

CITY OF WOLVERHAMPTON COLLEGE

**Minutes of a Meeting of the Board of Governors held on
Monday 31 January 2022 at 5pm
Conducted via Microsoft Teams**

PRESENT

Mr Mark Taylor (Chair) (from Item 5)	Mr Clarence Crosdale (Vice Chair)
Mr Mike Hastings (Vice Chair)	Mrs Amanda Tomlinson
Ms Emma Bull	Ms Lindsey Flynn (to item 10)
Mr Mal Cowgill	Mr Sam Duru
Ms Sally Slater (Staff)	Ms Anya Priya Luis
Mr Ian Gardner (from item 5)	Mr Trevor Dutton
Mrs Hshaana Knight	Mr John Bradford
Ms Ioana Axinte	Mr Scott Thompson (from item 6)

IN ATTENDANCE

Mrs Louise Fall	-	Deputy Principal
Mr Ian Browne	-	Vice Principal Student Success
Mr Peter Merry	-	Deputy Chief Executive
Ms Wendy Stott	-	Interim Accountant (to item 6)
Mr Paul Oxtoby	-	RSM (to item 6)
Mrs Elizabeth Ball	-	Head of Governance
Mr Dan Baker	-	ESFA

01/22 APPOINTMENT OF CHAIR

Mr Clarence Crosdale was appointed as Chair of the meeting.

02/22 APOLOGIES AND DECLARATIONS OF INTEREST (ITEM 1)

Apologies were received from Nisha Rai.

03/22 MINUTES AND MATTERS ARISING (ITEM 2)

The non-confidential minutes of the meeting held on 13 December 2021 were approved as a correct record.

04/22 REPORT ON OUTSTANDING ITEMS (ITEM 3)

The Board of Governors received an update on actions that were outstanding from previous meetings.

It was noted that a meeting of the Remuneration Committee would be arranged to consider updated job descriptions.

05/22 CORRESPONDENCE (ITEM 4)

The Head of Governance reported that due to a change in personal circumstances Mr Amardeep Singh had resigned as a member of the Board of Governors.

It was noted that appropriate action would be taken to fill the vacancy as soon as possible.

The Board of Governors asked that a letter be sent to Mr Singh expressing their thanks for his involvement with the College.

Mark Taylor joined the meeting and declared an interest as an employee of the City of Wolverhampton Council.

06/22 FINANCIAL STATEMENTS AND AUDIT OPINION (ITEM 5)

Audit Committee Annual Report

The Head of Governance and the Chair of the Audit Committee presented the report which covered the membership and activity of the Committee in 2020/21.

The Board of Governors noted that the report provided information about the audit reviews that had taken place during the year, together with the levels of assurance.

The Chair of the Committee highlighted that the Committee had given full consideration to all the reports which were appended to the annual report, and particularly highlighted the annual report on risk management.

He also confirmed that it had been necessary to hold two meetings of the Committee in January 2022 as problems with resources and staffing within the finance team had delayed the finalisation of the financial statements.

The Board of Governors noted that the final version of the Audit Findings report would form an appendix to the Committee's Annual Report, together with the Internal Audit Annual report.

The Board of Governors also formally noted the assurances provided by the Audit Committee and that at their meeting on 26 January 2022 they recommended that the Annual Accounts for 2020/21 be approved.

It was resolved that the Audit Committee Annual Report be approved.

Governors questioned whether there was a reason why the report used the term 'adequate assurance' when Internal Audit reports used 'reasonable assurance'.

The Deputy Chief Executive advised that this related to terminology used by the Auditors and that there was sufficient assurance from the Internal Audit work to evidence that internal controls are operating effectively.

Audit Findings Report 2020/21

The External Auditor advised that two audit opinions are being provided, in relation to the financial statements and the regularity audit.

He confirmed that having substantially completed the audit work, no material issues or adjustments had been identified. It was noted that once the outstanding matters

had been addressed an updated report would be issued which would include unmodified audit opinions with the inclusion of an emphasis of matter paragraph on going concern in relation to the financial statements.

The External Auditor highlighted the issues to be considered in relation to going concern, which primarily related to the breach of bank covenant. He advised that whilst the Bank confirms that it continues to work with the College to find a solution, they will not provide a formal letter of support.

As a result, technically the bank could request immediate repayment of the loan and although they have confirmed that they will not do so, there is also likely to be a breach in 2022. This has resulted in an emphasis of matter being included in the audit opinion in relation to the financial statements which is replicated in the financial statements for the subsidiary company.

As new Governors may not be so familiar with the College's position, the Deputy Chief Executive explained that this was a difficulty that the College has faced since the agreement was reached following the Area Review in 2018. He confirmed that there are legacy issues which have been faced since the Transaction agreement was signed and that having done an assessment of the bank covenants, the only breach is in relation to the cash position at year end which had not been realistic even when it was set.

It was emphasised that these issues are linked to the College's estates strategy and the need to at least reprofile the transaction fund loan.

Ian Gardner joined the meeting.

Governors asked whether inclusion of the emphasis of matter makes the College appear to be a bigger risk.

The External Auditor stated that the bank had been clear that they had no intention of removing the facility. If this had not been the case there would be a significant concern, however it was right to note that there is a need to at least re-profile the restructuring fund debt and to establish new covenants in relation to the bank loan.

The Chair of the Audit Committee highlighted that at their meeting the Audit Committee had considered what the external impact was of having an emphasis of matter included in the audit opinion. They had been advised that experience suggested that there would not be any impact on suppliers.

It was also highlighted that the key users of the accounts were the bank, the DfE and funding agencies and that all these parties were fully aware of the position.

It was agreed that subject to there being no significant changes, the Audit Findings Report be approved.

Financial Statements

The Deputy Chief Executive presented the financial statements for the year ended 31 July 2021.

He reported that separate accounts had been prepared for the subsidiary company with the group structure being reflected in the College financial statements. It was noted that the Board of Directors of the Company were responsible for signing off the subsidiary company accounts which involved primarily the cost of staffing.

In considering the consolidated statement of comprehensive income, the Deputy Chief Executive explained the factors that significantly affected the loss for the year and in particular the pension adjustments including the big variances in the actuarial gain/loss in respect of the Local Government Pension Scheme. He reported that the Pension fund requires additional in year payments which cannot be easily anticipated and that contribution rates are reviewed every three years.

This has a significant distorting effect and the Deputy Chief Executive advised that on an operating basis the College has returned a surplus.

Governors were directed to the Balance Sheet as at 31 July 2021 and to the effect of the bank loan being identified as being repayable in-year and the reduction in the provision for the defined benefit pension scheme.

The Deputy Chief Executive also highlighted the consolidated statement of cashflows and the increase in cash and cash equivalents at the end of the 2020/21 year in comparison to 2019/20.

It was noted that the accounts are converted into a finance record which is submitted to the funding agency and from this the College's financial health score will be calculated.

The Deputy Chief Executive advised that the College has had inadequate financial health since 2012 however, the calculation will now show that the College is considered to be requires improvement and would further improve based on the new methodology which is being modelled. However, he proposed that this should be moderated to show financial health as inadequate as it would be remiss not to take into account the outstanding issues relating to the restructuring fund loan and the bank loan.

Governors were reminded of the benefits that had been obtained for the College by the City Council providing a guarantee in relation to the Local Government Pension Scheme. This had served to reduce the risk profile of the College and had resulted in a significant reduction in annual payments.

Governors asked why there had been an increase in the amount identified in the balance sheet relating to amounts falling due within one year and whether the College had undertaken any new borrowing.

They were advised that this was primarily to do with funding received from the 'Catch up fund' being brought forward into 2021/22 and that there had not been any additional borrowing.

Regularity Self-Assessment Questionnaires

The Deputy Chief Executive reported that two self-assessment questionnaires had been completed for use by the External Auditors.

It was noted that primarily these relate to the use of funds and will be signed by the Principal and the Chair.

Letters of Representation

The Deputy Chief Executive reported that the two letters of representation provide assurance to the External Auditors that they have been advised of all matters that the Board is aware of in relation to regularity, accounting records and transactions, that all information has been provided and that there has been compliance with laws and regulations.

The External Auditor advised that there had not been any deviation from the standard letter that they provide to Colleges.

It was resolved that:

- **The Annual Report from the Audit Committee be approved.**
- **The Financial Statements for the year ending 31 July 2021 be approved and signed by the Principal and Chair.**
- **The accounts of City of Wolverhampton College Enterprises be noted.**
- **The Regularity Self-Assessment Questionnaires be approved for signature by the Principal and the Chair.**
- **The Letters of Representation be approved for signature by the Principal and the Chair.**
- **That the Board of Governors support the moderation of the College's financial health as inadequate.**

Paul Oxtoby and Wendy Stott left the meeting.

07/22 FE COMMISSIONER'S ACTION PLAN UPDATE JANUARY 2022 (ITEM 6)

Scott Thompson joined the meeting.

The Principal provided an update in relation to the recommendations made by the FE Commissioner following the visit in June 2021.

He particularly highlighted the position in relation to the College's financial roadmap and the alignment of funding bids.

This was intrinsically linked to the City Learning Quarter development and the Restructuring loan payments which were due to commence in July 2022.

The Principal advised that significant progress had been made in discussions with the ESFA, although the planned visit involving senior ESFA and DfE staff and the FE Commissioner has been postponed.

However, it was noted that the College had benefitted from recent visits from the Secretary of State for Levelling Up and the Secretary of State for Work and Pensions and that this was a positive indication about the level of support for the CLQ project.

Governors were informed that it was anticipated that the next couple of months would be very important in securing the College's future by making a submission for funding to the DfE and concluding discussions in relation to the Restructuring Fund loan.

The representative from the ESFA confirmed that the DfE Capital department have committed to work with the College in February and March to prepare a report for submission to the Secretary of State in April. This will look at the feasibility of the department providing the remaining funding for the CLQ project. It was emphasised that this was not a guarantee and that there was a significant amount of work needed to prepare the business case.

Governors commented that it was now public that Wolverhampton would benefit from funding via the Levelling Up Fund and the Principal confirmed that this funding was secured to support the City Learning Quarter.

He continued that whilst there was no guarantee that the bid for the remaining funding would be successful he considered he had some confidence it would succeed.

The Principal referred to the letter that had been received from the Chief Executive of the Council which evidenced how the City Council was supporting the College.

The Chair referred to his declaration of interest as an employee of the City Council and confirmed that he had excluded himself from these discussions and had left the meeting where it had been discussed.

Governors were reminded that the FE Commissioner is visiting the College on 14 February 2022.

It was resolved that the report be noted.

08/22 PROPERTY (ITEM 7) CONFIDENTIAL

09/22 COLLEGE UPDATE (ITEM 8)

(i) **Student Engagement**

Quality of Education (Implementation) – update

The Deputy Principal presented the report and highlighted the outcome of learning walks that had been undertaken to date. An appendix to the report provided full details and confirmed that based on the findings, the quality of education (implementation) is being assessed as good.

Whilst it was noted that Governor link activity could include involvement in Learning Walks, the Deputy Principal advised that there is some anxiety about the process from the Trade Unions.

Governors asked what the concern was and were advised that deep dives are taking place in addition to learning walks and that some staff can be subject to more than one process. It was noted, however, that the policy and procedure had been agreed with the Unions.

Governors asked what the highlights were and the areas that needed to be improved.

The Deputy Principal reported that the outcomes are closely mapped to the Education Inspection Framework and that there is confidence in most of the standard levels. However, there was a need to identify more outstanding practice and ensure that this is shared.

Apprenticeship provision remained an area of concern based on the self-assessment process last year and a deep dive in relation to this provision was currently taking place. A deep dive had also taken place in relation to maths and English provision.

There is also a need to ensure that progress in the classroom continues, as this has been disrupted due to student and staff absence as a result of the pandemic.

Governors noted that the majority of sessions that had been covered were theory based and asked whether the majority of students are now back in the classroom.

The Deputy Principal confirmed that where it had worked well, some online teaching is continuing, but in the main students are back in College with activity being frontloaded in case there was another lockdown.

Governors asked if the College was tracking any trends that were emerging from recent Ofsted Inspections. They were advised that several had been published recently and that the College has established an Ofsted preparation group which reviews the findings.

It was noted that the Governor Development session on 16 May 2022 will be a session on Ofsted and that a review of KPI's will take place at the Governors' Strategy Session in April.

Governors noted that the overall Quality of Education (Implementation) is being assessed as Good for Term One activities.

(ii) **Student Success**

Maths and English Update

The Board of Governors noted the update in relation to the use of the ME learning platform 'Century', levels of attendance for maths and English sessions and that a maths and English Task and Finish Group had been established to identify any improvements that need to be made.

It was also noted that in January 2022 a deep dive had been carried out on maths and English, which will also identify areas for improvement.

Governors asked why adults were finding Century more useful than younger students. The Vice Principal Student Success advised that adults are in general

better at independent learning and that although some 16-18 students like the system, others prefer to have face-to-face sessions.

He reported that the Task and Finish Group were reviewing actions that needed to be taken which may include managing the sessions differently and a reduction in group sizes.

Governors commented that they were concerned about the decline in levels of attendance for English and maths and that this needed urgent attention. They recognised, however, that this has been affected by staff and student absence as a result of the pandemic.

The Vice Principal Student Success acknowledged that absence may be a factor, but that if the new model, i.e. Century, is not working for some students that needs to be addressed along with any decline in the standard of teaching and learning that is identified.

The Board of Governors noted the concerns in relation to maths and English progress whilst appreciating the changes made to the delivery model.

Apprenticeship Progress Report

Governors noted the update in relation to apprenticeship provision.

It was reported that the Apprenticeship Task and Finish Group is kept fully up-to-date with progress and monitors the Apprenticeship Quality Improvement Plan at each meeting.

It was also noted that Governors had attended the Apprenticeship Self-Assessment Validation meetings and the Apprenticeship Quality of Education Board.

The Vice Principal Student Success reported that a new role of Head of Apprenticeships had been established and an Assistant Funding and Compliance Officer had also been appointed to provide support to the Apprenticeship Team.

He also updated the Board in relation to the number of profiled starts for the year and that this was an improvement on the previous year.

The Board of Governors noted the report.

Partnership Update

The Vice Principal Student Success reported on the successful partnerships that have been developed over the past three years and the benefits that have been obtained.

He advised that EMT considered the time was right to investigate additional partnership potential and outlined the approach to be taken and the College's ambition.

Governors noted the potential offer and the potential sectors and partners involved, together with the investment that will be needed from the College.

Governors asked whether a major car manufacturer was still interested in working with the College at the EV Centre at Bentley Bridge.

The Principal reported that discussions are continuing about them bringing some of their repair and development activity in the premises, but there are also other partners involved.

Governors were supportive of the developments and of EMT preparing a series of detailed proposals within identified sectors. They commented that partnership working will be beneficial for the College and that the ambition should be to make the College the number one trainer in certain sectors.

The Board of Governors agreed that reports providing detailed proposals within identified sectors should be prepared for consideration.

(iii) **Business Success**

The Deputy Chief Executive highlighted that the key focus for Business Success has been the finalisation of the financial statements for 2020/21 and that sickness absence within the Finance Team has delayed the timeliness of the Management Accounts for November 2021.

The latest draft results for November 2021 were highlighted in the report and it was noted that the operating result is ahead of budget with savings continuing to be made in relation to payroll although this is impacted by additional agency costs in November.

Governors noted the cash balance as at 30 November 2021 in comparison to the previous year when this was subsidised by the receipt of capital funding. They were advised that the full year cashflow forecast is being updated and that quarterly regulatory reporting is due in the next few weeks.

The Board of Governors noted the report.

(iv) **People Engagement**

2020/21 Equality and Diversity Annual Report

The Board of Governors considered the 2020/21 Equality and Diversity Annual Report which had been circulated with the papers for the meeting.

It was highlighted that for the College's student population there were no material gaps, but that the College's apprentices had been impacted by the effects of the pandemic, which has also impacted on achievement gaps.

Governors asked why there had been a more significant reduction in achievement rates for apprentices from minority ethnic groups and the Deputy Principal reported that this is very much linked to the effects of the pandemic, but that further analysis was taking place to identify if particular sectors were affected more than others.

Governors also noted that in the past they had received a report on the gender pay gap and that it would be useful to review the proportion of male/female staff and ethnicity across different levels in the organisation. If the gender pay gap could be triangulated with the staff data, this may provide Governors with some useful information.

The Deputy Principal reported that efforts are continuing to achieve a balanced workforce in terms of age and that there had been an increase in the recruitment of staff members from BAME backgrounds.

The Board of Governors noted the report.

2021 Staff Survey

The Board of Governors considered the outcomes of the Staff Survey that was completed in June 2021.

It was noted that the response rate had fallen in comparison to 2019 and that this may have been as a result of the survey being completed online where staff had opted out of completing it. As staff have now returned to College efforts will be made to improve the level of responses when the next survey takes place.

Governors noted the areas where the College scored equal to or higher than the York College benchmarks and those areas where there was a concern as the College scored below benchmark.

Where below benchmark Governors were provided with information which could explain why this was the case.

Whilst it appeared that some areas had been impacted by the pandemic there were also some areas which would be addressed by better communication and improved reporting.

The Board of Governors noted the reports and areas of concern to be addressed.

Staff Performance

The Deputy Principal advised that the report was focussed on performance in term one and provided Governors with information in relation to staff recruitment, staff sickness and performance management.

Staff Recruitment – Governors noted the difficulties in recruiting staff in some areas and the pressure in some sectors in relation to levels of pay.

Governors asked whether the College needed to be more creative in its approach to attracting people to the College, particularly where it had been difficult to recruit.

The Deputy Principal reported that most applications come from the website, and that the web pages are continually reviewed to ensure that the benefits of joining the College are highlighted. She continued that ultimately there is significant competition in the sector and that when staff are recruited, they are provided with a lot of support to settle them into their new role.

Governors commented that the challenges around recruiting staff are being felt in many organisations and that it may be useful to create a forum with businesses to consider creative ways of attracting staff.

The Deputy Principal reported that when the College is able to attract young people, they are directed to appropriate opportunities.

Sickness – Governors noted the effect of COVID on the levels of short-term sickness and that long term absence is also higher than at the same point last year.

Governors asked whether there was any impact on the well-being of staff as a result of the process of deep dives and learning walks.

The Deputy Principal reported that whilst some staff may be visited several times, learning walks are very short and observers do act very discreetly. She also advised that where an individual is subject to a learning walk which is not part of the deep dive process, they are provided with feedback.

Deep dives result in a collated report, however some staff would prefer to have individual feedback.

Governors asked whether there was any impact on levels of staff sickness. The Deputy Principal reported that this did not appear to be the case, and that the biggest impact appeared to result from staff absence due to COVID where it was necessary for staff to cover classes or classes were merged.

Performance Management – Governors noted the information relating to dismissals, disciplinary actions, grievances and flexible working applications.

The Board of Governors noted the report.

Pay Award

Governors considered the report from the Principal and that the proposal was to hold a decision on the amount and timing of the staff pay award until further analysis had taken place. The Principal advised that the proposals had been discussed with the ESFA and would be raised with the FE Commissioner during his visit.

Governors asked what message about pay had been given to staff and were advised by the Principal that he had told staff that the Board of Governors continues to discuss a pay rise as they wish to reward staff and that as a minimum this would be 2%.

He confirmed, however, that whilst there may be an opportunity to do more, there was no expectation from staff currently.

Governors asked when a further report would be provided. The Principal advised that he would prepare a further report as soon as possible, but that there were several issues to consider including the CLQ development and the current requirements in relation to repayment of the Restructuring loan.

However, he also reported that there are staff shortages and pay is an important element in supporting staff, particularly in view of the increases in the level of inflation.

The Principal agreed to provide a further report as soon as possible and suggested that any pay increase be backdated to February 2022.

It was agreed that the Principal should report back to the Board of Governors as soon as possible in relation to the staff pay award.

Governors welcomed the reports on staffing issues, and the Deputy Principal stated that she would welcome feedback on whether there were any specific areas that Governors would want covered in future reports.

10/22 BOARD OF GOVERNORS SELF-ASSESSMENT (ITEM 9)

The Head of Governance presented the Governor Self-Assessment report which included reflecting on the outcome of visits by the FE Commissioner and the Independent Board Review.

Governors considered that the report was comprehensive and noted the performance of the Board against the Code of Good Governance for English Colleges and that the self-assessment documentation completed by Governors and the Committee self-assessments were very positive, rating the overall performance of the Board as good.

The Head of Governance advised that the review of compliance would continue to be developed and that a Governance Development Plan will be prepared for consideration by the Board as soon as possible.

The Board of Governors agreed that the report should be considered by the Search and Governance Committee at their next meeting.

The Board of Governors agreed that the report should be subject to further discussion at the next meeting of the Search and Governance Committee.

Lindsey Flynn left the meeting.

11/22 REPORT FROM THE AUDIT COMMITTEE (ITEM 10(a))

The Chair of the Audit Committee presented the report. The minutes of the meetings of the Committee held on 18 January and 26 January 2022 were received.

Governors noted the key points arising from the Internal Audit reports relating to GDPR and follow-up of the OFS review.

The Chair reported that the intention was to commence a process for tendering the External Audit Services once the financial statements for 2020/21 had been completed. It was noted however that there had been a reduction in audit firms willing to take on the role of College External Audit as a result of the changes to the regularity audit.

It was resolved that the report from the Audit Committee be received.

12/22 ANNUAL REPORT FROM THE REMUNERATION COMMITTEE 2020/21 (ITEM 10 (b))

The Board of Governors received the Annual Report from the Remuneration Committee and noted that elements would be included within the Financial Statements.

It was resolved that the Annual Report from the Remuneration Committee be received.

13/22 PART 2 CONFIDENTIAL MINUTES (ITEM 11)

The Part 2 Confidential minutes from the meeting held on 13 December 2021 were approved as a correct record.

14/22 ANY OTHER BUSINESS (ITEM 12)

There was no other business

15/22 CONFIDENTIALITY (ITEM 13)

It was resolved that the following reports and minutes remain confidential and not be made available for public access:

- Item 7 – Confidential property update and minutes from the Campus Transformation Oversight Group
- Item 11 – Part 2 Confidential minutes of the meeting of the Board of Governors held on 13 December 2021.

16/22 DATE AND TIME OF NEXT MEETING (ITEM 14)

Meeting of the Board of Governors 7 March 2022 at 5pm

Governors Development Session 4 April 2022 2pm – 5pm