

**Minutes of the meeting of the Board of Corporation held on  
Tuesday, 14 December 2021 at 6:00pm via Teams**

**Present:** John Barnett  
Derek Cogle  
Jill Colbert  
Pamela Dawson  
Cllr Louise Farthing  
Taylor Finnigan, SU President  
Julia Fox  
Jeff Hope  
Sue Houston  
Rob Lawson (Chair)  
Paul McEldon  
Lyndsey O'Leary  
Susan Pollard  
Alison Shaw  
Phil Smith  
Jacqueline Steed  
James Stuart  
Ellen Thinnesen, Chief Executive

**In Attendance:** David Howells, Chief Operating Officer  
Nigel Harrett, Principal Northumberland College  
Toni Rhodes, Principal Sunderland College  
Lee Lister, Vice Principal Quality and Curriculum  
Christine Stretesky, Head of Corporate Governance and Policy

The Chair welcomed all to the meeting thanking those who sent messages regarding his retirement.

**Bd/21-22/19 Apologies and consent for absence and declarations of interest**

Apologies were accepted from Louise Doyle.

There were no declarations of interest made.

**Bd/21-22/20 Minutes of previous meeting held on 19 October 2021 and Matters Arising**

The regular minutes were discussed and agreed to be an accurate reflection of the 19 October 2021 meeting.

Governor Stuart raised as an issue on the minutes within item 05 that the representation that the auditors were not finding any indication that the numbers were 'correct' should read 'incorrect'.

There were no matters arising.

*The remaining portion of this item was determined to be confidential with minutes maintained separately.*

#### **Bd/21-22/21 Minutes of the Special Meeting held on 10 November 2021**

The regular minutes were discussed and agreed to be an accurate reflection of the 10 November 2021 Special meeting.

There were no matters arising.

*The remaining portion of this item was determined to be confidential with minutes maintained separately.*

#### **Bd/21-22/22 Strategy Refresh**

*This item was determined to be confidential with minutes maintained separately.*

#### **Bd/21-22/23 Audited Annual Report and Financial Statements**

The Chief Operating Officer (COO) delivered the Annual Report and Financial Statements noting that these were aired at a joint meeting of the Audit and FRP Committees in which members of those committees, including the Chair were present. He continued noting that the Annual Report and Financial Statements are supported by the following documents that were provided to the Board prior to the meeting:

- EBITDA Performance Reconciliation
- Accounts - Budget Reconciliation
- Covenant Tests
- Template Management Representations Letter
- External Auditors' Management Letter and Group response
- Audit Committee Annual Report

The COO continued highlighting:

- Amendments to accounts due to the success of the business case regarding AEB funding are in the final version of the accounts
- While it is reported there is a £3.339M deficit, once you strip out the notional pension charges there is a surplus of £629K for a final EBIDTA of 9.04%

Questions from the Board included:

- In the external auditor's report on page 10 Summary of Audit Findings - Going Concern, it looks like the last part of the sentence has been omitted (after "...suggest management's assessment of ongoing concern"?
  - The COO confirmed with Tait Walker that it should read:

Conclusion:

Following completion of our audit fieldwork, we did not identify any going concern issues to suggest management's assessment on going concern is inappropriate.

- In the budget commentary and elsewhere there is mention of the £770k AEB delivery challenge. Assuming that no confirmation was received on retention of the monies can it be clear that the accounts (including the going concern projection in the budget commentary) assume no success in the retention of this?
  - The COO stated that the College is extremely prudent in the way it handles provisions. Hence no accounts – final or management – assumed any success in retaining the proposed AEB clawback until we heard otherwise. He continued that the college ultimately was successful in retaining £712k of the planned AEB clawback but this was not reflected in the October management accounts or the first draft of the final accounts, because it had not been notified at the time of their preparation. The final accounts have now been amended and future management accounts will address this updated good news.
- Noting the comment in the budget commentary 6.0 Investments and Cash that there is a revolving financial facility to protect against the March 22 cash position, what is the quantum of that facility i.e. how much risk can be managed?
  - The COO responded that the College has a £1m facility in place which is sufficient to cover the expected overdraft. In addition, the College also has a number of favourable (receipts) items that have recently been notified which are not reflected in the current version of the cash flow and which will cushion against unanticipated adverse circumstances if necessary. Finally, the College has received positive feedback from the bank around an overdraft with them also, but their internal procedures mean this will not be looked at until early in the new year. Overall, senior leaders is confident all risk can be managed and no support will be needed from ESFA.
- On page 42/43 of the pack – 18/19 of the Annual Report around energy consumption. Understanding that COVID closures are the likely reason for the energy reductions are there plans in place to ensure that we keep making energy savings?
  - The COO stated that the reductions were due to closures of campuses during COVID but the College is undertaking a number of measures to reduce our carbon footprint including the installation of LED lighting, the work of the Environmental Group, and looking at the fleet of cars. The aim is to minimise the increase in energy use now that we are open.

The Board noted that within the Governance SAR there was little evidence that members have seen efforts for savings.

AGREED to:

- approve the Sunderland College Report and Financial Statements for 2020/21
- Note the financial position of Blue Square Trading Limited, City of Sunderland College Supplies, Sunderland College Enterprises Limited and Kirkley Hall Limited and approve, in the

general interests of the College, to provide financial and other support to enable them to continue to trade

- Approve the provision of Tait Walker with a management representations letter confirming general and specific matters in line with International Standards on Auditing

The Chair and CE agreed to allow their electronic signature to be affixed to the documents.

## **Bd/21-22/24      Management Accounts**

The COO presented the Management Accounts for the three months ending 31 October 2021 highlighting:

- The Group actual Educational EBITDA for the year to date is £953k (8.2%)
- The October 21 Balance Sheet shows cash balances are higher than those included in the latest forecast, largely because of the timings of expenditure on capital projects
- Actual Education and Skills Funding Agency (ESFA) 16-18 learners enrolled on the ILR at the time of writing are approximately 4,546 equating to 97.8% of the learner number (4,647) contained within the ESFA funding agreement and 367 learners down on the Curriculum Planning target. The R04 return in early December contained 4537 learners which is slightly down on target. This will not result in any issues this year due to lag funding but he reported to be not expecting a dramatic decrease in funding next year.
- Apprenticeship budgets to target we are on track
- Adult skills budget moves during the year due to how courses enrol noting that this is being tracked closely by senior leadership
- Advance learner loans is showing recruitment to target
- HE income is showing a shortfall
- Cash flow is ahead of target primarily due to the timing of payments for capital projects
- Staffing costs are on track with budget
- Other operating costs is not on track but is not a worry
- Balance sheet shows cash being higher than forecast
- Total reserves have gone up due to the pension fund re-evaluation

The Board asked for reasons for the low numbers in HE and the plans being undertaken to improve student recruitment.

The COO responded that with regard to HE student numbers, he consulted with the Vice Principal Curriculum who stated that improvements are being made for next year, with the VP C working with the new marketing and engagement manager to improve moving forward with better LMI / MI information, a more proactive admissions process, stronger internal progression activity, strategic partnerships, clearer action plans for the HE team on how they will achieve targets found in curriculum plans, better curriculum and College keeping warm activities. He continued stating that the HE vision document will show what the College wants HE to look like in the future and what we need to do to achieve this.

Governor Farthing offered that within the City Council adult education team it is being reported that it is difficult to recruit adult learners.

The CE stated that with some areas, like Employability, numbers are low as it has been difficult to recruit adults onto courses. She offered her services to the Sunderland City Council for a review of adult skills and provision.

The SU President offered that the low numbers may be due to adults having the right education when they were younger and don't need anything further.

AGREED: to note the accounts

**Bd/21-22/25 EPNE Self-Assessment Review (SAR) and Quality Improvement Plan (QIP)**

*This item was determined to be confidential with minutes maintained separately.*

**BD/21-22/26 Governance SAR and QIP**

*This item was determined to be confidential with minutes maintained separately.*

**Bd/21-22/27 HE Self Evaluation Document (SED) and QIP**

The Chair announced that this item will be deferred until the next meeting.

**Bd/21-22/28 Students' Union Report**

The SU President delivered the report highlighting:

- Student Councils at the different colleges have different focuses: Sunderland is focused on Health & Safety and Wellbeing and Northumberland is focused on facilities
- Students working on Sustainability and Environment are working toward a plan for tree planting at each campus and are working with the woodland trust to plant trees.
- Students were successful in their Christmas charitable activities with students at Northumberland College collecting over Ashington Campus £200 for a mental health charity, students at City Campus raising almost £600 for Nora's North Pole

The CE expressed a huge thanks to the SU President for all the work she is doing with the student councils. She continued noting the students' amazing work to support charities.

Governor Colbert expressed her thanks to the students stating that due to the students' efforts, there is a large coach driving around Sunderland with gifts for Nora's North Pole.

AGREED: to note the contents of the report

***The next two items were taken out of turn***

## **Bd/21-22/30 Chair Updates**

Governor Barnett was invited to update the Board on the work of the Sunderland Local Governing Board (SLGB). He stated that there was nothing that needed to be raised to this group but noted the following:

- At its last meeting, the SLGB discussed the outcomes from the two student lunches held (Sixth Form and Technical) thanking Governance Officer Donna Swan for her work with the lunches and Principal Toni Rhodes for providing the senior leadership responses. He continued noting that it is the actions that come out of these lunches that matter most
- The SLGB has decided the three key curriculum areas for review this year will be Construction, maths and English, and the culture in the Sixth Forms
- He and the Vice Principal Partnerships and Commercial met to discuss local partnerships with a plan to have both local board chairs and the VP meet to discuss a macro view for the next 3-5 years

Governor Hope was invited to update the Board on the work of the Northumberland Local Governing Board (NLGB). He highlighted for the Board the following:

- The NLGB took the decision to focus on maths and English, and Engineering and Construction this academic year
- Employer partnerships are improving and the College's reputation is growing amongst local businesses and employers
- The student lunch was positive; he was very impressed with the students who attended
- The next NLGB meeting will focus on the College Strategic Roadmap and quality

## **Bd/21-22/31 Lead Governor Reports**

Governor Dawson was invited to report on her work as Lead Governor for Disadvantaged and Vulnerable Learners. Providing an overview of the purpose of the role, she stated that the focus for her latest campus visit was Safeguarding. After reminding the Board of their responsibilities around safeguarding, including a summary of the provisions of the Child Protection and Safeguarding Policy adopted by the Board, she highlighted from her visit:

- Safer Recruitment of staff: She described the current approach to recruitment of staff including those who disclose a conviction history. She described her challenge to the current approach and suggestion for a panel to make certain decisions rather than one member of senior leadership which might be perceived as a more robust process should any decision be challenged.
- MyConcern process: She educated the Board on how staff report safeguarding within the College. She believed that she received reassurance that the process was working.
- Meeting with operational safeguarding leads and officers: She noted that this was outside of the presence of the Vice Principal Student Services and Registry. She continued that staff were able to speak openly and she discovered that they all felt they were appropriately trained and that additional staff embedded into the curriculum areas to support students with mental health issues would be welcomed. She stated that she would like to see a report come to the Board around the issue of student mental health and the action plan to address. She noted her pleasure to see two social work students from the university having a placement with the College.
- Meeting with Student: She stated that she had a conversation with a student who was a care leaver who was accompanied by the safeguarding officer but was pleased that the student did most of the talking.

- She concluded by thanking the VP SS&R and the safeguarding team for an informative and productive visit.

Governor Stuart was invited to report on his work as Lead Governor for Sustainability. Governor Stuart provided context for his role stating that sustainability is one area governors can add value and impact and is of significant interest to the student body as well as an area that can affect what is happening in the region and nation. From his first meeting with the VP Partnerships and Commercial and the Director of Health & Safety and Environment he highlighted:

- Within the College, culturally there is already momentum and interest in the area indicating it is ripe for development
- The College needs to go from organic to systematic growth at pace as there is a significant opportunity to position the Group in a place for the future economy
- In terms of how we to take the agenda forward he mentioned the work of the Board and staff as well as ensuring the behavioural choices of the student body are thought of meaning students should be part of the design process from the beginning
- Identified next steps include information gathering to report to the Board, securing intent to achieve net zero and to work with student leaders.

#### **Bd/21-22/29 Appointment of Chair and Vice Chair(s)**

The Head of Corporate Governance and Policy announced that there was one candidate for Chair and one candidate for Vice Chair.

With regard to the position of Chair, she noted that Governor Paul McEldon nominated Governor James Stuart with Governor Lyndsey O’Leary seconding the nomination. She asked Governor Stuart to log off the meeting for the vote.

Governor Barnett asked about the two-year term. The HoCG&P explained that the governing documents provide for a two-year term though the Board can increase this if they wish. There was no indication that the Board wished to increase the initial term.

The vote was unanimous to appoint Governor Stuart as Chair.

Governor Stuart logged back in.

With regard to the position of Vice Chair, the HoCG&P noted that Governor Jill Colbert nominated Governor Alison Shaw with Governor Jeff Hope seconding the nomination. She asked Governor Shaw to log off the meeting for the vote.

The vote was unanimous to appoint Governor Shaw as Vice Chair.

Governor Shaw logged back in.

The Chair congratulated both.

#### **Bd/21-22/32 Thank you and farewell: Rob Lawson and Paul McEldon**

The Chief Executive extended a personal thanks to the Chair reminiscing about her early days with the College and in the city where the Chair’s support was instrumental to her meeting leaders in the community. She continued stating that she appreciated his willingness to be available at all hours

and days and the commitment he has showed to the College. She concluded her personal message by saying that has valued his friendship. On behalf of the entire college and SLT, the CE noted that the Chair has expended huge discretionary additional effort to the College and the Group. She concluded that his commitment to her, ELT and the College was a game changer.

The CE turned her attention to Paul McEldon noting the excellent support and scrutiny he has made over college finances and risk appetite mentioning specifically the work he undertook during merger reviewing extremely complex due diligence documents.

The Chair started by reflecting on 8 years ago when he took over chair, and noting that while it is an unpaid role, he has been paid a million times over in the sense of satisfaction and pride. He continued mentioning that he chose to accept the position because it was a sector and college he felt should be on the rise. Turning to governor colleagues, he said that the Board is outstanding, stating that when he reviews and works with other colleges on governance issues, EPNE is the benchmark. He concluded with a message of good luck to James Stuart and messages of thanks to the COO. The Principal Northumberland College, the HoCG&P, and the CE.

Governor McEldon stated that it has been an absolute privilege to serve and reflected that it was also a fun experience. He noted that the quality of members has increased over the years and the level of challenge has increased with it. He continued noting the many changes in the College including the estate. He concluded with a message of respect and admiration for the COO.

#### **Bd/21-22/33 Any Other Business**

There was no other business raised.

#### **Bd/21-22/34 Date, time and venue of next meeting**

- Tuesday 15 February 2022 at 5:30pm via Teams Conferencing

#### **Bd/21-22/35 Draft Minutes of the following Committees**

The Board acknowledged receipt of:

- Sunderland Local Governing Board (23 November 2021)
- Northumberland Local Governing Board (25 November 2021)
- Joint Meeting of the Audit and Finance, Resources and Projects Committees (2 December 2021)

#### **Bd/21-22/36 Papers from Committees**

The Board acknowledged receipt of:

- Public Interest Disclosure Annual Report (Audit)
- Gifts and Hospitality Annual Report (Audit)
- Financial Health Report (FRP)

There being no further business the meeting adjourned at 20:10.