

Minutes of the meeting of the South Bank Colleges Board

**held at 4.00pm on Wednesday, 3 July 2019
Lambeth College Board Room (C303)**

Present

Ruth Farwell (Chair)
Steve Balmont
Nigel Duckers
Mee Ling Ng
David Phoenix

Apologies

Leslie Bortey
Cllr Jennifer Brathwaite
Sue Dare
Shakira Martin
Andrew Owen

In attendance

Michael Broadway
Richard Flatman
Fiona Morey
Jacqueline Mutibwa
Carol Rose (items 1-7)
Michael Webb

Observer

Adesewa Ogunyomi

1. Welcome and apologies

The Chair welcomed the trustees to the meeting. The Chair welcomed Adesewa Ogunyomi, the newly elected Student Union President who was attending the meeting as an observer and who will serve on the Board as Student Trustee from September 2019. The above apologies were received.

The Chair noted that the meeting was not quorate due to the absence of an Independent Trustee, as required by the articles of association (article 12.2.1). It was agreed that the Board would proceed with the meeting, consider the matters for approval on the agenda and will recommend the decisions made to the trustees not present for ratification.

2. Declarations of Interest

The Board noted the following continuing declarations of interest: Steve Balmont, Mee Ling Ng are directors of LSBU; David Phoenix is a director of

LSBU and SBA; Sue Dare is the Interim Principal/CEO at National College of Creative Industries.

3. Minutes of the previous meeting

The Board approved the minutes of the meeting held on 1 May 2019, subject to a minor amendment and their publication, as redacted.

Board Strategy Day

It was noted that the notes of the Board strategy day held on 6 June 2019 would be considered at the next meeting in September 2019.

4. Matters arising

The Board noted the action sheet and that professional advice was being sought on potential VAT recovery on the Vauxhall project. The Board noted that there would be an update on the curriculum strategy at its meeting in September 2019.

5. Executive Principal's Report

The report provided an update on the key areas of the college since the last meeting in May 2019.

The Board discussed:

- the recent Ofsted inspection report dated 14-17 May 2019, which had been graded for Overall Effectiveness as grade 3, 'requires improvement'. The Board noted that Ofsted had recognised improvements in a number of areas. Ofsted identified areas for further improvement and made recommendations to address these. The Quality & Improvement Committee would review the Quality Improvement Plan and monitor the progress being made to address the recommendations and update the Board in November 2019. The next full inspection was expected to be held in 12-18 months (May - November 2020). Training on the new Ofsted inspection framework will be arranged for the Trustees in autumn 2019. The Board commended staff and learners on their hard work and largely positive outcome of the Ofsted inspection.
- the curriculum strategy, which was being developed to align with the LSBU group strategy and the financial turnaround plan. The strategy would enable the college to achieve the turnaround performance agreed at the transfer and also set a new staff development and teaching and learning culture. Following the approval of the curriculum strategy by the Board, the Quality & Improvement Committee would monitor the improvement plan.
- the 3-year turnaround KPIs which were linked to quality, growth, financial sustainability and the group strategy. The turnaround plan would enable the college to achieve the performance agreed at the transfer in regard to quality of provision and a sustainable delivery

model. The plan would be shared with ESFA. It was confirmed that the submitted plan would be in line with the CFADS model. For operational purposes, there would be an internal stretch financial target. It was noted that staff needed to be engaged for them to take ownership of the turnaround action plan. It was noted that further work needed to be done to refine the KPI set, including definitions, developing performance measures and bench marking. The KPIs would be presented to the Board for approval in November 2019. An update would be provided at the Board meeting in September 2019.

The Board noted that Adesewa Ogunyomi had been elected as the new student union president and that she would join the SBC Board from September 2019.

6. Update on LSBU and Lambeth College Transition Activity

The Board discussed an update on Lambeth College and LSBU transition work across the professional services areas. It was noted that good progress was being made on the integration of the systems i.e. ICT, financial management and supporting people.

On health & safety compliance matters, it was noted that the British Standards Institute had undertaken an audit on the BS18001 (Occupational Health and Safety Management System) accreditation and that an action plan had been prepared to address the findings. It was noted that the environment policy would be reviewed so that it is aligned with the LSBU policy.

7. Update on Nine Elms Skills Centre (NESC)

The report provided an update on the development of the college's Vauxhall site. It was noted that the demolition work was underway and that there was a new risk that had arisen relating to a party wall agreement with the adjacent housing development, which had caused a slight delay but was expected to be resolved without causing significant delay to the programme. It was noted that an update on the matter would be provided at the next meeting.

The Board noted the following:

- that GLA draft funding agreement had been received and was being reviewed.
- that a hybrid- planning application would be submitted to the London Borough of Lambeth for the NESC building and the site and that DfE consent would be sought.
- that the main challenges were the short-term cash flow, which would be supported by LSBU through a Facility Agreement and the financing options for the other buildings on the site.
- that the Group Executive and consultants needed to explore further the options for funding phase 2 of the scheme.

It was noted that overall good progress was being made on the development of the Vauxhall site. The Board requested an update on the project at its next meeting including, a framework for negotiations with all parties, progress

report on the development of Vauxhall site to fit in with the curriculum strategy and the options for funding phase 2 of the scheme including the consequential changes to the Clapham and Brixton sites.

It was noted that following Board approval at its meeting of May 2019 (minute 6 refers), Sir Robert McAlpine had been appointed to carry out the detailed design of the NESC. Following the design work, actual costs would be known by October 2019.

Carol Rose left the meeting.

8. Chief Financial Officer Report

The report provided an update on 2018/19 financial matters and statutory reporting matters.

The Board noted that the current forecast for 2018/19 was trending towards a deficit of £4.6m. It was noted that year to date (YTD) deficit was £3.5m compared to budget deficit of £2.7m. YTD income was £19.7m resulting in £1.7m deficit compared to budget, which was due to under recruitment of adult learners in September 2018. On YTD costs there was an over spend of £0.27m compared to budget mainly due staff costs. It was noted that the YTD and forecast figures did not include the ESFA balances as a result of the acquisition of the college by SBC.

The Board requested that finance KPIs are included in future CFO reports.

It was noted that following due internal process, the Board's approval would be sought via email, if required, on two partnership services contracts with The Skills Centre Ltd and Finance and Management Business School for the delivery of Adult Education courses. It was noted that the total value of the contracts was budgeted for in 2019/20.

9. Lambeth College Budget 2019/20

The Board discussed the draft budget for 2019/20, an earlier version of which had been considered at its previous meeting on 1 May 2019. The planned income for 2019/20 was £24.5m against expenditure of £27.3m resulting in a budget deficit of £2.785m in line with the CFADS model and compared to a 2018/19 forecast deficit of £4.6m.

Management provided assurance to the Board that the budget was based on robust assumptions following an in-depth planning process.

It was noted that the key issues to delivering the 2019/20 financial performance were: growth in student numbers (16-18yrs), a cost effective sustainable curriculum model in place, in house delivery of the curriculum, and control of staff costs.

It was noted that £750k for contingency was included in the budget to provide flexibility to deal with any variances in activity between the budgeted and actual figures. It was requested that this was available for investment in-year depending on the financial performance.

The Board approved the LC budget for 2019/20 and that it is recommended to the trustees not present at the meeting for approval.

{Secretary's note: On 12 July 2019, the trustees not present at the meeting including independent trustees approved the LC budget for 2019/20 by email}

The Board noted that the approval of the budget was subject to consent of LSBU under the Governance Agreement.

{Secretary's note: At its meeting on 18 July 2019, the LSBU Board of Governors approved the LC budget for 2019/20}.

10. Lambeth College 3-Year Financial Plan

The Board discussed the 3-year financial forecasts, which showed financial performance in line with the CFADS model agreed with the DfE at the time of the transfer of the college to SBC with deficits of £2.785m in 2019/20 and £2.435m in 2020/21. It was noted that for 2020/21 the plan was to work up additional financial interventions to reduce the deficit below the CFADS model to ensure minimum break-even as the turnaround grant monies would have been exhausted. It was noted that the forecasts needed to be submitted to ESFA by 31 July 2019.

The Board noted the key income assumptions, which were: growth in student number (16-18 income and apprenticeship), internal delivery of the curriculum and less reliance on subcontractors and reduction of staff pay costs. The expenditure assumptions were based on: pay award and pension cost increments and capital spend in line with current NESC STEAM project plans.

The Board approved the 3-year financial plan and that it is recommended to the trustees not present at the meeting for approval.

{Secretary's note: On 12 July 2019, the trustees not present at the meeting including independent trustees approved the ESFA 3-year financial plan by email}.

The Board noted that the approval of the 3-year financial plan was subject to consent of LSBU under the Governance Agreement.

{Secretary's note: At its meeting on 18 July 2019, the LSBU Board of Governors approved the LC 3-year financial plan}.

11. New Trustees Declaration of Interests

Under Section 17 of the Companies Act 2006, the unconflicted trustees authorised the interests declared by new trustees: Ruth Farwell and Cllr Jennifer Brathwaite.

12. Lambeth College Corporation – Closure Accounts:

Lambeth College Corporation Financial Statements (1 August 2018 to 31 January 2019)

The Board discussed the draft Lambeth College Corporation (LCC) closure accounts for the period 1 August 2018 to 31 January 2019, prior to the transfer of the college to SBC and the dissolution of the corporation on 31 January 2019. It was noted that as the successor body to LCC, SBC was required to approve the closure accounts.

The Board discussed the draft annual report and financial statements, which the Audit Committee had reviewed on 11 June 2019. It was noted that minor amendments had been made to the report and financial statements since the meeting of the Audit Committee.

The Board noted that the audit of the accounts was substantially complete.

The Executive confirmed to the Board that they know of no reason why the report and financial statements cannot be approved by the Board in substantially the form presented to the meeting.

Subject to resolving the outstanding issue, the Board approved the annual report and financial statements in their current form for the period 1 August 2018 to 31 January 2019 and recommended to the trustees not present at the meeting for approval. The Board authorised the Chair and Accounting Officer to sign on behalf of the Board.

{Secretary's note: On 12 July 2019, the trustees not present at the meeting including independent trustees, subject to resolving the outstanding issue, approved the annual report and financial statements in their current form for the period 1 August 2018 to 31 January 2019 by email}

Auditors Report

The Board noted KPMG's audit findings report which the Audit Committee had discussed in detail on 11 June 2019. There were no matters, which needed to be brought to the attention of the Board.

Letter of Representation to the Auditors

The Board discussed the draft letter of representation to the external auditors, which had been reviewed and recommended to the Board for approval by the

Audit Committee on 11 June 2019. The auditors were amending the draft letter so that it was clear that SBC was giving the representations.

The Executive confirmed that all material matters had been disclosed to the auditors and that the representations were accurate and reasonable. The Executive also confirmed to the Board that they know of no reason why the Letter of representation cannot be approved by the Board in substantially the form presented to the meeting.

The Board approved the letter of representation and that it is recommended to the trustees not present at the meeting for approval. The Board authorised the Chair to sign the letter on behalf of the Board.

{Secretary's note: On 12 July 2019, the trustees not present at the meeting including independent trustees approved the letter of representation by email}.

13. Corporate Risk Register

It was noted that the risk register had been reviewed by the Audit Committee at its meeting on 11 June 2019. The Board noted the risk register.

14. Appointment of Student Trustee on South Bank Colleges Board

The Board noted the appointment of Adesewa Ogunyomi, the newly elected LC Student Union President as the Student Trustee on the SBC Board from September 2019.

15. Reports from Committees

The Board noted the report from Committees.

16. Any Other Business

Arrangements for Audit Committee meetings

It was noted that the group governance arrangements were being considered and that Chairs of the Audit committees in the LSBU group would have a meeting to discuss the best approach to undertaking the audit work without duplication of work. It was noted that the mechanism and best approach had not yet been approved and that the Board would be kept informed on the developments.

