

CORPORATION BOARD MEETING

CONFIRMED MINUTES OF THE MEETING HELD ON TUESDAY 21 JULY 2020 AT 4:00 PM, VIA MICROSOFT TEAMS

Present:

Andrew Barnes (Chairman), Corrienne Peasgood (Principal), Jill Lanning, Noel Bartram, Jonathan Barnard, Denise Troughton, Philip Richardson

Attendees:

Martin Colbourne (NES MD), Clare Johnson (Clerk to the Corporation), Sue Millions (Administrator), Paul Goddard and Leisyaen Keane (Scrutton Bland) – in attendance for agenda item 1, Stephanie Beavis and Liandi Venter (KPMG) – in attendance for agenda items 1 -2.

1. Internal Audit Plan for 2020/21 (Papers 02-08)

1.1 Risk and Assurance Progress Report

The full content of the Risk and Assurance Progress Report, previously circulated, was noted and Scrutton Bland confirmed that the COVID-19 Risk Management audit replaced the original Student Recruitment and Retention, at the request of the College due to COVID-19. It was also noted that the Culture Audit was postponed due to COVID-19, and will be carried forward into the 2020/21 Plan.

1.2 Internal Audit Assurance Strategy and Annual Plan for CCN and NES

The full content of the Internal Audit Assurance and Annual Report for 2020/21, previously circulated, was noted and Scrutton Bland highlighted the following information:

The Plan for 2020/21 has been aligned with the highest risks in the current COVID-19 Risk Register and will feed into the Audit and Risk Committee agenda.

It was been agreed that the following areas will be audited throughout 2020/21, covering 20.75 days for CCN and 18.25 days for NES:

- CCN - Business Continuity; Culture (delayed from 2019/20) and Governance.
- NES - Cyber Security and GDPR; Learner Records; Management Information (Estates); Ordering, Purchasing and Payments and Payroll.

A contingency plan has also been put in place to consider the following audits later in the year if circumstances change sufficiently to allow the reviews to add value: Gatsby Career Plan; Lecturer Deployment and Student Recruitment and Retention.

It was confirmed that the audit on culture would focus on how far the CCN culture and values has been adopted at Easton. Noel Bartram suggested that it would be useful to review how this had gone at Paston as well, given the time that culture change can take and to possibly provide lessons for Easton.

The question was asked if the balance of audit days between CCN and NES was appropriate, and Paul Goddard noted that CCN are weighted by one audit but believed that the final audit distribution feels like a good balance across both CCN and NES.

It was noted that, following the departure of the academies, NES worked almost entirely on CCN activities.

It was agreed that any proposed actions will be considered by the appropriate Committees throughout the year and recommendations forwarded to the Audit and Risk Committee / Board Meetings.

Following discussion, Governors agreed that they were happy with the full content of the Plan for 2020/21.

1.3 Final Reports

The following final reports, previously distributed for information, have now been completed. It was noted that all reports have been reviewed and scrutinised by Bree Sherwood, Chair of the Audit and Risk Committee, and it was confirmed that she is happy with the reports' content.

- Capital Projects
- Covid-19 Risk Management
- Follow Up on Previous Recommendations
- Lecturer Deployment
- Residential Provision

The Chair thanked both Paul Goddard and Leisyen Keane for their input and they left the meeting at 4.35 pm.

2. External Audit Plan for 2020/21

(Paper 09)

KPMG's External Audit Plan was previously distributed for information, and the following highlighted:

- The overview of the audit was set out, and it was noted that two new areas of focus have been included, these being: merger accounting and property valuation and HE access and participation expenditure.
- Materiality represents the level at which KPMG think misstatements will reasonably influence users of the College's financial statements. It considers both quantitative and qualitative factors and remains at £800k for 2020/21.
- It was noted that misstatements of over £40k will be reported back to the Audit and Risk Committee.
- The significant risks and other audit risks were noted and agreed.
- KPMG noted that a new significant judgement to be assessed is the Easton College merger and accounting and it will require the Estate to be revalued and will be assessed as part of the year-end testing. Also, the potential implication of Brexit on the College's operations, and the implications of related broader economic uncertainties, have the most implications for the audit of the following areas: Going concern – expectations of future student numbers and associated fee income that may vary as a result of the UK's exit from the EU; Valuation of pension fund assets. Stephanie Beavis informed Governors that based on their review, KPMG have not amended the significant risk assessment as a result of the above considerations around the UK exit from the EU.

KPMG will now report back to the Audit and Risk Committee in December 2020 for the signing off of the annual accounts for 2019/20.

Philip Richardson said that the significant increase in fees for this year seemed unreasonable.

Stephanie Beavis drew attention to Appendix 3 which explains the factors behind the increase. It was noted that fees will be based on actual time spent and will be discussed and monitored throughout the audit period, along with management to ensure both sides are in agreement. It is believed that there may be an opportunity for the fee to be reduced if work is to be made more efficient by enhancing the deliverables prepared by the College.

The External Audit Plan for 2020/21 was formally agreed by all Governors present.

2.1 Easton and Otley Audit Plan and Strategy for the Period Ending 31.12.2020

The Easton and Otley Audit Plan and Strategy for the period ending 31.12.2020 was previously distributed, the full content noted and the following highlighted:

- It was noted that materiality stands at £204k for 2020/21 and misstatements of over £10.2k will be reported back to the Audit and Risk Committee.
- The risk assessment draws upon the historic knowledge of the business, the industry and the wider economic environment in which Easton and Otley College operates. KPMG also use their regular meetings with senior management to update their understanding and take input from local audit teams and internal audit reports.
- The risk map shows identified significant risks and other areas of audit focus with the key areas of LGPS Pension liability; Revenue recognition; Management override of controls and Expenditure cut-off, with challenge around regularity and valuation of Fixed Assets.

Martin Colbourne informed the Board that the Plan will be forwarded to Suffolk New College for discussion at their own Board Meeting before it is returned to CCN Audit and Risk Committee in December 2020 to sign off and complete.

The Chair thanked both Stephanie Beavis and Viandi Venter for attending the meeting and they left the meeting at 4.55 pm.

Governors discussed the increase in KPMG's fees, further noting that this was a "+1 year" of the contract with KPMG. Martin Colbourne informed the Board that accountants have reportedly increased their fee across the sector and after internal discussion it was considered advisable to stay with KPMG for this year given the complexities related to the Easton merger. It was agreed that this contract could be put out to tender in the autumn term, not least to test the market.

3. Apologies for Absence

Apologies were received from Andrea Blanchflower, Nikki Gray, Bree Sherwood, Emily Staley, Jerry White (Deputy Principal) and Julia Buckland (Vice Principal, FE Curriculum and Quality). Aiden Little was not in attendance.

4. Declaration of Interest

In the interest of transparency and in accordance with the Standing Orders of the Corporation, all Governors of the Corporation Board are asked to make a written declaration of relevant pecuniary interests on appointment. Governors were requested to make known any relevant pecuniary interests relating to any items on the agenda and it was noted that all declarations will be recorded.

There were no new declarations of interest given at the meeting.

5. Unconfirmed Minutes of the Previous Meeting held on 7 July 2020 (Paper 10)

Philip Richardson asked that the discussion around the monitoring of the quality of TLA and particularly on quality improvement at the Easton campus be included within the body of the minutes. It was agreed that the minutes would be amended accordingly. The unconfirmed minutes of the meeting held on 7 July 2020 were then agreed as a true record of the meeting and will be signed by the Chair at the next available opportunity.

6. Unconfirmed Confidential Minutes of the Previous Meeting held on 7 July 2020 (Paper 11)

The unconfirmed confidential minutes of the meeting held on 7 July 2020 were agreed as a true record of the meeting and will be signed by the Chair at the next available opportunity.

7. CEO's Report (Paper 12)

The CEO Report, previously distributed, was fully discussed at the meeting and the Principal informed the Board that the report is aimed to keep governors up-to-date with important changes in how the College is operating during the Coronavirus outbreak and inform them of risks and mitigating actions.

The following information was discussed and highlighted:

DfE - £96m of catch-up funding on a one-off basis was announced on 20 July to assist colleges to support disadvantaged 16 to 19-year-olds. The details of the funding and how it is to be used are not yet known but it is expected that the focus is on students without GCSE English and Maths at Grade 4 and the plan will involve the distribution of the money upfront with colleges required to account for their use and how they have targeted help. The AoC are now pressing officials to publish further information.

A one-year offer of additional funding for 18 and 19-year-olds to student 'high value' Level 2 and 3 courses was announced last week and has a budget of up to £101m. The list of eligible courses has now been published and it includes 373 qualifications in construction, engineering, health and science (A-levels) which are offered by CCN. This funding will be paid on actual recruitment in early September.

Further guidance on the £111m package for traineeships announced has been released and this will give firms in England £1,000 for each new traineeship place they offer. The College is working up sector specific plans for Traineeships including in Construction which the LEP appears to be interested in. The East of England is also a pilot area for supporting employers financially who offer Industry Placements. The College is part of this scheme which would provide up to £750 per placement for legitimate, auditable extra expense for having a student on placement.

It was noted that any monies received from the DfE initiatives above have not been built into this year's budget.

The Independent Review of College Financial Oversight carried out by Dame Mary Ney has been published with six recommendations. It was noted that both Corrienne Peasgood and Martin Colbourne fed into the review and it is expected that the evidence will be implemented into the White Paper on FE Reform which is now expected to be released in October / November 2020.

ESFA – the ESFA have asked colleges for a range of information around issues that staff and learners are experiencing such as with transport and explain what support and advice is

being planned. There are still too many uncertainties for any response to the ESFA to be really meaningful

T Level development funding information is expected imminently. It was also noted that this money has not been built into this year's budget.

Staff Survey - The CCN and NES staff satisfaction survey has now closed. 570 responses were received with a positive Net Promoter Score of 20 (230 Promoters scoring 9 or 10, 227 Passives scoring 7 or 8 and 113 Detractors scoring 1-6). Corrienne Peasgood informed Governors that a breakdown of results will be issued to all staff later this week. Analysis of the text responses will now be undertaken, and data fed back to Governors at a future meeting. Denise Troughton informed governors that she is disappointed with the low number of responses.

Additional Funding – it was noted that as well as the potential project for the DigiTech Factory within Norwich City Council's Town Investment Plan (TIP) bid, there is an additional potential Project bid of £3.1m for an Advanced Construction and Engineering (ACE) Centre. This funding could be used to refurbish the Blakeney Building and other buildings across Broadland Drive and develop facilities for electric and hybrid cars, support T Levels in Construction and better IT / CAD facilities. The Principal informed Governors that herself and Jon Bonham joined a support and challenge session with government departments and the Norwich TIP team on Friday 17 July and both projects were said to be strong. The bid will be submitted at the end of July with the next round of the bidding process as a full business case at the end of September.

The Principal agreed to develop a timeline for the consideration of the LEP priorities and a strategic review to be brought to a summer meeting of the Board for consideration.

The Principal informed Governors that she is now writing a monthly column in the farming section for the EDP and it was agreed that the link to the column will be forwarded to all Governors for information.

The full content of the report was received and noted.

The Chair thanked the Principal for her full and comprehensive report.

8. Finance Update (Papers 13-14)

8.1 Budget Financial Commentary

Please see confidential minutes.

8.2 Financial Health Calculator

Please see the confidential minutes.

9. Utilities Broker Paper (Paper 15)

Please see confidential minutes.

10. Chairman's Update

The Chair expressed the Governors' thanks to all staff, and to the Principal and Executive Team for their remarkable work to deal with the many challenges that they have faced this term. The Principal confirmed that the Board's thanks have been included in the online

presentation of the Staff Awards for this year. Over 550 members of the staff have now watched the [2020 staff awards video](#) and is available here for Governors to view.

11. Any Other Business

There was no other urgent business tabled at today's meeting.

12. Confidentiality

It was agreed that agenda items 8.1; 8.2 and 9 will remain confidential.

13. Date of Next Meeting

The next CCN Board Meeting is scheduled to take place on Tuesday 4 August 2020 at 4:00pm, via Microsoft Teams.

All business having been concluded; the meeting closed at 6.10 pm.

Signed **Date**
(Chairman)