

**Minutes of the Corporation  
held on Thursday 17 December 2020 at 9.00 am  
By Microsoft Teams**

**Birmingham Metropolitan College**

<b>Present</b>	<b>Apologies</b>
Sir Dexter Hutt (DH)	Michele Larmour (ML)
Veronica Doherty (VD)	Tracey Pearce (TP)
Hilary Smyth-Allen (H-SA)	Christine Tolley (CT)
Prof. Prue Huddleston (PH)	
Simon Thompson (ST)	
Cliff Hall (CH)	
Peter Croom (PC)	
Asha Devi (AD)	
Helen Miles (HM)	
Angela Myers (AM)	
Iqbal Mohammed (IM)	
Natalie Alleyne (NA)	
Alaric Rae (AR)	
Gabriel Morrissey-Limb (GM)	
Kashema Wra (KW)	
Naghma Nadiri (NN)	
<b>In attendance</b>	
Louise Jones (LJ)	
Martin Penny (MP)	
Hilary Barber (Clerk)	

<b>Reference</b>	<b>Agenda item</b>
1.1	<b>Apologies</b>
	Apologies were received from Michele Larmour, Tracey Pearce and Christine Tolley.
1.2	<b>Declarations of Interest</b>
	No declarations were received in addition to those contained in the College's Register of Interests.
2.1	<b>Minutes of the meeting held on Thursday 12 November 2020</b>

	<p>HM noted that the reference to “Fund Managers” in Section 8 (Finance Committee report) should more accurately read “Scheme Managers”. Subject to this amendment:</p> <p><b>IT WAS RESOLVED THAT:</b></p> <p><b>C22: 37</b></p> <p><b>The minutes of the meeting held on Thursday 17 November 2020 are approved.</b></p>
2.2	<b>Action Log and Matters Arising</b>
,	<p>Action 10: An updated analysis of substantiated complaints is included in the papers – see Item 5.3.</p> <p>Action 11: DH has contacted CT regarding signposting staff subject to redundancy to BMet.</p>
2.3	<b>Analysis of substantiated complaints in 2019-20</b>
	The report was noted.
3.	<b>Principal’s Report</b>
	<p>CH highlighted the following from the report:</p> <ul style="list-style-type: none"> <li>▪ The process of reviewing the Board’s effectiveness, initiated by Stephen Belling in conjunction with the ETF (Education and Training Foundation) is ongoing with Robin Newton-Syms being the lead reviewer (see biography included in papers). It will be helpful if as many governors as possible complete the survey which will be circulated shortly. New governors have the option of a “don’t know” response where appropriate. It is hoped that Mr Newton-Syms will attend a proposed additional Corporation meeting in January 2021. Conversations will take place between the Chair and other governors and a report produced.</li> <li>▪ The college held a very successful HE graduation ceremony last week in which VD and DH participated.</li> <li>▪ CH, LJ and other senior college managers have received notification from the DfE that there is an expectation that the college will carry out Covid-19 testing in the new year. The Association of Colleges is seeking clarification around the process and an agreement that staff should self-test at home. CH welcomed AR’s suggestion that there could be an opportunity for city-based universities to share their experience and facilities.</li> </ul> <p><b>At this juncture DH welcomed the three new student governors to the meeting, Gabriel, Kashema and Naghma inviting them to introduce themselves. Governors welcomed them to the Board. Governors also thanked CH for the excellent graduation ceremony and newsletter produced by Zoe Lee and the team.</b></p> <p><b>IT WAS RESOLVED THAT:</b></p> <p><b>C22: 38</b></p> <p><b>The Principal’s report is noted.</b></p>
4.1	<b>ASQD – Draft minutes of the meeting held on 03 December 2020</b>
	The minutes of the last meeting were noted.
4.2	<b>ASQD – Self Assessment Report</b>
	<p>PH noted the following:</p> <ul style="list-style-type: none"> <li>▪ The SAR will be updated to reflect the final summer results at the end of December before being shared with Ofsted.</li> </ul>

	<ul style="list-style-type: none"> <li>▪ VD, AM and PH participated fully in the moderation process and agreed outcomes were fair. SH also liaised with Solihull College to moderate the ratings.</li> <li>▪ The challenges around Adult Learning programmes, ESOL and short courses were acknowledged resulting in a downgrade from last year of “Good” to “Requires Improvement” this year and these areas will be the subject of close ongoing scrutiny. A Level and Level 3 results were noted as “Good”; however, some subject areas and high-grade outcomes are of concern. Overall, the college is rated as “Good” and some areas are recognised as “Outstanding”, e.g. the apprenticeship programme delivered with BMW.</li> </ul> <p><b>IT WAS RESOLVED THAT:</b></p> <p><b>C20: 39</b></p> <p><b>The SAR report is approved.</b></p>
4.3	<b>ASQD – Annual Safeguarding Report</b>
	<p>PH noted that the report details a very thorough review of Safeguarding processes in place in College. VD commended the depth of provision with more staff involved and a greater awareness of Safeguarding issues. VD noted it was a good report which accurately reflects college activity and useful meetings have taken place with Kay Burton-Williams (Safeguarding Lead).</p> <p>Governors noted the difficulty in either completing the online Prevent training or receiving reminders to do so when the course had been completed. CH will follow this up with SH. ST also expressed a view that the training was too generic, and CH agreed that a Safeguarding briefing tailored to governors will be arranged. VD noted that webinars providing updates are available to governors.</p> <p>PH noted that SH is compiling a response to the DfE consultation on Applied Vocational Qualifications for Level 2 and 3. Student governors are strongly encouraged to submit their views as part of the consultation and PH agreed to send them a link to enable this.</p> <p>A report from Jan Myatt on Catch Up funding was received at the ASQD committee meeting.</p> <p>PH reported that the following three topics were agreed for the next Deep Dives noting that all governors are welcome to participate:</p> <ul style="list-style-type: none"> <li>▪ Adult Learning and community engagement.</li> <li>▪ Delivery of online learning and digital resourcing.</li> <li>▪ Applied Vocational provision.</li> </ul> <p><b>IT WAS RESOLVED THAT:</b></p> <p><b>C20: 40</b></p> <p><b>The Annual Safeguarding Report is noted.</b></p>
5.1	<b>Audit Committee – Draft minutes of the meeting held on 04 December 2020</b>
	The minutes of the last meeting were noted.
5.2 – 4, 6 -8	<p><b>Audit Committee:</b></p> <p><b>Internal Auditors’ Annual Report 2019-20</b></p> <p><b>Regularity Audit Questionnaire</b></p> <p><b>Draft Management Letter and Letter of Representation</b></p> <p><b>Insurance Annual Report</b></p> <p><b>Health and Safety Annual Report</b></p> <p><b>Audit Committee Annual Report</b></p>
	<p>All reports were discussed by the Audit Committee and circulated to governors prior to the meeting.</p> <p><b>IT WAS RESOLVED THAT:</b></p>

	<p><b>C20: 41</b></p> <p><b>The reports detailed above were noted.</b></p>
5.5	<p><b>Audit Committee – Annual Accounts and Reports</b></p> <p>ST proposed that discussion should focus on the Financial Statements with particular reference to:</p> <ul style="list-style-type: none"> <li>▪ <i>How costs relating to Project Carthage should be disclosed in the accounts</i></li> </ul> <p>ST noted that this had been the subject of discussion at the additional meeting for independent governors prior to the main Board meeting where it was agreed that MP would circulate a briefing paper to governors prior to the proposed meeting in January setting out the available options with their pros and cons.</p> <ul style="list-style-type: none"> <li>▪ <i>The financial health of the college</i></li> </ul> <p>ST expressed concern about the negative net liability balance sheet figure of over -£30m noting that this is impacted by the sale of the Stourbridge site and the Local Government Scheme pension valuation. MP noted the need for full presentation to governors given that this negative balance will persist and is likely to increase over time.</p> <p>For the benefit of new governors and student governors, MP explained the following:</p> <ul style="list-style-type: none"> <li>▪ Staff employed at the college have the right to join one of two schemes, Teachers Pensions or the LGPS for support staff.</li> <li>▪ Contributions have not kept up with the cost of the scheme.</li> <li>▪ Scheme actuaries have been very prudent in their valuations this year resulting in a large increase in costs.</li> <li>▪ Consequently, the college's external auditors have conducted their own valuation resulting in a £3.8m decrease in the pension deficit included in the accounts.</li> <li>▪ BMet's valuation is in line with the rest of the FE sector. Some colleges have seen an increase of up to 120%.</li> </ul> <p>MP noted that should a situation arise where the college wished to merge with an HE provider or was closing, BMet would have to repay the deficit (which could be higher than the valuation) in entirety. Any crystallisation therefore presents a long-term risk.</p> <p><b>Governors' questions and observations:</b></p> <p><b><i>"Does the net liability impact on bank covenants? Is it anticipated that the net liability will remain for the foreseeable future?" How does the liability impact on the college's status as a "going concern?" (ST)</i></b></p> <p>MP responded that the banks discount the FRS102 valuation and the covenants are not affected.</p> <p>MP agree that the net liability is long term with a remote chance that the pension investments could improve and have a positive impact on the valuation.</p> <p>MP noted that the external auditors advise that a reasonable position to adopt is for the accounts' commentary to assess the college as a "going concern" for the next eighteen months.</p> <p><b><i>"MP thanked for his clear explanation of the pension liability and noted that it is likely that the pension fund will remain volatile. The direction of travel is not positive." (HM)</i></b></p> <p><b><i>"Appreciated the candour around any potential crystallisation and the inherent long-term risk." (HSA)</i></b></p> <p><b><i>"A long term strategy is needed to address the possible risk of crystallisation and the danger it would pose to pensioners. (ST)</i></b></p>

	<p><b><i>“It is reassuring that this is a sector wide challenge; however, are there any mitigations in place, e.g. restricting new staff members from joining the scheme? Who sets the rates for employer contributions?” (AR)</i></b></p> <p>MP advised that a pension review was undertaken two years ago which included the possibility of offering an alternative scheme to joiners. However, less staff joining the current scheme could add significant employer costs. This remains under review. Rates are set by the scheme fund managers and reviewed tri-annually.</p> <p><b>IT WAS RESOLVED THAT:</b></p> <p><b>C20: 42</b></p> <p><b>The Annual Report and Accounts are noted.</b></p>
6.1	<b>Finance Committee – Draft minutes of the meeting held on 01 December 2020</b>
	The minutes of the last meeting are noted.
6.2	<b>Finance Committee – October Management Accounts / Budget Review</b>
	<p>HSA highlighted the following two aspects of the management accounts:</p> <p><i>a) Project Carthage</i></p> <p>This issue was discussed at the Finance Committee and signposted to the Audit Committee. Further discussion has taken place at the meeting for independent governors prior to this Board meeting.</p> <p><i>b) Capital Funding</i></p> <p>HSA noted that the key concern from the committee was timing and the need to spend the funding effectively and wisely but before the prescribed deadline of March 2021.</p> <p>CH was pleased to report that confirmation has been received this week that the deadline has been extended to 30 September 2021.</p> <p>Additionally HSA noted from the October management accounts that:</p> <ul style="list-style-type: none"> <li>▪ Income is less than forecast for 16-18 learners reflecting 400 less enrolments than anticipated. This will impact funding in 2020/21 by £2m.</li> <li>▪ An increase in Adult Learner loans.</li> <li>▪ Take up of Apprenticeship provision is reduced reflecting economic uncertainty.</li> <li>▪ The overall position is down on forecast.</li> </ul> <p>However, HSA stressed that the committee were satisfied that the processes in place to manage and monitor the accounts are robust. MP added that from the second week in January a series of half day Star Chamber meetings are scheduled with each college to review each financial line’s forecast against actuals and plan for any shortfalls. Reports will be brought back to governors in January.</p> <p><b>Governors Questions and Observations:</b></p> <p><b><i>“Is the impact on recruitment in the event of increased enrolment numbers next year being addressed? (HSA)</i></b></p> <p>MP replied that staff numbers for next year will be considered as part of the usual Star Chamber meetings held in March. In the event of funded numbers being above those forecast, class sizes could be reviewed.</p> <p><b><i>“Re: the impact on rail provision of Project Carthage. Is there a new delivery model that will mitigate the losses this term?” (HSA)</i></b></p>

	<p>CH responded that there is agreement with the WMCA to start Level 2 courses (bringing income of £1.8m) with Level 3 courses to start shortly. CH noted that there are grounds for “cautious optimism”. The College is working with a new provider, Redstone, who were introduced to the WMCA when the Vice Principal at James Watt presented the proposed new delivery model.</p> <p><b>IT WAS RESOLVED THAT:</b></p> <p><b>C20: 43</b></p> <p><b>The October Management Accounts and Budget Review are approved.</b></p>
6.3	<b>Finance Committee – Fees Policy 2021/22</b>
	<p><b>IT WAS RESOLVED THAT:</b></p> <p><b>C20: 43</b></p> <p><b>The Fees Policy 2021/22 is approved.</b></p>
6.4	<b>Finance Committee – Deed of Amendment</b>
	<p>HSA noted that the Deed of Amendment was signed by DH and HSA and agreed under a Chair’s Action.</p> <p><b>IT WAS RESOLVED THAT:</b></p> <p><b>C20: 44</b></p> <p><b>The Deed of Amendment is approved.</b></p>
7	<b>KPI Progress Report</b>
	<p>LJ noted that the report reflects updates made since discussions at the Finance Committee. The Executive Summary details changes to the presentation of the report which, it is anticipated, will make it clearer to use. The key risks are identified as:</p> <ul style="list-style-type: none"> <li>▪ 16-18 enrolment numbers.</li> <li>▪ Enrolments for Level 3 and above in priority areas.</li> <li>▪ Percentages of all age learners going into employment.</li> </ul> <p><b>Governors’ Questions and Observations:</b></p> <p><i>“The red ratings are clear. I had helpful discussions with Zoe Lee about student recruitment and will continue to meet regularly.” (AR)</i></p> <p><i>“It is useful to see the KPIs on one page. How do KPIs flow into management accounts? Which is the accountable committee? What should be discussed by whom?” (HSA)</i></p> <p><i>“Does this KPI report synchronise with the dashboard?” VD</i></p> <p>LJ agreed that the next report will be updated to include a clearer flow of where accountability lies. CH clarified that effectively this report is the dashboard and meets ESFA requirements.</p> <p><b>IT WAS RESOLVED THAT:</b></p> <p><b>C20: 45</b></p> <p><b>The KPI Progress Report is noted.</b></p>
8	<b>Governance and Search Committee – Senior Post Holders Performance Review</b>

	<p>DH reported that a pro-forma will be circulated to all governors seeking a review of the work of the Senior Post Holders, ie CH, LJ, MP and SB. New governors will be included to acquaint them with the process. Governors are asked to respond.</p> <p><i>DH reported that SB is making progress following his recent illness and is hoping to make a phased return to work on 04 January 2021.</i></p> <p>It became apparent that there is some confusion regarding membership of the Governance and Search and Remuneration Committees. SB will be asked to clarify membership on his return to work.</p>
9	<b>Any Other Business and Governors' Questions</b>
	<p>1. DH reported that he has been asked to submit a formal letter to the DfE, Academies Section confirming the write-off of the £2m loan made to Harborne Academy when the College became its sponsor. It is recognised that the school does not have the resources to pay back the loan and it is unlikely that any multi-academy trust would consider taking on a school with this debt.</p> <p>Governors expressed concern that whilst the figure had been written off in the College's accounts, there remained an opportunity to negotiate in an attempt to reach a compromise with a potential sponsor and recoup at least some of the funds.</p> <p>MP noted that the loan was not legally recognised. The College had no legal right to lend and the school had no legal right to borrow. Any formal minutes made of the transaction at the time cannot be located. IM advised it would be sensible to accept the reality of the legal situation. MP offered to circulate a briefing paper to governors, and it was agreed that HSA and ST will discuss this matter further with CH and MP separately from the meeting.</p> <p>2. DH noted that there is a member of staff retiring at Sutton Coldfield who has worked for the wider college for 41 years. Socially distanced celebrations have taken place to celebrate this achievement and DH suggested that a letter of thanks should be sent on behalf of the governors recognising the loyalty and service given.</p> <p>3. DH said that the next scheduled Board meeting was not until March and there are a number of issues that require earlier discussion. Members are requested to attend an additional meeting on Thursday 21 January – agenda items will include a progress report on the impending CFO vacancy, the impending Board review, and an update on Covid 19 given that the College has been asked to carry out testing of staff and students. This would also be an opportunity for our new Student Governors to table an agenda item that was of particular interest to them.</p>
	<b>Date of January meeting</b>
	The date of the next meeting is Thursday 21 January 2021 at 8.00 – 10.00 am.



Signed: \_\_\_\_\_

Chair: Dexter Hutt