college although there was a disparity depending on where the course was delivered. Budget pressures were high with no way of increasing fees other than for a small area of commercial provision and increasing costs.

Next year would be tough and the college had missed its recruitment target for 16-18 students by 500 after a 3% rise in the previous year. The TAG process had led to more students staying at school and the labour market was better for students with 16- and 17-year-olds going into work and not continuing to their second year. Havering GFE had suffered most but recruitment at Epping and Redbridge had held up well. There had been a detailed analysis at campus level from deputy principals but the impact would be £3m less next year so any uplift was incredibly important.

Governors asked whether this was a one year dip, whether there was information about recruitment at other local colleges and whether the apprenticeship levy had any impact. Most recruitment in London college was at best flat and the expectation was a return to increased numbers in a normal exam year. The levy had been disastrous for participation nationally as it was massively complex and bureaucratic. The College had moved away from subcontracting in this area and the numbers were encouraging this year which could lead to £3m of delivery. Most employers regarded it as a tax and there had been a huge swing towards it funding management training programmes at higher levels to draw down the funding.

Governors were keen to hear about recruitment at Rainham after the investment and launch. The Principal, Tower Hamlets and Hackney explained that recruitment was buoyant and that more course could be run if they college could find more teachers with the right skills. A lot of work had been done to improve the impression people had of construction and it was in demand in Rainham, Hackney and Epping. Work continued to professionalise the offer looking at provision such as project management and there had been successes in diversifying the gender intake and attracting applicants from a wide range of ethnicities.

Governors asked about the impact of rising wages and this had led to some leaving courses to take a job even if they had not reached the level required. The College was working hard to promote the importance of a transferable qualification which would allow progression in the future.

R14 was the final data return of the year and the college is in a good position with 87.6% overall achievement across 36k qualifications. This was an increase on 2020 and back to pre-pandemic levels which was a tribute to the work of the Principals and the GCDs and a strong position to be in for Ofsted. The deep dive approach that would be

	taken at inspection was continuing across the college looking at large curriculum areas. The Covid numbers were very low and there were clear messages to students and staff with email reporting monitored daily. Staff who were not vaccinated and were a contact would be paid SSP for 10 day isolation period. Tests were available at the entrance to every campus and the unions had taken a much more balanced and reasonable approach which was to be welcomed. The Skills bill was now back from the Lords and there had been some movement on the defunding of BTECs move and T level introductions. The new Secretary of State was listening to the sector about issues such as the low funding rate for T levels and the difficulty in delivering 45 days mandatory work experience when many were still working from home. Governors asked about the number of days and the CEO explained that the college had a good record in delivering work experience but it was a huge ask and the pandemic made it worse. The Principal, Redbridge and Epping explained that the college was taking part in the childcare pilot this year and there would be 4 more groups next year with other colleges in sector waiting to see about the implementation. A number of staff had been recruited by other colleges at significantly increased salaries which would lead to some short term capacity issues. Governors reviewed the closing position on the KPIs with most areas in green. The KPI for increased commercial income had not been met but during the pandemic it had been prudent not to be too reliant on commercial income. The college would be developing this area over the coming year. There was little discussion about the cash position as it was strong and averaged 52 days. There had been some challenging issues in terms of reputation and therefore this was amber. The context was different and the use of a knife arch at Tower was seen by the community as the college taking a serious stance on safety, at Havering it was seen negatively with the inference that there was a knife culture. There was work to do on building good community relations and this was continuing. Ofsted inspection was imminent and the college was high on the radar when the lockdown came in March 2020. Staffing was reviewed each week at SMT each week and market supplements were used in key areas such as construction but this approach was being taken by other providers and recruitment was hard. The report set out proposals for taking forward the Strategic Intent with metrics to be developed over the year. Progress was being made on the various strands and there would be a longer discussion at the Strategy Day. **7.1 Black Lives Matter** A survey for all black staff on perceptions had been completed by around 150 staff with the analysis being completed in the next few days. There were some comments that were hard to read and other reflected the work that the college had done. There was a lot of rich information to come out of it and the CEO was glad that the college had done it. There would be a similar survey for staff of Asian heritage soon. The aim was to have a clear action plan by the December Corporation meeting. Work on recruitment and the policies around it was being implemented. The Chair of CQS explained that there were issues raised in the equality and diversity report and hoped that this qualitative information would help the college get behind these issues and understand them more enabling progress in this important area. Governors asked about the manifesto for change that students had been involved with. This would be added to the governor portal. The Chair thanked the CEO for his report and for the work of colleagues across the College at the start of term.

8	**Finance** **8.1 Outturn Report** The Chair noted the huge effort from the finance team that had gone into achieving a £0.5m surplus. The Deputy CEO explained that a break even budget had been set for last year and that the £0.522m surplus was subject to audit. Results were very positive and the Covid 19 impact was about £2m. Pay was balanced with non-pay savings of £3.5m found to cover shortfalls in income. Cash was very positive although slightly below target with income from the land sale being realised in February. The positive impact of depreciation had helped. Governors asked about the current year and the Deputy CEO confirmed that the last 20 months had been essential spend on non pay and that this continues. All vacancies were overseen by SMT with posts removed where possible. Income from work-based learning was positive and improving and retention was strong. Governors asked about the impact on learner experience and how this was measured. The CEO was very clear about student experience and the importance of balancing the needs of the students against the need to balance the budget. There had been 3 to 4 weeks additional tuition into late July to make sure that learners were not affected. **8.2 Early indications report** Income streams were positive and both commercial fees and HE income would be looked at in more detail. The college had shown that it could control costs and were already looking at 2022-23. Current pressures included an increase in utility costs by 40% costing 20k this year and NI costs were 200k this year and significantly more next year. The approach was to plan now for next year and to rebase looking to increase income streams where they could. There was some positive news for 2022-23 with rate increases that weren't known when the budget was set. There would be pressure on staff costs as the budget was set for growth. More fundamental change would take time with a budget day before Christmas and a senior management away day in May. The Board would see an early report in March but every F&GP meeting would be looking at the detail. In response to questions the CEO confirmed that the college paid above average for the sector and had given a 2.5% increase last year which had been the second best in the sector. Governors recognised the commercial challenge and asked about progress with the curriculum review. It was important to provide real experience for students through the learning company model. There was a mixed picture with New City fitness working well and numbers were up. There was still work to do in catering. The report from Westbourne showed a positive start to the year. The college would review OKN1 working with a consultant experienced in student run restaurants with a start up just before Christmas. The curriculum team was running lunches but not an evening service so there was a small amount of income. New City Fitness operated as a commercial venture and was above predicted income.
9	**Committee Business** **9.1 Audit** The Audit committee had met on 29 September. The Corporation was asked to approve the regularity self assessment pro forma which set out how the Corporation responded to audit requirements and supplied evidence to support this. Audit had reviewed this and approved it for ratification by the Board. It was the same format as in previous years and there were no areas for concern or major change. The Corporation agreed the report to be signed off by the Chair. The Corporation was asked to sign of the whistleblowing annual report for publication. There had been no disclosures to 31 July 2021. This was agreed. The Internal Auditors had presented their annual report on their assessment of overall

	controls. They had given reasonable assurance across all areas with no high level recommendations, some medium and some at low level. These would be addressed but there were no concerns and management were responsive to the recommendations. The final plan for 2021-22 was approved. Work had already begun with regular reports to the committee. **The Corporation approved the final audit plan for 2021-22** **9.2 Property** Poplar – There had been further movements with LBTH which were promising and there had been a positive conversation with potential to move forward. The SPD on tall buildings had been published would prohibit the height needed and governors asked if there was any flexibility. Representations had been made through Savills and it was likely that the decision to restrict height would be called in for review by the GLA. The Chair outlined that the committee had agreed to feasibility work at Hackney on delivering the master plan. There had been a mixed response to capital bids from the DFE. Stage 2 bidding would close in mid January and would include the new windows at Arbour Square. The large bid for Poplar had been turned down on the basis that it was not an improvement. The capital announced would be sliced up over the life of parliament and then by region and college which would lead to pots that were too small for effective projects. The last new college build was the City of Westminster in 2006-7. **9.3 Curriculum, Quality and Students Committee** The committee had reviewed interim achievement rates. Outcomes were good and above the previous year's data. The committee had also reviewed the emerging themes in the self-assessment report and the full report would be reviewed at the next meeting for sign off by Corporation in December. The QIP was recommended to the Corporation. This was the final version which had been monitored closely throughout the year. There had been considerable impact resulting from quality improvement actions which included increased retention and achievement. The report was the result of harmonisation of common methods across the whole group. There were some areas of continuing concern including Maths and construction, which had been impacted by COVID. Attendance at English and Maths had also fallen and was an area for improvement for the current academic year The committee had received an update on TAGs and appeals outcomes. The majority were in favour of the college. The committee had also received a community engagement report which was a very useful starting point for continued development and an action plan had been requested. The Student Union constitution had been developed across the group with input from students and there would be cross college roles to help to integrate the different campuses. The first two Bath Spa courses were running with about 40 students. The committee had also reviewed the education elements of the E&D report. Action had been taken where there was underachievement and this would tie into the E&D action plan which pulled the two strands together. There would be a number of more informal visits and governors were invited to join when dates were known. The Chair recommended the QIP for sign off. It was a comprehensive document which detailed the work that the college had done. The committee was impressed with the data and the impact which was reviewed at every meeting making it clear the difference that had been made by the actions. In response to questions, it was confirmed that the data might change slightly but that the headlines were accurate. A new QIP would be proposed after the self assessment was created and this would evidence the impact of the actions taken in year. **The Corporation signed off the QIP as recommended by the CQ&S committee**

	9.4 Finance and General Purposes The committee recommended the sign off to a change in the RCF. This was a technical point as a result of LIBOR being scrapped. The papers set out the detail of the change which had been reviewed by the committee. Corporation agreed the change. **The Corporation agreed to the changes to the RCF as recommended by F&GP committee** There was a paper about the Ilford property which set out the details of the Barclays mortgage. This was a late new paper which had not been seen by all members. There were exceptional circumstances surrounding this and the Chair had agreed to the paper being tabled earlier that day. The Deputy CEO explained that he wanted the Corporation to sign off the final details on the mortgage as it would be needed if they were not able to proceed on new site. F&GP had looked at detail and recommended the mortgage for approval. The banks already had a charge on the Hackney site from the RCF and the key terms had not changed. Governors asked to review the second paper before final sign off. Governors asked why this had come to the table so late in the day when the college had been searching for around two years. The Deputy CEO explained that it was all to do with timing. This opportunity had arisen this week when the College met the LA about a temporary site to cover the period from January until the new property was complete. Twelve floors were becoming vacant in a council building with eight about to be placed in the market. The Deputy CEO had seen it on Tuesday with the Principals visiting on Wednesday. It was in good condition with limited work required. It did not require the set up costs of the long leasehold property and with 400sqm more available, it would allow for expansion of AEB provision. It was better suited to the curriculum offer and with different floors it would be easier to manage commercial training. The Deputy CEO would prepare a full investment appraisal but a quick decision was needed as the college was due to finalise the mortgage for the other property within the next couple of weeks. Governors discussed the location and the Deputy CEO confirmed that the building had been refurbished in 2017 and that the college was due to move out is its existing premises on 17 December and a temporary location was needed regardless of the final decision. It was agreed that the final decision would be delegated to the Chair of the Corporation and Chair of F&GP with a full investment appraisal being made available to the F&GP committee. There needed to be an analysis against the option to buy the long leasehold. The Deputy CEO would push for a 2 year notice period but it was likely to be one. The CEO explained that this was not the normal way to conduct business but the opportunity had arisen at short notice and it made sense to bring it to the meeting for discussion rather than to send a paper out for agreement by written resolution. The aim was to agree a process to reach a decision. It made sense to sign off the resolution for the mortgage as planned. The decision was not just about the finances but also about the potential and future curriculum delivery. This option offered more capacity and the location was known to students although it was not as high profile as the long leasehold building. There were less to do to get it up and running and experience with retendering for other projects showed that costs were increasing and raw materials were hard to source. ESOL was a growth market and the potential for developing AEB was strong. Governors asked about the long term plans for the building and whether it might be sold. Potentially this could happen as the Council looked to redevelop the area but the aim was to negotiate a 7 year minimum period. The Heads of terms would be included in the appraisal along with the pros and cons of the site. The Corporation agreed the approach as set out. A final decision would be made once the investment appraisal was

available.

The Corporation agreed that the final investment appraisal should be reviewed by the Chair of the Corporation and the Chair of Finance and General Purposes Committee and they should make the final decision on whether to sign a lease on this property as an alternative to the long leasehold Property.

The Corporation agreed to sign off the final terms of the mortgage as recommended by the F&GP Committee and made the following resolution:

IT WAS RESOLVED

1. That the borrowing by the Borrower of up to the full amount of the Facility on the terms and conditions set out in the Facility Agreement [as further negotiated by the Bank and the Borrower] is in the interests of and for the benefit of the Borrower and is most likely to promote the success of the Borrower for the benefit of the members as a whole and that such terms and conditions [as further negotiated by the Bank and the Borrower] be and are approved and accepted.

2. That the Borrower has considered whether it needs to obtain professional independent advice (legal, financial or otherwise), prior to resolving to enter into the Facility Agreement and (whether on the basis of such advice or otherwise) it has made its own independent decision to enter into the Facility Agreement and understands the terms, conditions and risks involved.

3. That Gerry McDonald and Suri Araniyasundaran are authorised to negotiate and finalise the Facility Agreement on behalf of the Borrower and to agree amended terms and conditions of the Facility Agreement.

4. That Gerry McDonald and Suri Araniyasundaran are authorised to sign the Facility Agreement [as further negotiated by the Bank and the Borrower] on behalf of the Borrower to indicate acceptance of the terms and conditions.

5. That the Bank is authorised to act in all matters concerning the Facility upon instruction from the Borrower signed in accordance with the Bank's mandate for any of the accounts of the Borrower held with the Bank current from time to time

The Annual workforce report was noted. This had been discussed in detail at the committee. The Modern Slavery statement had been updated to reflect the payment of the London living wage to all staff including contractors. Corporation agreed the statement and it would be updated on the website. The committee had received he termly report on Health and Safety which was positive.

9.5 Search Committee

The Search committee annual report set out the work of the committee including the increased emphasis on training and development. New Corporations members had been recruited alongside two further co-optees. Work was in hand to look for an accountant. Governors were reminded that as well as the annual declaration made as part of the annual return, they should declare any issue where there might be a conflict in relation to individual papers or if something new arose during the year.

The Corporation agreed the annual report of the Search Committee

10	**Committee Reports and Policies** **10.1 Audit** **The following reports were signed off by the Corporation on the recommendation of the committee:** • Regularity self-assessment • Internal Audit Annual Report • Whistleblowing Annual Report **10.2 F&GP** **The following reports were signed off by the Corporation on the recommendation of the committee:** • Modern Slavery Statement • Annual Workforce Report **10.3 CQ&S** **The following report was signed off by the Corporation on the recommendation of the committee:** • Community engagement report
11	**Annual Declaration of Interests Report** The report was noted by the Corporation. The Director of Governance reminded members to update the declaration if anything changed during the course of the year and to ensure anything which arose from agenda items was declared at the relevant meeting.
12	**Use of the Seal report** The Corporation noted the report.
13	**Any other Business** There were no items to report. **Date of next meeting** The next Corporation meeting was on 16 December 2021.

Signed……………………………………………..

Dated………………………………………………