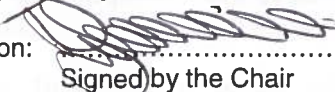


Approved by the Corporation:


Signed by the Chair

19/10/17
Date

MINUTES OF THE MEETING OF THE CORPORATION HELD: Thursday 28 September 2017

Present:

Richard Wightman (Chair)	Governor
Paul Ashton	Governor
June Durrant	Governor (from Item 5)
Eve Gregory	Governor
Robert Holden	Governor (Staff)
Judy Hooton	Governor
Cath Orange	Governor
Dave Mann	Governor
Debbie Rolls	Governor (Staff)
Waseem Siddique	Governor (Staff)
Ramindar Singh	Governor
Dale Smith	Governor
Andy Welsh	Governor (Executive)

The quorum was six Governors to Item 5 and seven Governors thereafter

In Attendance:

Joanna Green	Clerk to the Corporation
Chris Malish	Director of Finance & Corporate Services
David Harwood	Principal
Dawn Leak	Director of Employer Responsiveness
June Durrant	Observer (to Item 5)

The meeting was held in room 30, Fourth Floor David Hockney Building, Bradford College from 16.00 until 19.10. It was chaired by Richard Wightman.

L/J Denotes the time a Governor left/joined the meeting. Where the individual is not named in the minutes, a record is held separately and is available on request.

0. Preliminaries

- 0.1 The meeting was preceded by a briefing on the Schools Sector Strategy.
- 0.2 A briefing was then given by the Principal, David Harwood on the performance of the College's Further Education ("FE") provision and attention was drawn to the FE data dashboard and the two year trend data, which showed a positive trend. With the Chair's consent, a paper was tabled to accompany this talk. Governors commented positively on the latest recruitment and retention figures.
- 0.3 There was discussion about the content of the FE data dashboard. Governors asked that the performance measure 'higher grades' should be added to the dashboard, as well as equality and diversity impact measures – to include the new measures Governors recently introduced.
- 0.4 A Governor referred to a 2014 Ofsted recommendation around providing additional stretch and asked if case studies could be produced to evidence

progress on implementing that recommendation. It was **AGREED** that this would be helpful and the Principal said this would be done.

Principal

0.5 Finally, the Principal delivered the annual training on the Further Education Performance Measures and Indicators for the forthcoming academic year.

0.6 The Clerk advised that a quorum was present and the Chair opened the meeting, reporting that he has taken no Chair's Actions since the last meeting.

1. Introductions, Apologies for Absence and Disclosures of Interest

1.1 Introductions

The Chair welcomed Chris Malish, the new Director of Finance and Corporate Services ("DFCS") to his first Corporation meeting; he also welcomed prospective Independent Governor, June Durrant.

1.2 Apologies for Absence

- Richard Dunbar
- Ralph Berry

It was **NOTED** that the meeting was a Special meeting by reason of the relatively short notice.

1.3 Disclosures of Interest

1.3.1 A disclosure of Interest was made by Ramindar Singh in respect of Item 9, which concerned his possible reappointment at the end of his term. The Chair reminded Governors to declare any other interests as and when necessary.

1.3.2 The Chair reminded Governors to declare interests as they arise.

2. Minutes of the meeting of 29 June, 13 July and 20 July 2017

2.1 The minutes of 29 June, 13 July and 20 July 2017 were **AGREED** as a true and correct record and the Chair was duly authorised to sign them.

RESOLVED:

- i. *That the minutes of 29 June, 13 July and 20 July 2017 are a true and correct record of the meeting and should be signed by the Chair.*

3. Matters Arising

3.1 The contents of the Matters Arising report were **NOTED** and there was discussion regarding the following items:

Safeguarding and the Student Base: Student Governor Waseem Siddique addressed the meeting, sharing student concerns about the impact of the recent move to the new location and the suitability of the new facilities. He said Higher Education ("HE") students in particular have complained about the loss of a key social space, which was part of the student experience.

The Clerk reported that she and Independent Governor Ralph Berry visited the Student Base on 22 September and met with Safeguarding Lead, Nick Koral. Ralph Berry and Nick Koral discussed the College's safeguarding provision generally and the impact of the relocation of the Student Base during the

summer break. It was **NOTED** that Independent Governor Richard Dunbar will also be visiting the provision; he and Ralph Berry will then report to the board.

David Harwood, the Principal, said the decision to relocate the Student Base was made in the context of moving the assisted living provision from Bolton Royd. He thanked the Student Governor for his comments and said he understands students' concerns and is reviewing the position currently.

Estates Strategy: It was **NOTED** that the property strategy refresh is pending; however an interim "for information report" on the College Estate is to be produced for Governors. There was discussion about the design of the David Hockney Building and the suitability of some of the spaces being used for teaching. The Student Governor passed on complaints from students about teaching in open areas being disrupted by sound bleed from the ground floor. A concern was raised about whether students with additional needs are being adequately provided for.

DFCS

The Principal acknowledged the issue and said it was not anticipated when the building was designed that the College would need to accommodate 500 timetabled maths and English classes by 2017; this is a consequence of education policy changes. He said now that student numbers for this year have been confirmed, management is working hard on timetabling, seeking to avoid placing teaching sessions into open zones - and learners can expect to see improvements over the next few weeks.

A Governor asked whether, if student numbers are growing, there is a capacity problem. Group Chief Executive Officer, Andy Welsh ("GCEO"), said while space utilisation surveys indicate that there is potential to make better use of the existing space, there is currently a capacity issue at peak times. He said strategic decisions about the College estate will be taken this academic year; in the meantime, the sixth form provision has been moved to the Victoria Building on Thornton Road, to create some more room.

Report on Sub-contracting Arrangements: It was **NOTED** that this action point from the 27 April 2017 Corporation meeting had not been added to the Matters Arising report. The Clerk said the report has not been forgotten; it is on the Agenda for the next meeting and will be added to the Matters Arising report.

Clerk

RESOLVED:

i. To receive the report.

4. Governor Appointment: June Durrant

4.1 The Chair of Search Committee, Dale Smith, introduced the Item and invited prospective Governor, June Durrant, to address the meeting. June Durrant thanked the Search Committee for its nomination and introduced herself briefly before leaving the meeting while her suitability for appointment was discussed.

L17.20 June Durrant left the meeting.

4.2 Dale Smith referred to June Durrant's CV and said he and the Chair of Corporation had interviewed her earlier in the month. The Search Committee was resolved to propose her for appointment, being satisfied that she meets all the essential requirements for the role and would bring valuable skills to the board. The Committee's advice was **NOTED** and it was **AGREED** that June

Durrant should be appointed as an Independent Governor with immediate effect for a period of four years to 27 September 2021.

RESOLVED:

- i. ***That June Durrant be and is appointed as an Independent Governor with immediate effect for a period of four years to 27 September 2021.***

J17.22 June Durrant rejoined the meeting.

5. Governor Appointments: June Durrant

- 5.1 The Chair confirmed to June Durrant that her appointment as an Independent Governor had been agreed and welcomed her to the Corporation.
- 5.2 Dale Smith referred to the CV of Ann Kendal, whom the Search Committee was also recommending for appointment. He reminded the meeting that the Committee was put in contact with Ann via local charity, Bradford Equity Partnership, after seeking their help in recruiting appropriately skilled Independent Governors from the local LGBT+ community. He said he and the Chair of the Corporation had interviewed her earlier in the month and the Search Committee had resolved to propose her for appointment, being satisfied that she met all the essential requirements and would bring valuable skills to the board. The Committee's advice was **NOTED** and it was **AGREED** that Ann Kendal should be appointed as an Independent Governor with effect from the date of her next attendance at a Corporation meeting, for a period of four years.

RESOLVED:

- i. ***That Ann Kendal shall be appointed as an Independent Governor with effect from the date of the next Corporation meeting she attends, for a period of four years.***

- 5.3 The Clerk reported that (assuming Ann Kendal's appointment takes effect as anticipated) there will be two Independent Governor vacancies on the board plus one Student Governor vacancy, for which the Students' Union is seeking a nominee.

6. Proposed Community Strategy

- 6.1 Governors **COMMENDED** GCEO on the proposed strategy and the excellent progress that has been made.
- 6.2 A Governor referred to the challenge of setting meaningful targets in this area and the meeting reflected on possible approaches to measuring impact. There was discussion about the need for clarity in terms of the outcomes that are sought. Governors **AGREED** that among their key strategic objectives must be ensuring that the College maintains its position and reputation within the district and sub-region of Yorkshire; and ensuring that the College's communities share equitably in the public benefit derived from its activities in furtherance of education.
- 6.3 It was **AGREED** that Governors should be invited to submit any further suggestions regarding the community strategy outside the meeting, with a view to further developing and refining it. There was discussion about the extensive range of community activities that are already in progress and a Governor suggested that it would be useful to receive a report outlining the various activities that the College engages in. This was **AGREED**.

6.4 The Chair thanked GCEO for his presentation and said he looked forward to seeing an updated version in due course.

RESOLVED:

- i. *To note good progress towards the implementation of a new community strategy.*
- ii. *To agree that Governors should be encouraged to communicate any further suggestions to the Executive during the next few weeks, in order that a new version of the document might be prepared and brought to a future meeting for approval, following consultation as appropriate.* Clerk, Governors
- iii. *To request a report on current community engagement activities, for information.* GCEO
- iv. *To receive the report.*

7. Financial Report

7.1 DFCS said the year-end position is looking unfavourable compared with the forecast and Governors can expect to see a significant adverse variation from budget. The early indications are that the non-pay budget was approximately £1.4m adverse to the forecast and there have been other adverse variations, such as the Local Government Pension Scheme. The College will report a deficit and is expected to fail two of its bank loan covenants: the “adjusted current ratio” (cash to service debt costs), which has fallen to 0.8 against a budget of 1.00; and an underlying in year deficit.

7.2 DFCS said these variations will impact on the College’s Education and Skills Funding Agency (“ESFA”) financial health score to the extent that it will rank as financially “inadequate”, with a score of 90 points. He said he has made an appointment with the bank next week to explore options and will revisit the budgetary work carried out in May, to determine whether the 2017-18 budget then arrived at is feasible. He will also investigate how the disparity between the 2016-17 budget and outturn came about and why it was not identified as a key risk at an earlier stage - in particular why a report which went to Governors on 23 June 2017 warning of an anticipated £1.8m deficit did not provoke the risk response it should have.

7.3 DFCS said, as the College has approximately £2.5m less cash than was budgeted for and as there will be no large receipts until Spring 2018, he has informed all budget holders that spending must reduce by at least 6%, effective immediately. He said if spending continues at 2016-17 levels, the business will run out of cash by the end of this year.

7.4 DFCS said nearly a third of Finance Team positions are currently vacant. In response to a question, Paul Ashton, the Chair of the Audit Committee, said this was reported at the Committee’s meeting only two weeks ago - and it prompted great concern among members, who had quite recently visited the department and met some of those who have since left. He said during the Committee’s visit, some individuals reported dissatisfaction with the College’s financial software, as well as the quality of their office environment. DFCS said he will be investigating why finance staff turnover has been so high.

7.5 The Chair thanked DFCS for a clear and articulate overview and said the situation is extremely concerning. This was **ECHOED** by all Governors. Following discussion, it was **AGREED** that there must be a review of the control

DFCS

- framework to see where it can be strengthened, as well as investigation into where things went wrong.
- 7.6 DFCS was **INSTRUCTED** to act immediately to gain more certainty around what the bank is prepared to offer; also to report again to the next Corporation meeting, keeping the Chair apprised of any developments in the meantime. DFCS
- 7.7 There followed discussion about the College's growth ambitions, with Governors questioning whether those are achievable, given the level of investment needed to support sustainable growth. One Governor commented that growth is not the magical elixir many colleges think it is; the Governor said the budget assumptions around growth of the College's HE provision were particularly risky; Governors have twice challenged management as to whether the HE strategy should be around consolidation, or even shrinkage, rather than growth. It was **AGREED** that this issue should be revisited once DFCS completes his investigations and has advised the board further. In response to a question, DFCS said Higher Education will not deliver on the budget numbers. Clerk
- 7.8 Asked whether he anticipates that further concerning issues may emerge, DFCS said he is working to produce a complete picture and cannot give that assurance at the moment.
- 7.9 A Governor asked what the Corporation might expect to happen as a consequence of the downgrading of the College's ESFA financial health grade. DFCS said once the Executive has established the liquidity position, the College will notify the ESFA. The response is likely to include a support package for the College consisting of monthly visits, as well as support in the development of a recovery plan.
- 7.10 DFCS said there is an option to improve the prospects of recovery by appropriately engaging with external consultants; he said he has had initial conversations with a firm that provides benchmarking data, whose support he considers would bring value for money. This was **NOTED**.
- 7.11 A Governor asked if there is any possibility of malpractice and DFCS said it is more likely that the high level assumptions that the budget was based on were unrealistic; ambitious levels of savings were forecast that were not feasible given the time period in which they were expected. There have also been a number of vacancies in key positions, which is continuing – and at a critical time the staff resource was not there to support processes.
- 7.12 There was **AGREEMENT** that there will be lessons to learn for everyone involved in the process of budget-setting and monitoring, particularly in terms of the mechanisms and processes to support information flow between management and the Corporation. A Governor observed that it should never be the case that only one person has a full overview of the financial position and holds all the data.
- 7.13 Asked to comment on the prospects for recovery, DFCS said efficiency is key, along with budget holder accountability. He said he has confidence that the College can recover its position but it will be a painful process and there are limits to what can be achieved in terms of cost reductions without impacting on quality. He said he will be meeting with staff representatives over the next few weeks and stating clearly the challenges the organisation is facing and the possible implications for staff and students.

- 7.14 A Governor commented that in light of the financial difficulties, the College should be cautious about what investment it makes in the proposed schools strategy, as the reality might not be as positive as management is hoping. This was **AGREED**.
- 7.15 A Governor observed that this is the time of year when the Financial Statements Auditors schedule the early review of the College as a 'Going Concern'. The Governor suggested that management might wish to look at the timing of that review and DFCS said he will be meeting with them shortly to discuss just that.
- 7.16 In response to a question about the role of the external audit firms and their duty of care, a Governor observed that a report to Governors in June had identified that a deficit of £1.8 was anticipated, so it was not that management or the Corporation were unaware that the College was confronting the risk that has now crystallised.

J18.14 Judy Hooton left the meeting.

- 7.17 DFCS said PwC has not yet started work on the audit of the accounts, so the firm was not in a position to give an opinion. He said the internal audit service meanwhile looks at whether processes are being followed at a particular point in time; it is the College's responsibility to follow them all the time. He said he does not expect to find that the controls around the budget-planning process were poorly designed.

J18.17 Waseem Siddique left the meeting.

8. Audit Committee Report and Minutes

- 8.1 The minutes of the Audit Committee's recent meeting were distributed. The Clerk said they contain nothing material to this meeting that the Chair of Audit, Paul Ashton cannot highlight in his verbal report. It was **AGREED** that they should be received at the next meeting.
- 8.2 It was **NOTED** that a new draft of the Whistleblowing Code is in consultation.
- 8.3 Paul Ashton advised that the Audit Committee is recommending a new draft of a detailed financial procedure: the College's Gifts, Hospitality and Awards Policy and Procedure for approval. Governors commented on the draft, identifying that a reference to the Corruption Act in paragraph 3.1 should be replaced with a reference to the Bribery Act 2010. There was discussion about whether funeral flowers should be caught by paragraph 4.11, which expressly prohibits expenditure of College funds on gifts to staff members in circumstances such as long term sickness. A Staff Governor commented that many staff would not view funeral flowers as a gift but rather as a sign of respect and acknowledgement. It was agreed that this should be reviewed at a later date.
- 8.4 It was **AGREED** that the Gifts, Hospitality and Awards Policy and Procedure should be approved, subject to the agreed amendment to paragraph 3.1.

Governors,
Agenda
19.10.17

RESOLVED:

- i. To approve the new draft of the Gifts, Hospitality and Awards Policy and Procedure, subject to the agreed amendment to paragraph 3.1, and to adopt it with immediate effect.*

DFCS

- 8.5 Paul Ashton said the Audit Committee also reviewed another detailed financial procedure: the Risk Management Policy and Assurance Framework. He said this is also recommended for approval and is considered an impressive document, which significantly improves on the previous version. It was **AGREED** that the document should be approved.
- 8.6 In response to a question, the Clerk said primary risks are reviewed at Audit Committee meetings; the Committee has scheduled an extra meeting this year to attend to additional work around risk management. There was discussion about the Corporation's own attention to risk management and it was **AGREED** that there should be at least an annual report plus an Away Day.

RESOLVED:

- i. To approve the new draft of the Risk Management Policy and Assurance Framework and to adopt it with immediate effect.*

DFCS

- 8.7 Amended terms of reference for the Audit Committee were received and **APPROVED**, along with the calendar of business for 2017-18. Referring to paragraph 4.13 of the terms of reference, a Governor suggested that additional controls may be required to force reporting to the Audit Committee following any breach of the Financial Regulations. The Clerk agreed and said this should be picked up in the next review of the Financial Regulations.

DFCS,
Clerk**RESOLVED:**

- i. To approve the amended Terms of Reference for the Audit Committee and to adopt them with immediate effect.*

DFCS

- ii. To approve the Calendar of Business 2017-18 for the Audit Committee.*

- 8.8 Paul Ashton reported that money has been stolen from the College's cash office. He said at the Audit Committee meeting there was discussion about the adequacy of the control framework - and the Committee is satisfied that controls are in place to prevent further theft. However, the Committee understands that the impact on staff within the finance team has been considerable.
- 8.9 Paul Ashton also reported on a recent ransomware attack, which prompted a precautionary shut down of the College's IT systems; as well as a foiled attempt by persons unknown and external to the College to set up direct debits on the College's bank account.

9 Search Committee Report and Minutes

- 9.1 Dale Smith, the Chair of Search Committee, presented the minutes. He said after due consideration, the Committee recommends that Independent Governor Ramindar Singh (whose term of office will end in March 2018) should be reappointed until the end of the academic year to support business continuity, particularly for the Remuneration Committee. It was **AGREED** that Ramindar Singh should not be required to leave the meeting during consideration of this proposal.
- 9.2 Governors **ACKNOWLEDGED** that due to the length of time Ramindar Singh has already served, the Corporation must consider the potential risk to the effectiveness of governance. After discussion, it was **AGREED** that having continuity of membership of the Remuneration Committee throughout the year would be a significant benefit which would outweigh that risk.

RESOLVED:

- i. *That exceptional circumstances warrant a departure from the Code of Good Governance for English Colleges good practice advice on governor terms of office in respect of the reappointment of Independent Governor Ramindar Singh at the end of his current term of office.*
- ii. *That Ramindar Singh shall be reappointed as an Independent Governor for a further term commencing at the end of his current term on 17 March 2018 and concluding on 31 July 2018.*

Clerk

9.3 The dates for the Graduation ceremonies were **NOTED**. The Corporation Chair, Richard Wightman, said since the dates of the ceremonies were changed, he has a clash with other commitments and cannot attend the ceremonies this year. It was **NOTED** that the Vice Chair, Eve Gregory, will take his place.

9.4 Dale Smith reported on the outturn from the 2016-17 meeting evaluations and said the Search Committee was satisfied with those but recommends that the Corporation sets targets of 80% or higher for 2017-18 (but should set no target for the "Governor enjoyment" measure). This was **AGREED**.

RESOLVED:

- i. *To set targets against key performance indicators for Corporation meeting effectiveness as follows:*

Clerk

<i>Communication of Meeting Objectives</i>	<i>80% or higher</i>
<i>Achievement of Meeting Objectives</i>	<i>80% or higher</i>
<i>Value for Money</i>	<i>80% or higher</i>
<i>Meeting Time Effectively Used</i>	<i>80% or higher</i>
<i>Governors' Enjoyment</i>	<i>80% or higher</i>
<i>Reports Fit for Purpose</i>	<i>80% or higher</i>
<i>Decision-making Shared</i>	<i>80% or higher</i>
<i>All Participants Actively Involved in Discussions</i>	<i>80% or higher</i>

9.5 Dale Smith said the Corporation may be satisfied that the current skills mix on the board is in line with its ambition. However, he said, with the Corporation's approval, the Committee will continue to search for individuals with financial expertise and/or from significant local employers. This was **AGREED**.

RESOLVED:

- i. *That the Search Committee should continue to seek individuals with finance expertise and/or from significant local employers for Corporation appointments.*

Search

9.6 It was **NOTED** that a current Independent Governor has expressed an interest in succeeding Richard Wightman as Corporation Chair from the end of his current term of office. In response to a question, Dale Smith said the Corporation does not need to approve the appointment until much closer to the time and having an expression of interest does not preclude any other Governors from putting themselves forwards.

- 9.7 Dale Smith said the Search Committee has reviewed the draft Scheme of Delegation which is now before the Corporation; it contains details of significant delegations of authority across the business. He said the document does not create new authorities; it is merely a central record of existing delegations. This was **NOTED** and it was **AGREED** that the document should be approved.

RESOLVED:

- i. To approve the Scheme of Delegation.*

DFCS

- 9.8 The Search Committee's annual calendar and terms of reference were presented and it was **AGREED** that they should be approved.

RESOLVED:

- i To approve the amended Terms of Reference for the Search Committee and to adopt them with immediate effect.*

DFCS

- ii To approve the Calendar of Business 2017-18 for the Search Committee.*

- 9.9 The Search Committee's annual report to the Corporation was received and the contents were **NOTED**.

- 9.10 Dale Smith referred to the 360° review of the Chair of the Corporation. He said the Search Committee had reviewed the report produced by the HR firm that undertook the surveys, was pleased by the outcomes and considered that the exercise had provided a good level of assurance for the board. The Chair had reported that the exercise had been valuable and there are no concerns to report.

RESOLVED:

- i To note the Search Committee's advice in respect of the evaluation of the Chair of the Corporation.*

- ii To note the Search Committee's advice contained in the minutes of 21 September 2017 and to receive those minutes.*

10 Report from the Dispute Hearing Panel

- 10.1 Cath Orange, who chaired the Stage 2 Dispute hearing on 6 September 2017, thanked her colleagues Judy Hooton and Dale Smith, who had joined her on the panel. She drew attention to the outcome letter dated 11 September 2017 and commented that the hearing was both productive and positive. She praised the management and union representatives for their meticulous preparation and due observation of process.
- 10.2 In terms of the second strand of the Joint Unions' dispute (which concerned the affordability of the Joint Unions' pay claim), it was **NOTED** that the panel had ruled that an increase on what had already been offered would not be affordable.
- 10.3 Finally, Cath Orange drew attention to the final paragraph of the letter, which addressed the need to respond to the equal pay agenda. GCEO said the Equality and Diversity Committee is monitoring the College's compliance with requirements and best practice in this area and has sought input from both Unison and UCU.

10.4 Panel member Dale Smith thanked Cath Orange for chairing the hearing panel, as well as the Clerk for her support.

RESOLVED:

- i. To receive the report and note its contents.*
- ii. That the Dispute Panel convened to consider the Stage 2 Dispute, having completed its work, should be dissolved.*

11. Self Assessment

11.1 As had been anticipated, the inclusion of the briefing session at the beginning of the meeting left insufficient time to address this and it was **AGREED** that it should be deferred to a later meeting.

12. Meeting Evaluation

12.1 Evaluation forms were circulated for completion and then collected in.

13. Date of Next Meeting

13.1 The date of the next meeting is Thursday 19 October 2017 at 16.00 in the Goldsworthy Room, Lister Building.

14. Any Other Business

14.1 There being no further business, the Chair thanked everyone for their attendance and the meeting closed at 19.10.

