



MINUTES OF A MEETING OF THE CORPORATION
5.30PM, TUESDAY 23 FEBRUARY 2021
held virtually via Zoom due to Covid-19

Members :	*Richard Barker; *Hanna Baxter; *Richard Bourne; *John Bullen; *Andrew Davies; *Andy Foot; *Alex Jackson; *Jim Kenderdine; *Dan Knight; *Robert Lasseter (Vice Chair); *Graham Ledden; *Annetta Minard; *Ben Murphy; Louisa Payne; Vicky Prior; *Luke Rake (Principal); *Cameron Rose; *James Tirrell (Chair)
In attendance:	*Anna Carvisiglia (Finance Director); *Vanessa Gifford (Clerk); *Nicky Porter (Assistant Principal (Student Experience & Progression)); *Oliver Symons (Deputy Principal) *Shirley Collier (ETF Reviewer for Governance Review)

ITEM NO.	DETAIL	
1.	DECLARATIONS OF INTEREST There were no declarations of interest NOTED .	
2.	APOLOGIES AND NOTICES Apologies were RECEIVED and NOTED from Louisa Payne due to illness. The Chair welcomed Kay Taylor to her first meeting of the Corporation, and to Shirley Collier, the Reviewer for the ETF Governance Review, who was observing.	
3.	MINUTES OF THE MEETING HELD ON 19 JANUARY 2021 The Corporation APPROVED the minutes of 19 January 2021 as a true and accurate record, and APPROVED the non-confidential minutes for website publication.	
4.	MATTERS ARISING FROM THE ABOVE MINUTES It was NOTED that there were no outstanding matters arising from the minutes. <ul style="list-style-type: none"> It was noted that the rolling forecast would begin to be incorporated in the next set of management accounts. 	AC
5.	RATIFICATION OF ELECTRONIC DECISIONS The following electronic decision was RATIFIED : <ul style="list-style-type: none"> The appointment of Kay Taylor as a Governor for a three year term 22/02/21 to 21/02/24. 	
6.	PRINCIPAL'S REPORT The Corporation RECEIVED the Principal's Report which provided updates on:	

Introduction; MIS Audit; FE Commissioners Diagnostic; Finance; Student Recruitment; Media and Marketing; Curriculum Development & Student Activity; Commercial Activity; Estate and Capital; Dorset Studio School; the Farm; and the Principal's Diary.

Further additional points were **NOTED** as follows:

Introduction

- The Principal confirmed that the previous day the Prime Minister had advised that all schools and colleges would return to full activity from 8th March. This presented challenges around the required regular testing of students with a return just before the Easter break. He suggested it would be interesting to see how keen the students were to return, with attendance now being mandatory. The Principal advised that the impact on staffing, due to any shielding, was unknown at that time. It was noted that the College would return to the blended model of teaching, as was undertaken prior to Christmas, with 2 days in college and one of online learning. The Principal advised that the biggest challenge would be the testing, and the guidance would be digested and then testing carried out as safely as possible. The guidance worked if students attended college daily, but had to be understood on how it could be carried out at the College.
- It was noted that the DfE had now provided laptops for disadvantaged students.
- The VAT issue was close to being resolved and the Principal had a meeting scheduled with the consultant for a further update. It was noted that interest was being sought on the claim.

MIS Audit

- The Principal advised that the ESFA Funding Audit was now reaching a conclusion after 10 weeks. It was noted that this was the first audit in 9 years and significant systematic issues had been found, particularly around Apprenticeships. The end result was likely to be a clawback, however the Principal was working with the Auditors and the ESFA to understand the full impact of this.
The Auditors had determined that the way the provision had been set up in 2016/17 and 2017/18 had been incorrect, with the 20% off the job training not being evidenced sufficiently, making the provision technically invalid. The costs had been spent and the student had achieved.
The Principal advised that the Auditor had been fair and supportive and he assured the Corporation that staffing had changed since that time with the current Apprenticeships Manager and Director of MIS and Systems Development working closely with the Auditor. There was an imminent meeting scheduled for an update and to close the issues, when it was hoped that the full clawback would be known. The Principal advised that the worst case would be full repayment within 28 days, but he expected the ESFA to be supportive and not de-stabilise the College, by agreeing a grant or loan for repayment.
It was important for the Corporation to understand, that the levels of internal audit had to be considered, to ensure that they were sufficient to alert the Corporation and SMT to any issues. It was agreed that the Principal and Clerk would meet with the Chair of the Audit & Assurance Committee to discuss options going forward, with a view to strengthening future audit. The Principal advised that this had been devastating for the small team involved and thought should be given on the timing and funding given to audit.

LR/VG

The Chair of F&R questioned whether the issues were just around the lack of evidence as he had noted at the last Committee meeting, or were the issues more fundamental. The Deputy Principal explained that because the College could not evidence certain components of apprenticeship provision, the whole system had failed. He added that since the reforms in 2017, there had been many issues in the first year, however he was surprised to see issues beyond that period, but they mainly related to the 20% off the job training. It was agreed that the ESFA should take some of the responsibility as there had been no audit undertaken for at least 9 years. The Principal advised that he was managing the relationship and there would now be a follow up audit to ensure that the required processes were in place, and he assured Governors that he considered that the correct staffing and procedures were now implemented. The main thing was to ensure that the correct evidence trail was in place.

The Corporation questioned whether the provision was too broad as there had been past quality issues as well. It was agreed that the College should deliver industry requirements and ensure that programmes were viable. It was noted that the current provision was fit for purpose, however the Deputy Principal and Apprenticeship Manager were undertaking a full review to ensure viability, looking at each individual programme for quality; financial; and staffing.

The Principal confirmed that the College had made good progress and would ensure that this did not happen again. A resolution was expected in mid-March, with the outcome reported to the next F&R meeting.

FE Commissioners Diagnostic

- It was noted that the Governance Reviewer that was in attendance at the meeting was part of the action for the first recommendation within the report. The SMT had set a timeline for other actions, and the Principal confirmed that not all would be completed by the follow up meeting in May, however good progress would be demonstrated.

Dorset Studio School

- The relevant Governors reaffirmed their standing declaration of interests in items relating to the financial / legal relationships as a sponsoring body and the Dorset Studio School (DSS).
- The Principal confirmed that the DfE had raised the offer for the freehold of land to £300K, from the original offer of £159K. This related to the land where the two barns sat and the current school site. The Principal advised that the current proposal presented challenges for the Dairy. It was acknowledged that development of this area had been identified in the College Masterplan, but the current proposals had accelerated discussions.

The Principal suggested that this was the full and final offer from the DfE and the Corporation had to consider whether £300K for was sufficient for the operational loss and freehold of the land. He considered there was pressure to complete by April 2021, within the current financial year of the DfE. It was also noted that if the Corporation did not agree, it would delay the school development.

The Principal requested permission to continue liaison with the DfE before any formal decision had to be made, but requested the thoughts of the Corporation at this time.

- It was questioned whether the College could carry out any proposed development for £300K, as it would be difficult to replace the silage clamp for that, so the Farm/Dairy would have

	<p>to change the way it operated.</p> <ul style="list-style-type: none"> ➤ The proposal immediately isolated the Dairy within an island, by changing the road layout. ➤ It was questioned whether the current proposal was the start of the end of the dairy. £1.2M would be required for a replacement dairy, and was this the plan. ➤ The Principal considered that the DfE would not raise its offer as it related to land value and not business interruption. ➤ It was questioned whether KMC had a moral obligation to the DSS. ➤ It was suggested that the criteria for the offer was required and how it had been calculated, and what were the views of the surveyor. ➤ It was considered that careful consideration should be given to losing freehold in the middle of the estate. ➤ It was agreed that the DSS had achieved an interim solution at Poundbury, so the Corporation should not be pushed to ensure the right solution was found. ➤ It was agreed that the best solution for both organisations was required. The Principal added that the best solution would be to site a new school in the field opposite the current building as this would have less impact on the College operations, but would be more expensive to achieve. He suggested that there could be negotiation to be had, with the College being gifted the current school building as payback. <p>It was agreed that the Principal would go back to the DfE advising that the Corporation was not prepared to confirm the best solution without more time to consider appropriately, so that the College was not in a dis-advantageous position. Time was required to consider the future long term strategy for the Dairy, which was fundamental to the decision process. The projects impact on the Dairy, as well as the animal welfare issues had to be considered. The Principal agreed to negotiate further and to report back to the upcoming Property Strategy Working Group.</p> <p>Other Issues</p> <ul style="list-style-type: none"> • It was noted that the College had recently been mentioned in Parliament, by a local MP, and recorded in Hansard for the first time. • University Centre and Business Hub: the Principal advised that he had shared an outline of the financial position for the project within the Project Plan. The Finance Director was currently investigating the match funding, and forecast student numbers would be included. The Principal advised that he would be inviting the Finance Director to join the Property Strategy Working Group to ensure that the financial information was shared. The percentage match funding was questioned and the Principal advised that the project was £3.5M funding from the LEP and £1M capital match. <p>It was questioned whether there had been sufficient scrutiny on the project, and the options for match funding should be considered. The Principal advised that it had been an unusual bidding process; in the middle of a pandemic, with funds from the Government's 'Growing Britain Plan', however the match funding could be offset in part by a contribution in kind. It was agreed that working capital was required to progress the project and therefore, a full paper would be presented to the next F&R Committee, to include the original cost plan and roll through of cashflow.</p>	<p style="text-align: center;">AC</p> <p style="text-align: center;">LR/AC</p>
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	<p>The financial risk of the project was questioned and the Principal advised that it was joint risk between the LEP and KMC. A full understanding of the costings was required and the Principal agreed to include in his report. It was noted that the Project Management Plan would be scrutinised by the Property Strategy Working Group.</p> <p>It was agreed that this was an exciting project with a good consultant, but the Corporation had to ensure that the building was designed and built within that budget. Members questioned if the complete financial break down was included in the Business Plan, including revenue going forward, and the Principal advised that it was included within the original bid submission which had not been shared with all governors, but had been independently assessed as part of the LEP process.</p>	
7.	<p>THE STUDENT VOICE</p> <p>The FE Student Governor reported that there had been some challenges with online learning, with pressure on students to be punctual with online activity and internet connection difficulties, however most students were coping with the challenge.</p> <p>It was noted that the newly constituted Student Union had held its first meeting that day with four Course Representatives in place. It was planned to work as a Group within Microsoft Teams to involve all students and an update would be provided to the Corporation in due course.</p>	
8.	<p>CLERK'S REPORT</p> <p>The Clerk's Report was NOTED, especially that a Safeguarding Update would be scheduled in due course to ensure that Governors were up to date.</p>	
9.	<p>MANAGEMENT ACCOUNTS TO 31 JANUARY 2021</p> <p>The Management Accounts to 31 January 2021 were SCRUTINISED and the following points NOTED:</p> <ul style="list-style-type: none"> • The Finance Director advised that the Management Accounts going forward would be produced in a more timely fashion. The Finance Team was positive and the aim was to produce them within 12 working days from the close of each month. • The year to date figure showed an operating deficit of £396k which was slightly better than budget. This was a negative variance of £297k compared to the previous year. The position was pleasing especially with the challenges of the pandemic but required care. • The cash position at the end of January 2021 was a positive balance of £1.07m, which includes the £1.2m CBILs loan. It was agreed that this was a strong position. • The improvement in the staffing budget was due to the restructuring and the benefits of this would show in later periods. However central administration staffing costs were currently over budget by £15k due to the inclusion of the interim Finance Director costs. The staff graphs clearly showed the reduction in headcount after the restructure, and the overall reduction in staff costs. • The key movements were noted as: <ul style="list-style-type: none"> ➤ Fixed asset movements were shown in the Fixed Assets Schedule and there had been no major additions to fixed assets in the first half of the year. It was noted that purchases over £1k were 	

	<p>included in the schedule, and the majority of movement related to the new capital projects.</p> <ul style="list-style-type: none"> ➤ AS requested, the Finance Director had included a cashflow statement which had been reconciled to the I&A statement, and to the cash in the bank. She advised that this was usually only reported in the final accounts. • The schedule of borrowings by the College were reported, with those due within one year, and those over a year highlighted. • The breakdown of Current Covenant Ratios was noted, as well as the Financial Health Benchmarking, which the outturn having been submitted to the ESFA. • The Finance Director advised that a Cashflow Forecast had not been included in these Management Accounts. She was currently reviewing the format to be more informative and this would be included in the next set of accounts. • The Finance Director considered the reported to be lengthy and suggested that she worked with the F&R Committee to produce a meaningful document. • The Corporation agreed that it was early days but the positive variance within the I&E statement was pleasing. However, it was questioned why the variance had been £103K favourable in December and was now only £6k favourable. The Finance Director advised that a large invoice from Dorset Council of around £30k had been received and otherwise it was around timing, but she would investigate further. • The Finance Director was asked for her forecast of the bank covenant position at the end of the year and she advised that it would be more prudent to review the outturn in April. • The Finance Director was requested to update the Financial Health Schedule as the current terminology for 'Satisfactory' was 'Requires Improvement'. • The capital additions relating to Prodigy Ltd were questioned and the Principal advised that these were actual purchases of equipment, which would be netted out from the LEP grant, and not Prodigy time. • The Chair of the Audit & Assurance Committee advised that the document had an improved look and feel and was reassured by the content. 	<p>AC</p> <p>AC</p> <p>AC</p>
<p>10.</p>	<p>FINANCE & RESOURCES COMMITTEE</p> <p>Draft Minutes of the meeting held on 9 February 2021 The draft Minutes of the meeting held on 9 February 2021 were NOTED with no further comments.</p>	
<p>11.</p>	<p>QUALITY & STANDARDS COMMITTEE</p> <p>Draft Minutes of the meeting held on 10 February 2021 The draft Minutes of the meeting held on 10 February 2021 were NOTED, with the following points made:</p> <ul style="list-style-type: none"> • The Deputy Principal advised that the curriculum was currently reactive to the government guidance, and the College would be returning to the hybrid blended learning when students returned to College. He was keen to stress that progress was being made, and he was concentrating on the quality of teaching and learning, as well as improving the curriculum planning process which had been recommended by the FE Commissioner. 	

	<ul style="list-style-type: none"> It was noted that the Apprenticeship issues had been considered at the meeting, however these had been fully debated earlier in the meeting. The Assistant Principal (Student Experience & Progression) was thanked for the excellent work that was being carried out with the high number of mental health and safeguarding issues. The Deputy Principal advised that a key piece of work would be undertaken on curriculum costing to ensure that all courses were financially viable. 	
12.	<p>RISK MANAGEMENT: ENTRIES FOR THE REGISTER</p> <p>The Corporate Risk Register was NOTED, although there had been no changes since the last meeting. It was requested that the scoring of the GDPR risks be reviewed as the scoring was incorrect, showing a diminished risk.</p>	
13.	<p>ANY OTHER BUSINESS</p> <p>The following items of further business were NOTED:</p> <ul style="list-style-type: none"> The Chair of the F&R Committee suggested that a report on the match funding for the University Centre and Business Hub should be available for the next on 27 April 2021. It was suggested that some Governors felt inadequately prepared for the earlier conversation relating to the DSS. It was considered that this was a major decision and a separate formal paper should have been submitted. However, it was agreed that the right outcome had been achieved by deferring a decision for full debate. Following the meeting it was determined that a decision had not been requested, the Principal was clarifying the next steps. The Principal accepted the comments, and hoped that more information would be available for all Governors to be prepared for the next meeting on 18 May 2021. 	
14.	<p>2020/21 MEETINGS</p> <p>The following remaining dates for 2020/21 were NOTED:</p> <ul style="list-style-type: none"> 18 May 2021 6 July 2021 	
15.	<p>CONFIDENTIAL ITEM</p> <p><i>Senior Post holders, Staff and Student Members left the meeting for the next item. The Corporation AGREED that the Principal and Clerk should remain in the meeting.</i></p> <p>This item was minuted confidentially.</p>	
	<p><i>The meeting closed at 7.30pm with no further business.</i></p>	

Chair.....Dated.....