



**MINUTES OF THE SPECIAL MEETING OF THE HSDC CORPORATION
HELD ON WEDNESDAY 16TH SEPTEMBER 2020
REMOTE ACCESS VIA MICROSOFT TEAMS**

Present:

Dr Mike Bateman (Chair)
Mr Kev Bradshaw
Ms Fay Brown
Dr Simon Claridge
Ms Liz Cooper
Mr Clive Dobbin (Vice-Chair)
Ms Lucy Flannery
Mr Mike Gaston (Principal)
Ms Elspeth Mackeggie Gurney
Ms Lydia Morrison
Mr Joshua Winstanley (Student Governor)
Mr Tony Wright

In attendance:

Mr Richard Barlow – Deputy Principal
Mr Dan Beale – VP TLQ
Ms Leona Berry – VP OD&P
Ms Suki Dhesi – VP TLQ
Mr Jon Myers – VP SS
Mr Kelvin Smith – VP F&E
Ms Jackie Eayrs – Clerk to the Corporation

Total Membership	18
Total vacancies	3 (+1 secondment)
Total possible attendance	14
Quorum:	8
Total Present:	12 - meeting quorate (86% attendance)

It was noted that items on the agenda preceded by * would be taken as read and not discussed at the meeting unless a member wished to raise a point under a starred item.

Minute Number	Minute	Action
HSDC CORP 55/20	<p>Apologies for Absence & Welcome – All members present were welcomed to the remote access meeting. Apologies for absence were received and accepted from Romy Jones (leave of absence until Nov 2020), Jasmine Savill and Fraser Wilson.</p> <p>The Chair recorded thanks to the SLT for all their efforts in respect of implementing COVID measures to ensure the safety of staff and students returning to College full-time.</p>	
HSDC CORP 56/20	<p>Declarations of Interest - No member declared any conflict of interest with any item on the Agenda which had not previously been declared.</p>	
HSDC CORP 57/20	<p>Minutes and Matters Arising from Previous Meetings:</p> <p>(i) Minutes of the Meeting of the HSDC Board held on the 2nd July 2020 - The Minutes of the meeting held on the 2nd July 2020 were agreed as a true and accurate record. It was noted that the minutes would be held by the Clerk until lockdown restrictions had been lifted and the Chair was able to sign them. Members noted that all matter arising had either been completed or were main items on the agenda for consideration, with the exception of:</p> <ul style="list-style-type: none"> • Minute 38/20: Safeguarding & Prevent – The VP SS, Jon Myers (JM) provided members with a verbal update on the actions in train to increase publicity of the ‘Red Box Campaign’ and to ensure all students were aware of the counselling contact email address. <p>(ii) Strictly Confidential Minutes of the meeting of the HSDC Board held on the 2nd July 2020 – The strictly confidential minutes of the meeting held on the 2nd July 2020 were agreed as a true and accurate record. It was noted that the minutes would be</p>	

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	<p>held by the Clerk until lockdown restrictions had been lifted and the Chair was able to sign them. Members noted that there were no matters arising from these minutes.</p>	
<p>HSDC CORP 58/20</p>	<p>Chief Executive Reporting – Principal’s Termly Update:</p> <p>The Board had received the Principal’s Termly Report which provided an update on key College issues, including initial outcomes for 2019/2020 and the enrolment position for 2020/2021.</p> <p>The Principal advised the Board that it continued to be a period of challenge and change for the College and its community as it emerged from lockdown and planned for enrolment, induction and the start of another year for both returning students and new entrants. In addition to the preparations for the new year, there had also been particular challenge in dealing with the A-level and GCSE results debacle which had resulted in a number of appeals which were currently being assessed for validity using OFQUAL rules. As a consequence, the start to the new academic year came with some real uncertainties including student and staff health and well-being and the future timing and validity of exams in 2021. In addition, there were the financial challenges, estates strategy realisation and curriculum developments (introduction of T-levels) to address which he suggested could be described as a ‘perfect storm’.</p> <p>In presenting his report, the Principal drew the following issues to members’ attention:</p> <ul style="list-style-type: none"> <p>COVID 19 – Members were advised that the College continued to plan and operate with a clear message of being open for learning at what was a difficult time for all. The Principal explained that the DfE had published guidance which set out in a single document what FE providers needed to know to plan the ‘full return’ and it had, originally, been the College’s intention to adopt that approach. However, following a healthy enrolment at the Havant campus the decision had been taken to switch to an alternate weekly attendance, primarily due to the distribution of room sizes which would have made full attendance problematic. This approach had attracted media coverage on the news and in FE Week with Havant being identified as the only College nationally that was breaking rank with the Government’s aspirations that all colleges would be open to all students on a daily basis. In addition, there had been considerable opposition to this approach from annoyed parents and students. As a result of this, as well as political pressure from MPs, it had been decided to change that position with all students to attend College full-time from Monday 21st September 2020. The Principal went on to say that this decision had, subsequently, had a knock-on effect to the teaching staff and, although there were many staff who were happy in terms of delivering a full programme there were strong opinions regarding the notion of social distancing. The College had taken steps to protect staff and, in addition, members were advised that risk assessments would be carried out for the bulk of staff with any anxieties being addressed through those assessments. It was acknowledged that, in the long-term, face-to-face learning was better for students than online learning which still had too many inconsistencies, and which required further development. The Principal confirmed that the College was communicating to staff, students and parents on a regular basis and updating the website accordingly. The College continued to monitor the situation and follow the guidelines as set out by Government;</p> <p>2019/2020 Outcomes - The Principal extended congratulations to the SLT and College Management Group for the outcomes which had been achieved for 2019/2020. He stated that, after a turbulent few weeks, with Government u-turns and awarding body result recalls, the pass rates for 2019/2020 compared to 2018/2019 were, unsurprisingly, significantly better with a +2.5% improvement (96.6% 18/19 and 99.2% 19/20). The Principal emphasised the fact that there had been a conscious effort and a real focus to improve value added at Havant and Alton which had resulted in an ALPs score of 2 at Alton and he felt sure that significant improvements would have been secured with or without CAGs . He went on to say that the College now had to consider and understand how to use this data based on CAGs (Centre</p> 	

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	<p>Assessment Grades) and the ranges within that. He concluded by saying that, when comparing outcomes for 2020/2021, it may be sensible to review against 2018/2019;</p> <ul style="list-style-type: none"> • Enrolments – The Principal reported 5156 16-18 year olds enrolled across all 3 campuses which was just above the 2020/2021 curriculum plan of 5152 which was a positive outcome. The Principal provided a breakdown by campus as follows: <ul style="list-style-type: none"> - Alton: 1302 (positive against plan but 1st year had declined); - Havant: 1281 (1st year growth maintained at 686 (681 19/20) but was considerably lower than plan of 846. 2nd years reported at 595 (476 19/20). The campaign to retain students had been very successful. - South Downs: 2573 which reflected a significant increase in the first year intake (1302 compared to 836 in plan and compared to 918 in RO4 in 19/20). The Principal advised members that this was the first year there had been a waiting list for some subjects to ensure efficiencies within the curriculum (8 students waiting for a 2 year gaming programme). 2nd years reported as 623 (level 3). • T Levels had recruited roughly to plan: <ul style="list-style-type: none"> - Construction 13 enrolments, 2 above target, - Early Years 34 enrolments, matching target; and - Digital 6 enrolments, 4 below target. • In 2019/2020 the College had 4,864 fundable students due to withdrawals before the census date in mid-December. The Principal emphasised the fact that it was imperative to ensure that the College matched the same number of funded learners as it did the previous year. Governors acknowledged the positive enrolment outcome and noted that the real challenge would be the retention of all students for RO4 in December; • In Other News, the Principal reported that the College had held an online celebratory event the previous week for the launch of the T Levels. In addition, the Secretary of State for Education, Gavin Williamson, would be welcomed to the South Downs campus to see and hear first-hand the success and challenges of the new qualification. This was noted as an ideal marketing opportunity to promote the College and its response to the T Level initiative. The Principal added that it was good to see students enrolled for all 3 T Levels and to see students excited by the programme of study. Students were looking forward to their industry placement, the bulk of which would take place next year. Governors were reminded that a key aspect of this would be the role of the employer which, due to COVID, presented particular challenge; • SEND Centre – The College continued to work with HCC on the building of a SEND centre on the Alton campus. The Principal had visited a similar centre on the IoW to learn about the potential challenges involved with such a project. There was a concern that the allocated funding of £750k may have to be increased by HCC but it remained an exciting project with considerable potential. The Principal added that Portsmouth City Council now also wanted to discuss expanding this onto the South Downs campus which indicated there was a clear need within SEND provision for such facilities; • Gaming and Digital Hub, Alton campus – The College continued to work with PMc on the EM3 LEP bid of £800k (with a College contribution of £350k) to fund the £1.15m refurbishment of the Stevens Building into a Gaming and Digital Hub. Members noted that a decision was expected from the EM3 LEP Board in October; • DfE Capital Investment – The College had received £1.295m condition allocation from the DfE which would be utilised for minor but essential estates repairs and to cover the £350k College contribution for the EM3 LEP project at Alton. Members acknowledged that this was very positive for the future of all 3 campuses as significant investment continued despite everything else going on; • South Downs 1st Floor, main building – Members noted that the South Downs 1st floor project continued to rely on the capital receipt of the land sale to bring it to a successful conclusion. <p>Members of the Board acknowledged that the COVID situation was constantly evolving and the SLT had done an exceptional job in an almost impossible situation. The Chair had been kept informed at every turn and it was accepted that, depending on the how the</p>	

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	<p>circumstances developed, the College may have to make another decision in the future in the best interest of its staff and students.</p> <p>Members of the Board reviewed and noted the content of the Principal's Termly Report.</p>	
<p>HSDC CORP 59/20</p>	<p>Budget 2020/2021 and Financial Plan 2020-2022</p> <p>Members of the Board received a paper on the Budget 2020/2021 and Financial Plan 2020-2022. Members were reminded that the F&E Committee and the Board had considered and endorsed an indicative Budget at meetings on the 18th June and 2nd July respectively which had been submitted to the ESFA by the 31st July 2020. The College had now finalised the Budget 20/21 and Financial Plan 21/22 and was seeking approval by the Board for submission to PMOG.</p> <p>The VP F&E, Kelvin Smith (KS) spoke to the paper and stated that COVID had not disappeared and continued to add complexities, uncertainties and risks to College business both operationally and financially. He emphasised the fact that this made financial planning beyond the short-term (6-12 months) challenging to predict and manage. Members were advised that the existing Budget and Plan presented to Board in July 2020 had been reviewed and now included £1m of staff savings which would be secured through a number of restructurings.</p> <p>In presenting the report, KS drew the following strategic financial matters to the Board's attention:</p> <ul style="list-style-type: none"> • Protecting the solvency of the College through a sustainable cost base to income; • Driving down staff costs over the next 2 years to achieve a staff to income ratio in the low 70's (cost reductions through restructures, tighter variable pay controls and income growth); • Execution and financing of the Property Strategy which included the land sale, LEP investments and T Levels; • To develop T Levels and employer links to grow income; • To have a financial position that supported Drive to 25; • To be financially resilient to be able to apply for match funding grant opportunities; • To ensure the financial position supported Expressions of Interest for future local FE solutions. <p>KS highlighted the fact that pre-COVID, the 2020/2021 financial year had been showing an improving financial position in line with the merger plan expectations of a 3-year financial improvement based on a better base rate of funding, continued T Level financing grants and growing variable sales (Apprenticeships, AEB, part-time fees, lettings and catering). He went on to say that the outlook reported to the F&E Committee on 5th March 2020 confirmed that ESFA funding was £1.9m better than expected which represented a healthy financial position and the potential for the College to move out of the deficit earlier than planned. Unfortunately, in the current COVID climate, the variable sales income had been significantly impacted by circa £1m.</p> <p>Members had been provided with the following appendices to the paper:</p> <ul style="list-style-type: none"> • Appendix A which highlighted the key assumptions used in the financial planning process at this time and provided some narrative context in consideration of Appendix B; • Appendix B outlined: <ul style="list-style-type: none"> - 2019/2020 Forecast out-turn (not the final position or audited result); - 2020/2021 Budget; and - 2021/2022 Financial Plan (a very high level assumed Plan). <p>KS referred members to Appendix B and drew the following key points to members' attention:</p> <ul style="list-style-type: none"> • Governors should review the Budget in the light of the latest 2019/2020 out-turn position to assess the scale of improvement aimed for year-on-year (i.e. to compare 	

Minute Number	Minute	Action
	<p>19/20 actuals to the 20/21 Budget Plan). KS emphasised the fact that the Budget for 20/21 halved the deficit;</p> <ul style="list-style-type: none"> • To note that educational EBITDA was set for improvement from £2.6m deficit in 2019/2020 to £1.3m in 2020/2021 Budget; • The staff savings through restructuring and efficiency on contracts was set at: <ul style="list-style-type: none"> - £1m on the indicative budget and £0.8m on the 19/20 actualised payroll. The annualised savings from the restructures in 20/21 would be a saving of £1.7m in 2021/2022; • Up to £6.2m of Budget income was non-protected/variable sales income – KS emphasised the fact that this was an income risk; • Staff costs to income ratio was as follows: <ul style="list-style-type: none"> - 2020 actual out-turn – 78%; - 2021 Budget – 76%; - 2022 indicative Financial Plan – 72%. <p>The Principal added that the figures being presented were not reliant on serendipity. A detailed plan was currently being developed, with external support, to support the College’s financial recovery which would be reviewed by the F&E Committee at its meeting in November 2020.</p> <p>Questions were invited from members present:</p> <ul style="list-style-type: none"> • Members identified that the bulk of the improvement in the EBITDA position came from a restructuring/re-organisation which would be discussed later in the meeting. However, further clarification was sought on the figures presented related to the staff cost savings. KS advised members that £1m had been taken off the staffing budget. He went on to say that there was a combination of actions to realise these savings as well as the restructure (from which savings would not be realised until January 2021) which included variable pay savings and the possibility of closing the nurseries which was currently being explored. KS confirmed that £1m was achievable. <p>The Principal added that this was a small element of what the savings should be over the next 2-year period and only a small proportion of the actions which needed to take place to address the College’s financial recovery and it was important that that was realised by Governors. Governors queried the full level of savings being sought over the next 2 years and the Principal confirmed it to be in the region of £2.5m to £2.9m.</p> <p>Members of the Corporation formally approved the Budget 2020/2021 as presented and outlined in Appendix B of the paper and endorsed the top level indicative Financial Plan for 2021/2022.</p>	
<p>HSDC CORP 60/20</p>	<p>Report of the Estates Strategy Group:</p> <p>Members of the Board received the Report of the Estates Strategy Group from the meeting held on the 10th September 2020. The Chair of the ESG, Simon Claridge (SC), spoke to the report and provided a brief summary of the discussions which had taken place at the meeting.</p> <p>In particular, he drew members’ attention to the following:</p> <ul style="list-style-type: none"> • The Group had welcomed the receipt of the DfE condition grant of £1.295m to upgrade the estates; • The College had submitted a T Level bid to the EM3 LEP for £643k and a decision was expected in October 2020. It was noted that the College was trying to minimise any matched funding for these bids to protect the College’s cash; • T Level works for 2020 had now been completed and the College was waiting for the final account to be agreed/finalised. SC added that, part of the summer works had included the move of the server room which had been completed with success and no problems or downtime in terms of IT; 	

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	<ul style="list-style-type: none"> • SC provided an update on the land sale which was progressing gradually. He highlighted a number of issues still to be resolved related to access points and identifying the location of a gas main. Work continued on the planning application which would be submitted by the end of December 2020 and one of the driving issues was the schedule for the receipt of the land sale; • The College had submitted an additional bid to the EM3 LEP for £1.385m for a Gaming and Digital Hub at the Alton campus. A decision was expected in October 2020; • The reception area refurbishment at the Alton campus would take place with the use of funds from other grants received; • The Independent Learning Centre project being funded by Hampshire County Council (£750k) was ongoing. Designs were being developed and a suitable location on campus identified; • Signage at the Alton campus had now been replaced with new branded signage. Positive feedback had been received; • The Havant Hockey Club project discussions had currently come to a halt and there had been no change in the position in the last month. Members were advised that HHC had wanted a 99-year lease and had sought compensation from the College should it choose to end the lease before the term ended. Members noted that a number of options were currently being considered. <p>Members of the Board reviewed the contents of the report and noted the current position.</p>	
<p>HSDC CORP 61/20</p>	<p>Report of the Search and Governance Committee:</p> <p>Members of the Board received the Report of the Special Search and Governance Committee meeting which had been held on 3rd September 2020. The Chair of the Committee, Clive Dobbin (CD), presented the report in the expectation that all members had read it. There being no questions or points of clarification, the Board formally undertook the following:</p> <ul style="list-style-type: none"> • Vacancy position - Noted that there were currently THREE vacancies on the Board (3 x External) following the resignation of Heather Smith in February 2020 and Ian Gibson completing his service to the Board at the end of July 2020. The Search & Governance Committee was keen to fill these vacancies but wanted to do so in the context of a strategy for broadening Board diversity and in accordance with any skills requirements; • Membership Position – Reviewed the contents of the report and noted the current membership position outlined in Appendix A to the paper; • Jennifer Coates – Approved the recommendation of the S&G Committee and appointed Jennifer Coates to the Corporation as an External Governor to serve for a four year term of office from 16th September 2020 to the 15th September 2024 and that she be invited to serve on the Audit Committee; • Lucy Flannery – Approved the recommendation of the S&G Committee and re-appointed Lucy Flannery to the Corporation as an External Governor to serve for a second term of office from 31st October 2020 to 30th October 2024; • Fay Brown – Confirmed the re-appointment of Fay Brown to the Corporation as the chosen nominee of the Teaching Staff body to serve for a second term of office from 2nd October 2020 to the 1st October 2023; • Memberships under review in 2020/2021 – Noted the position regarding the membership which were due to come under review during the 2020/2021 academic year and the related actions; • Membership of Corporation Committees – Formally approved the Membership of Corporation Committees as outlined in Appendix B to the paper; • CQL Committee Cycle of Business and Workload – Endorsed the actions agreed by the S&G Committee with regard to the CQL Committee and its annual cycle of business and workload. 	

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HSDC CORP 62/20	Financial Recovery Plan - Review of Management Structure: <i>(Staff and Student Governors & Executive Officers withdrew for this item).</i> Members of the Board received a strictly confidential paper which provided an update for Governors on the proposals for a management restructure as part of the financial recovery plan. Due to the confidential nature of the contents of the paper and the related discussions, this item is recorded as a separate strictly confidential minute for Governors who are not Staff and Student only.	
HSDC CORP 63/20	Date of next meeting – Members noted that, in accordance with the Corporation Calendar 2020/2021 approved on the 2 nd July 2020, the next meeting of the full Corporation was scheduled to take place on Wednesday 16th December 2020 at 4.45pm.	

Signed:

Date:.....