

**Minutes of the meeting of the South Bank Colleges Board
held at 4.00pm on Tuesday, 22 November 2022
in Board room, Clapham campus, Lambeth College**

Present

Ruth Farwell (Chair)
Andrew Owen (Vice Chair, chair of the meeting for items 2 and 12)
Steve Balmont
Nigel Duckers
Moriam Folawiyo
Shakira Martin
Mee Ling Ng
David Phoenix

Apologies

Sue Dare
Jacqui Dyer

In attendance

Michael Broadway
Richard Flatman
Monica Marongiu
Fiona Morey
Jacqueline Mutibwa
Ian Rule
Wayne Wright
Tony Felthouse, KPMG (item 14)

1. Welcome and apologies

The Chair welcomed the trustees to the meeting.

The Chair noted that the papers for the meeting had been sent out very late and that it was difficult for trustees to fully contribute to discussions especially on the important items. The matter would be addressed.

2. Declaration of Interests

Andrew Owen chaired the meeting for this item

The Board noted that the proposed loan facility agreement between LSBU and SBC (agenda item 12) could lead to a potential for a conflict of interest for the Chair of the Board and the Vice Chancellor as they are both directors of LSBU and of SBC. Having considered the conditions set out in article 20 (points 1 – 4) and having concluded that the agreement was in the interest of both SBC and LSBU, the Board authorised the Chair of the Board and the Vice Chancellor to participate in the decision regarding the loan facility (item 12). The Vice Chair would chair the discussion for this item.

The Board noted the interests of a number of trustees in relation to their re-appointment as trustees (item 18). Trustees would not participate in any discussions on their own re-appointment.

3. Minutes of the previous meetings

The Board approved the minutes of the meeting held on 27 September 2022 as an accurate record and their publication, as redacted.

4. Matters arising

The Board noted the update on matters arising from the previous meeting. Progress against the EDI action plan would be presented in future reports. An update on the estates health & safety audit recommendations would be presented to the Board in February 2022 (under the Accounting Officer's report).

5. Update from the Students' Union President

The Student Union (SU) President gave a report on the recent activities undertaken by the SU. The College celebrated Black History Month in October with events and guest speakers invited to share their knowledge, journey and inspiration. These included some black entrepreneurs; students were also given the opportunity to promote their business ideas.

Anti-bullying awareness week was held in November with events across the college promoting awareness and campaigning against bullying.

6. Update on Equality, Diversity and Inclusion (EDI) Matters

The Board noted an update on the recent EDI work being undertaken by the College. The positive achievements were noted which included the graduation event for the first cohort of black staff leadership graduates and the European Diversity awards for the work the LSBU group was doing on the EDI agenda.

7. Executive Principal's Report

The Board noted the key matters since its last meeting in September 2022.

- The new Ofsted Local Skills Needs requirement (new FE Governors duty). A new section had been added to the Ofsted education inspection framework (EIF) that would consider colleges' response to meeting local skills needs through a skills measure that would include a performance dashboard measuring how colleges match local needs and the role the Board plays in supporting this. How SBC meets this new requirement is being discussed by the Quality and Improvement Committee.
- The FE Commissioner's requirement that colleges submit Accountability Agreements from May 2023 which trustees would need to sign off. SBC's agreement will be developed as part of the business planning process and trustee input would be sought at the next meeting in February 2023.

- The final 2021/22 achievement data. Overall achievement had declined, being below predicted results, below previous years and national average. Retention rates had slightly dropped compared to the previous year. The Principals' reports provide a detailed analysis with actions being taken to ensure achievement improves in 2022/23.
- The attendance performance which was low (75% against a target of 90%). The Board was concerned about the poor attendance at both lessons and exams which had a significant impact on the outcomes. There was discussion about the strategies to address the poor attendance and achievement. Questions were asked about early interventions and the unrealistic predicted achievement data. The SU President gave her views on the matters.
- 2022/23 recruitment update. 16-19 year olds (ESFA) current figures were positive and the budget target was achievable through in-year recruitment. On adult provision there was a risk that the budget target may not be achieved. There was discussion about how well the new courses in the curriculum plan for 2022/23 had recruited. The Quality and Improvement Committee (21 September 2022) had discussed the matter and some new offers had not performed well and would be reviewed but many had contributed to the planned growth.
- The 10 days of strike action relating to a national claim for a 10% pay award for 2022/23 had ended but had caused disruptions to learning. There were ongoing discussions with the trade unions on the pay award.

The Board noted the Principals' reports from the two colleges i.e. Lambeth Gateway College and London South Bank Technical College.

8. Accounting Officer's Report

The Board noted the key matters since its last meeting in September 2022.

The Board discussed an update on the estates programme. NESC project (Block A) was near completion but due to further slippage, the Practical Completion date was 12 December 2022. The new college was due to open at half term February 2023 which might be a challenge. The outstanding work was noted, the liabilities involved sequencing of the last activities, logistics and timing.

The Board was concerned about the further slippage, advice received from the planning consultants on the delivery of the project and the impact on student and staff expectations. The Board requested assurance that the project would not be further delayed. The Board expected the project to be delivered by half term February 2023. An update on progress being made on completion of the project would be circulated to trustees (during week commencing 5 December 2022).

9. KPIs for 2022/23 and Review 2021/22 – Finance, Attendance, Achievement, SAR 2021/22 and QIP 2022/23

The Board noted the 2021/22 Self-Assessment Report (SAR) and the updated Quality and Improvement Plan (QIP) 2022/23 that review the quality of the education provision. The documents had been quality assured by an Ofsted

inspector and reviewed by the Chair of the Board and the Chair of the Quality and Improvement Committee at a validation meeting. The documents had also been discussed in detail and recommended to the Board for approval by the Quality and Improvement Committee at its meeting on 9 November 2022. Areas for improvement such as attendance and achievement had already been raised by the Board at this meeting.

The Board approved:

- the 2021/22 SAR and that the overall effectiveness of the College continued to be self-assessed as 'Good'.
- the updated QIP 2022/23 which would address the areas for improvement identified in the SAR 2021/22 and would be monitored by the Quality and Improvement Committee.

KPIs and targets for 2022/23

The Board discussed the 2022/23 educational and financial KPIs and targets that would assist monitor the progress of the turnaround plans, approved by the Board at its meeting in July 2022. The data was set out in the two-college model.

10. Chief Financial Officer Report

The Board discussed 2021/22 year-end financial position and 2022/23 current financial performance.

The Board discussed:

- the 2021/22 year-end financial position and the adjustments made following the completion of the accounts were noted. The Transaction Unit (TU) grant funding was now fully exhausted and would not be available in 2022/23. The budget deficit for the full year was £4.4m after pension costs (compared to £4.5m reported in September 2022) therefore, the remaining TU grant fund of £3.8m would not cover the entirety of the budget deficit and the final position was a £600k deficit.
- the key risks to delivering the 2022/23 budget and the mitigations in place. Further assessment work had been undertaken following the meeting in September 2022 which had discussed an estimated year end operational deficit of approx. £3.5m, a variance of about £2.5m on the budget. A revised forecast outturn had been prepared bringing down the variance from £2.5m to £535k as at October 2022. The College Leadership Group would continue to undertake further mitigation work throughout the year in order to deliver the budgeted operational deficit position of £996k as there was no TU grant funds. The main features of the revised forecast were noted.
- the pay award 2022/23 options for consideration. The proposed staff pay award of 2.5% had been included in the 2022/23 budget. The Board empathised with staff on their expectation due to the current inflation rates and rising cost of living

and had tried to meet the AoC guidelines but also needed to manage the financial situation and the impact on student experience. The Board recognised the constraints the matter would have on the trade union relations. Following a vote on the proposals (7 for and 1 against), the Board:

- confirmed its commitment to pay all staff an award of 2.5%;
- confirmed its commitment to the London Living Wage (LLW) increase of 8.1% for the lowest paid employees as SBC was already committed to LLW; and
- approved the proposal for an additional 0.5% pot to allow some flexibility to Executive to assist those on lower pay.

11. LPFA Pension Actuarial Valuation

The Board discussed the LPFA pension actuarial valuation, the positive reports for both LSBU and SBC were noted. The Board authorised the Group CFO to sign the LPFA pensions rates and adjustments certificate for SBC confirming its new contribution rate which would apply for the next 3 years from 1st April 2023.

12. Year-end Reporting and Approvals 2021/22:

External audit findings

KPMG presented the draft external audit year-end report 2021/22 which had been updated since the meeting of the Audit Committee on 9 November 2022.

The audit of the accounts had been completed and the outstanding matters were noted.

The Board noted that no material weakness had been identified. KPMG were expected to give an unqualified audit opinion. A final external audit report would be circulated to the Board.

The auditors thanked SBC staff for the help and support on the audit work during the year.

External Audit Letter of Representation

The draft letter of representation to the external auditors had been reviewed by the Audit Committee at its meeting of 9 November 2022.

For the reporting year, four representations specific to SBC had been included.

The Executive confirmed that all material matters had been disclosed to the auditors and that the representations were accurate and reasonable.

The Board approved the letter of representation in its final form and authorised the Chair to sign the letter on behalf of the Board.

Annual report and accounts

The Board discussed the draft annual report and accounts for year ended 31 July 2022 which had been reviewed by the Audit Committee at its meeting on 9 November 2022. The CFO confirmed that there had only been minor, non-substantive changes to the accounts since the draft reviewed by the Audit Committee.

The draft annual report and accounts had been completed subject to a final review of formatting and pagination; no substantive further changes were expected at this stage.

The Board was informed of the inclusion of s172 statement on how the board has complied with its duties under s172 of the Companies Act (this is the directors' duty to promote the success of the company) in the Statement of Corporate Governance and Internal Control.

The Board noted assurances from the Executive that the content of the report and accounts were accurate and could be approved by the Board.

The Board approved the annual report and accounts for the year ended 31 July 2022, subject to a final review and authorised the Chair and the Accounting Officer to sign on behalf of the Board.

The final set of accounts would be circulated to trustees for any comments ahead of the LSBU Board meeting on 24 November 2022.

13. Audit Committee Annual Report

At its meeting of 9 November 2022, the Audit Committee had discussed and approved its annual report subject to the completion of the KPMG external audit report.

The Board noted the annual report and the Audit Committee's opinion on the adequacy and effectiveness of the college's assurance arrangements, framework of governance, risk management and control processes for the effective and efficient use of resources, solvency and the safeguarding of assets and that these arrangements are adequate and effective.

The Chair of Audit Committee would sign the report when the accounts were signed.

14. Risk Appetite Statement 2022/23

The Board was presented with SBC Risk Appetite for 2022/23, which had been discussed and recommended to the Board for approval by the Audit Committee on 9 November 2022.

The Board approved that SBC adopts the risk appetite profile set out in the appendix attached to the report.

15. SBC Standing Orders

The Board approved the proposed Standing Orders.

16. Re-appointment of Trustees

The Board noted the recommendations made on the re-appointment of trustees to the SBC board by the Group Nomination Committee at its meeting of 28 September 2022.

The Board approved the re-appointments of:

- Ruth Farwell as an “LSBU trustee” and Chair of the Board for a 2nd term of 4 years from 7 May 2023 until 6 May 2027;
- Andrew Owen as an “LSBU trustee” and Vice Chair of the Board for a 2nd term of 18 months from 1 February 2023 until 31 July 2024;
- Mee Ling Ng as an “LSBU trustee” for a 2nd term of 2 years from 1 February 2023 until 31 January 2025;
- Steve Balmont as an “LSBU trustee” for a 2nd term of 3 years from 1 February 2023, with the option of extending by one year at the discretion of the Chair of the SBC Board, in consultation with the Group Nomination Committee; and
- Nigel Duckers as a Staff trustee for a 2nd term of 4 years from 12 April 2023 until 11 April 2027.

17. Remuneration Committee Terms of Reference

At its meeting of 21 October 2021, the SBC Remuneration Committee discussed and recommended its terms of reference (TOR) to the Board for approval. The TOR were further reviewed following the Committee’s meeting on 11 November 2022.

The Board approved the TOR of the SBC Remuneration Committee.

18. Partnership Contracts 2022/23

The Board discussed the proposals to continue with two GLA Adult Skills partnership contracts which were budgeted for in 2022/23 and are integral part of delivering the adult education courses. The College had a long standing and successful partnership over the last 4 years with The Skills Centre and The Greenman in meeting local skills needs and supporting entry into employment. The Board noted that the quality of provision, students’ achievements and the partnership performance were positive and had been recognised in Ofsted reports.

The Board:

- approved that SBC continues with the partnership agreement with The Skills Centre for the delivery of construction courses at an initial contact value of £2.5m (funding delivery of £1.8m).

- approved that SBC continues with the partnership agreement with The Green Man, a local social enterprise that supports those furthest from education and employment to access a range of courses via outreach work at a contract value of £200k.

19. Public Benefit Guidance

The Board noted the public benefit guidance and that the draft public benefit statement for SBC was included in the annual report and accounts for 2021/22.

20. Board Effectiveness Review 2022 and progress made on 2020/21 Action Plan

The Board noted the findings from the recent review of the performance and effectiveness of the Board that was undertaken in October 2022. An action plan which would address the findings and also improve the operation of the Board would be presented at the next meeting in February 2023.

The Board also noted the progress made on the 2021 review action plan which would be reviewed further at the next meeting in February 2023.

21. Project Working Group Notes

The Board noted the notes from the meeting held on 19 October 2022.

22. Report from Committees

The Board noted the report from Committee meetings held since the last meeting in September 2022.

23. LSBU Group Strategy Day Notes

The Board noted the notes from the Strategy Day held on 22 September 2022.

24. Any other business

SBC

The Board noted that the Government's Office for National Statistics has recently concluded that colleges should be (and should always have been since incorporation in 1992) treated as public sector. The implications would be considered.

Shakira Martin, Independent Trustee

The Board noted that Shakira Martin would be stepping down from the Board after the meeting. On behalf of the Board, the Chair thanked Shakira for her contribution to the Board and the College, that she was a champion for student experience and wished her well in her new role at Croydon College.

Date of next meeting

4.00 pm on Thursday, 23 February 2023

Confirmed as a true record

(Chair)

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