

**Greater Brighton Metropolitan College
Board of Governors**

**Minutes of a meeting held at the Brighton Central Campus
Monday 30 July 2018 commencing at 4.30pm**

Present: Gary Anderson, Jim Hynes (Staff Governor), Joy Mercer, Julie Nerney (Chair), Nick Juba (CEO), Martyn Wilks

In attendance: Lynn Payne (Interim Governance Adviser) Rhiannon Phinbow (HR Director), Jon Rollings (COO)

Apologies: Natalie Brett, Claire Hopkins, Scott Marshall, Anwar Musa (Student Governor), Debbie Waring (Staff Governor)
Jenny Brooker (Governance Adviser), Sharon Collett (Principal),

WELCOME, INTRODUCTIONS AND APOLOGIES

410. The Chair welcomed everyone to the meeting, and apologies were noted. She congratulated to Martyn Howe and his team for the staff conference that had just taken place. Staff feedback was very positive, with explicit acknowledgment of how things had moved on since the first GBMet conference last year. Claire Hopkins had represented the Board at the morning session and had fed back that the context was excellent, staff were engaged and those she spoke to were very positive about the benefits of merger.

MINUTES

411. The minutes of the meeting held on 25 June 2018 having been previously circulated to Governors, were agreed as a true record and signed by the Chair.

All Governors were in agreement

MATTERS ARISING FROM THE MINUTES 25 JUNE 2018

412. It was noted that all matters arising had been completed or were in progress. The Chair asked for any Governors who had not completed their GDPR training to do so as soon as possible.

2018/19 BUDGET AND 2019 FINANCIAL PLAN

413. The Chair introduced this item of business. She informed Governors that there had been a deterioration in the likely year end outturn position for 2017/18 which was due to a combination of all forecast downside risks materialising and an unforeseen issue which had its root cause in a process failure. In addition to the outturn position, she confirmed initial actions were being taken to address the current strategic financial challenges which had been discussed at the recent away day. She advised that these two financial matters would be considered before reviewing the proposed budget for 2018/19.

414. The CEO informed Governors that in relation to the 2017/18 outturn there had been an unexpected item which had a significant effect on the year end position. He acknowledged that the impact of the item had not been foreseen and related to the process for accruing costs for partnership delivery which would amount to a cost of c£400k above the previous forecast. In addition to this, the previously flagged risks regarding income shortfall had all materialised, resulting in a likely year end outturn position of a deficit of £776k, with an EBITDA variance against budget of just over £600k.
415. In response to questions, the CEO advised Governors there was now a clear process in place for next year for recognition of partnership costs that would ensure a similar issue did not arise again. Governors asked whether the error was a process failure or human error. The CEO confirmed that there was a process failure alongside an element of human error in not ensuring robust and timely allocation of partnership delivery costs to associated income.
416. In response to questions regarding income forecasting and budgeting, the CEO confirmed that there would be more prudence in the approach to 18/19 and this was the main difference from the first draft budget received at the last meeting, and the final draft presented today. The Chair reminded the Board of their role in challenging ambition and realism in the budget setting process.
417. Governors asked for assurances regarding the level of risk of other process failures and the level of confidence with process adherence. The COO assured Governors that this was the only area of delivery where this situation could occur and there was no concern regarding process adherence more widely.
- (A confidential item was taken at this point. See confidential minutes 418 – 423)
424. The Chair summarised the discussion by saying that although the Board had been appraised of the likelihood of a number of the downside risks materialising, that they were disappointed to hear of an unforeseen event causing such a significant deterioration in the worst case scenario deficit that could have reasonably be expected. Furthermore, the Board needed assurance from the Executive team to ensure that the internal control weakness which caused this issue is fully addressed.
425. Moving on to the broader strategic financial challenges, the CEO informed Governors that the discussions proposed at the June away day, were underway with the Transaction Unit and Barclays Bank.
- (A confidential item was taken at this point. See confidential minutes 425-427)
428. It was noted that the Board should consider any solutions in the context of the incoming Insolvency regime tests and any broader corporate governance requirements. The Executive team would keep the Board apprised of progress.
429. The Board received an overview of the 18/19 budget and 2019 financial plan from the COO, who highlighted the key differences between the draft submitted to the last Board meeting and this final proposal.

430. After reviewing the proposed budget, some governors felt that they required further detail regarding the underpinning assumptions for the budget which would be provided to them via a dedicated information session hosted by the COO.

RESOLVED: Governors approved the 2018/19 Budget and 2019 Financial Plan

Action: COO to facilitate a budget assumption session for all interested governors

2018-19 ANNUAL OPERATING PLAN

431. Governors had received the 2018/19 Annual Operating Plan (AOP) setting out the key actions, initiatives and projects which would be undertaken in the 2018/19 academic year and that supported the strategic objectives of the college. At the Board meeting on 25 June 2018, Governors had agreed the AOP with the proviso that if the priorities were challenged by the resources available once the budget was agreed, that there should be an opportunity to reconsider the objectives to ensure they remained realistic. The Executive team confirmed that the objectives as set out in the AOP were still deliverable in light of the approved budget.

RESOLVED: Governors approved the 2018/19 AOP

CEO REPORT

Executive Summary

432. The CEO presented his report. The year-end position had been covered in the previous item on the budget. Feedback on the unsuccessful bid to acquire Worthing College was provided and Governors were advised that Chichester College had been the successful partner. The CEO confirmed he had now received some feedback on the selection process and reported that it had been a close decision between GB MET and Chichester College.

433. Governors were informed that the college had been randomly selected for an ESFA full funding audit, which would take place over the critical period at the start of the next term, and whilst the final stages of the work to integrate two MIS systems were underway. It was noted that whilst these issues were risk assessed individually, the collective impact could be overlooked. The Chair proposed that the Board consider its approach to strategic risk management and alignment to a Board Assurance framework at its next away day.

Action: Away Day Agenda

434. In relation to the Pelham Redevelopment, the CEO informed Governors that the scope of the work had become clearer as RIBA stage 3 had been completed with key curriculum areas. If that scope was retained the current budget would require a 0% affordable housing decision on the disposal site. Anything greater than that would create a budget shortfall which would require scope to be revisited. Despite the budget pressures, the Executive team proposed proceeding with gaining planning consent as this would create options to explore budget and scope with more certainty regarding disposal value and affordable housing requirements.
Governors all agreed planning consent should be sought.

435. Other avenues for bridging any potential budget shortfall, including discussions with the LEP were actively being explored by the Executive team.
436. On applications, it was noted that applications for full time FE courses in 2018/19 were currently 77 below the equivalent position last year. HE applications were noted as 120 below the equivalent position last year. Internal progression was an active focus in addition to securing new applications.

Quality

437. The Chair reminded Governors that this was the fourth report in a row where the position on apprentices had deteriorated and asked for further assurances on this from the Principal in the next quality report.

Action: Principal

Funding and Contract Performance

438. The current position on funding and contact performance was noted.

Finance

439. It was reported that in advance of the year-end, a detailed forecast review had been undertaken that had resulted in a reduction in the projected amounts for apprenticeships, commercial and FE income. In addition, as referred to earlier in the agenda, there would be an adverse impact of additional partner delivery costs. This would result in a significant adverse impact on the forecast year-end operating position. EBITDA was now forecast to be £3,281k, a reduction of £626k on the budgeted position and £776k on the previous forecast.

HR

440. In relation to appraisals it was noted that these were now underway with a deadline for all paperwork to be completed by the end of July 2018. It was acknowledged that the deadline had been extended for a number of teams due to the impact of Phase 4 of the restructure. The HR Director confirmed Phase 4 was now complete and had been completed with no compulsory redundancies and in line with budget, which was commended by the Board. She also confirmed there was now one set of GB MET policies for all staff.

Risk Management

441. Governors had received the latest key risk schedule which currently showed seven category red risks. The CEO highlighted the reason for the change in some risks and the mitigating action being taken.

GB SKILLS 2018/19 BUSINESS PLAN AND BUDGET

442. The Assistant Principal Enterprise's report detailing Director's actions and the GB Skills 2018/19 Business Plan, was noted. The budget for 2018/19 was considered and approved.

RESOLVED: The GB Skills Business Plan and Budget 2018/19 were approved

CORPORATION BUSINESS

Membership of the Board

443. At the Away Day on 18 June 2018, Governors had agreed to propose to the Board a redetermination of their membership from 14 Governors to 10. This would comprise 1 Staff Governor, 1 Student Governor, the CEO and 7 external Governors.

RESOLVED: The Board be redetermined to 10 Governors. 1 Staff Governor, 1 Student Governor, the CEO and 7 external Governors

Staff Governors

444. It was noted that both Staff Governor terms of office would end on 31 July 2018. It was agreed in the new redetermination of the Board that there would now only be one Staff Governor, and the process to elect a new Staff Governor would begin at the start of the new academic year. If the selection process was not concluded by the time of the September Board meeting, the term of one of the current Staff Governors would be extended in September.

RESOLVED: It was delegated to the Chair of the Board to agree which of the current two Staff Governors terms of office (if either) would be extended to the 24 September 2018 Board meeting. It may be both retiring Staff Governors would be invited to the Board meeting in September but only one of them would be coming 'in continuing office'.

Chair and Vice-Chair of the Board and Committees

445. It was proposed that the Chair and Vice-Chair offices of both the Board and the Committees be extended to the end of October 2018. This would enable the outcome of the Governor appraisals and tenure of governors to be agreed, enabling all eligible Governors to be considered for the positions of Chair, Senior Independent Director and Vice-Chair of the Board, and Committee Chairs. It was also agreed that the membership of the Committees would remain as is at present until the outcome of the Governor appraisals and proposals for change. The co-opted Members terms would also continue until the end of October.

RESOLVED: The changes proposed above were agreed

Quorum

446. Governors considered the quorum that they would want for the newly determined Board.

RESOLVED: It was agreed to maintain 40% of the newly determined membership as the quorum with a minimum of two external Governors in attendance.

Governors Terms of Office

447. There was a discussion about whether to continue with three, three year terms of office or whether to switch to the two, four year terms of office. Governors felt they would like more time to debate this issue and it was agreed that the Chair would canvass views at the appraisals and bring a recommendation to the September Board.

Agenda item next meeting

Standing Orders, Charity Trustee, Automatic Disqualification Rules

448. Governors noted the changes to the current rules on the automatic disqualification of Charity Trustees which had been implemented with Governors already confirming their position on the new rules. The amended Standing Orders and modified Register of Interests form, would be brought to the September or October Board meeting.

The changes to the Standing Orders were agreed.

Action: Agenda item

449. The Chair shared an update on the 360 feedback process for Governors, which had been agreed at the June Away Day. Invitations would be issued in August with reports forming part of the governor appraisals at the start of September.

AUDIT COMMITTEE

450. The Audit Committee meeting had been rescheduled and took place on 25 July 2018. Accordingly the minutes were delayed and would be presented to the next Board meeting. Governors were asked to agree the External Audit Planning Memorandum and the changes to the Terms of Reference.

Action: Audit Minutes next meeting

RESOLVED:

- a) **The External Audit Planning Memorandum was approved**
- b) **The revised Terms of Reference were approved**

451. As this was the Staff Governor Jim Hynes' last meeting, he was thanked for his role on the Audit Committee.

REMUNERATION COMMITTEE UPDATE

(This item of business was taken at the end of the meeting but reported sequentially)
Those present for this item of business were Julie Nerney (Chair), Joy Mercer (Chair, Remuneration Committee), Martyn Wilks and Gary Anderson. In attendance Lynn Payne (Clerk).

452. The Chair of the Remuneration Committee summarised the discussions that had taken place at the Committee meeting and went through the recommendations to the Board.

(A confidential item was taken at this point. See confidential minutes 452)

- v) **Terms of Reference**

The revised Terms of Reference on membership and quorum was discussed. It was agreed the membership of the committee would remain at three governors and the

quorum would change from four to three governors. It was also recommended that the restriction preventing Vice-Chairs of the Board chairing the meeting be removed.

RESOLVED: The revised Terms of Reference were approved

SUBCONTRACTING SUPPLY CHAIN FEES & CHARGES POLICY AND SUBCONTRACTING/SUPPLY CHAIN PARTNER ARRANGEMENTS FOR 2018/19

453. Governors were reminded that the ESFA required colleges to publish their Subcontracting Supply Chain Fees and Charges Policy, on an annual basis. It also required the college to comply with procurement and engagement requirements covering its subcontractors and supply chain partners. Governors noted the Policy and that it complied with the latest guidance, also the recommended outcome from the planning process 2018/19 in relation to subcontracting and supply chain partners.

RESOLVED:

- a) The Subcontracting Supply Chain Fees and Charges Policy was approved**
- b) Subcontracting/Supply Chain Partner Arrangements for 2018/19 were approved**

CATERING CONTRACT

454. Governors had received a report on the proposals for the catering contract, resulting from a procurement process on the catering services, at the college's five main campuses. It was noted that the contract would be guaranteed zero cost from 2019/20 (there would be an initial maximum cost of £15k in 2018/19) for a ten year period. The investment of £420k in the facilities at the Pelham Campus would be delivered as part of the contract.

455. The recommendation was to approve the award of the contract to Aramark.

RESOLVED: The catering contract was approved

INSURANCE CONTRACT

456. Governors noted the report on the procurement process for insurance services. The recommendation was to approve an insurance contract with FE Protect at a cost of £124k per annum for a three year period.

RESOLVED: The insurance contract was approved

USE OF COLLEGE SEAL

457. The annual report on the use of the college seal for 2017/18 was received.

The report was noted

DATES OF MEETINGS 2018/19

458. The dates of the Board and Committee meetings together with the planned Away Days for the academic year 2018/19, were considered.

DATE OF NEXT MEETING

459. No other business was raised. The date of the next meeting was confirmed as Monday 24 September 2018 at 4.30pm at the Broadwater Campus.

MEETING EVALUATION

460.

- It was acknowledged that the Executive team handled a difficult conversation well. It was felt important that there was sufficient mutual respect that the Executive were able to say when they disagreed with Governors' views.
- It was agreed that ensuring there was adequate time for the exceptional matters was important and welcomed, but perhaps other items on the agenda which weren't time critical could have been deferred to a future meeting rather than still trying to cover everything
- The differing perspectives and challenge between governors in the meeting was acknowledged as a level of maturity by colleagues in the team
- It was suggested that when a member of the Executive team was there to present for one agenda item only – such as the HR Director, that item could be taken earlier in the agenda; but the HR Director and CEO confirmed that her attendance for the whole meeting was important to her as a member of the Executive Team

The meeting closed at 7.50 pm.

Signature of Chair.......... Date.....

24.9.18