

EALING, HAMMERSMITH, AND WEST LONDON COLLEGE FE CORPORATION MEETING

Date	28 January 2021	Time	17.10
Venue	Meeting held remotely due to COVID-19		
Chair	Ian Comfort		

Members: Ian Comfort; Karen Redhead; Callum Anderson; Becky Caldwell; Oceana Skye Campbell; Peter Chapman; Philip Kerle; Roslyn O'Garro; Hilary Macaulay; Matthew McMahon; Shawez Mir; Mohamed Moussa; David Paine; Christopher Saul; Debbie Stephenson; Maria Vetrone

In attendance: Abs Malik (ESFA observer); Anil Nagpal (Chief Operating Officer); Ra Hamilton-Burns (Governance Advisor)

No	Minute
1.	<p>Apologies for absence and other matters David Paine and Mo Moussa have sent apologies. Skye Campbell did not attend.</p>
2.	<p>Governance matters Callum Anderson reported that the recruitment panel had interviewed three prospective members on the 22 January 2021. They are pleased to recommend Robin Ghurbhurun as a full governing body member and Vice Chair of the CQP Committee and Saad Siddiqui as co-opted member of the Audit Committee for a period of four years. Ra Hamilton-Burns confirmed that satisfactory references have been received for both.</p> <p>AGREED: THE BOARD AGREED TO APPOINT ROBIN GHURBHURUN TO THE BOARD AND AS VICE CHAIR FOR THE CURRICULUM, QUALITY AND PERFORMANCE COMMITTEE FOR A FOUR-YEAR PERIOD UNTIL 27 JANUARY 2025</p> <p>AGREED: THE BOARD AGREED TO APPOINT SAAD SADDIQUI AS A CO-OPTED MEMBER OF THE AUDIT COMMITTEE FOR A FOUR-YEAR PERIOD UNTIL 27 JANUARY 2025</p> <p>Ra Hamilton-Burns reported that an invitation for nominations for the role of Chair had been sent seven days before this meeting. Six nominations had been received – all for Ian Comfort. Therefore, as he has kindly agreed to serve as Chair again, he will automatically be appointed for a further two years.</p> <p>AGREED: THE BOARD AGREED TO APPOINT IAN COMFORT AS CHAIR OF THE BOARD FOR A SECOND PERIOD OF TWO YEARS TO 30 APRIL 2023</p>
3	<p>Declarations of Interest Matthew McMahon declared that his wife is a senior manager at BDO LLP¹. Phillip Kerle declared that he is a governor at Orbital South Colleges. Ian Comfort had declared an interest in Item 2.</p>

¹ <https://www.bdo.co.uk/en-gb/home>

<p>4</p>	<p>Minutes of the meeting of the Corporation held on October 2020 The Board reviewed the minutes and agreed that they were an accurate record.</p> <p style="text-align: center;">Correction page 5 – 7.2 These three items ‘brought’ not ‘bought’</p> <p>Many of the items on the agenda which were for electronic resolution and conclusion had been included on this agenda.</p> <p>AGREED: THE BOARD AGREED THAT THE MINUTES OF THE MEETING HELD ON 15 DECEMBER 2020 WERE A TRUE AND ACCURATE RECORD.</p>
<p>5</p>	<p>Reservation of rights letter from the ESFA Karen Redhead reminded the Board that there has been an event of default on the facility agreement. She had outlined the conditions in the waiver letter around completion of the IBR. She reminded members that she had commented at the time of agreement that it was not wholly within the College’s control to deliver all the elements. The College has been advised that the ESFA does not intend to take any escalatory actions but that the concern is based on trying to get the IBR over the line. She and Anil Nagpal will focus all efforts on delivering the IBR and it is understood that in the event of default, the matter will be resolved when the IBR is completed.</p> <p>Ian Comfort commented that he considered this very unhelpful and, whilst he understood that there may be a process it was nonetheless disappointing. Abs Malik responded that it was more than a process, but that there is an obligation. The Deputy Director of the PMO has confirmed that they are fully supportive of the College and there is no intention to put the College into default. They remain committed to supporting the College out of financial intervention.</p> <p>Members expressed concern that this event of default has required the College to notify other creditors, including Barclays bank, of receipt of this letter which adds risk and pressure on the Board as it is not known how the bank will respond. They asked if this might have been managed in a different, more helpful manner when the focus is to get the IBR completed. Abs Malik said that he does not believe that it could be handled any differently and he understands that the ESFA had delayed delivery of the letter in the hope that matters would have progressed. Governors asked if the College was given any forewarning of this before the letter was sent. Abs Malik said the College would have been clear on the timelines from the waiver letter and he had also informed Karen Redhead that the letter was on the way. He appreciated that Anil Nagpal and his team were remarkably busy combined with Covid illness and the ESFA has delayed as much as possible.</p> <p>Anil Nagpal has notified the bankers and they are considering the letter; a formal response is awaited. He has also notified RSM and this has resulted in two additional weeks of work with the audit team, technical review, and audit partner. He understands the ESFA position, but the timing was unfortunate. Karen Redhead said it was very unhelpful as it arrived as the audit was nearly complete and it has led to a great deal of extra work for both the College team and the Auditors. The College had already been working with the PMO on wording for the Going Concern statement and were given no indication of the action that they were taking. She has sought reassurances from the ESFA that they will not add additional items to the IBR list going forward. Doing this can force the College into a position of default and she believes that the current position is as a result of exactly such an additional request.</p>

Abs Malik confirmed that once the IBR is concluded the College will be in a position to lift the default. He undertook to seek clarification of the process to share with the Board.

Members added that they have reservations about making a statement of Going Concern in light of the reservations in RSM's report. Anil Nagpal said that the statement of Going Concern considers the reservation of rights letter and it does not modify the opinion but appears as a material uncertainty in the accounts. Maria Vetrone commented that she has remained actively involved from the point of the December Audit Committee meeting until this meeting. She added that if the letter could have been delayed by just a fortnight, a great deal of extra work and cost might have been avoided. She has had long discussions with the RSM partner and lead auditor. The audit opinion remains unqualified but there is more emphasis on the matter of going concern. She is satisfied that the audit has been robust and thorough, and the Finance team has done everything possible. She commended everyone involved and said the Board has acted appropriately.

Shawez Mir added that he is uncomfortable about the position and that although we have verbal reassurances from the ESFA it would be better to have confirmation of this. Karen Redhead said that the College has had written reassurances in the covering letter that it is not the ESFA's intention right now to remove support from the College.

Members asked if the College is now dependent on the goodwill of the bank? Anil Nagpal said that theoretically this is the case but the relationship with them is very good and they are about to take the College out of their own intervention process. A formal response is awaited

Governors asked if there is a timeline for completion. Karen Redhead explained that the ESFA is not imposing a deadline but has asked the College to propose a reasonable timescale to submit the outstanding items. She added that in late November 2020, BDO had requested an additional IFMC return and the College explained that this was a significant undertaking. This is one example of adding things to the list which make meeting the deadlines in the waiver criteria difficult.

Members asked if the Finance Team has the capacity to complete the IFMC. Karen Redhead said that she understands that it will create three weeks' work for Anil Nagpal and another senior team member. The College has engaged an external finance professional to support the team. Further work was required on the fixed asset register. It is to be hoped that BDO will be satisfied with the work that has been completed in the same way that RSM has confirmed that it is. If not, it could cause potentially several months more work. Anil Nagpal reminded members that the fixed asset register had not been reviewed for three years prior to his arrival. The Finance Team has now completed a considerable amount of work on this in a very short time.

Governors confirmed that they are committed to ensuring that the IBR is complete and added their disappointment of the timing of the ESFA issuing a default notice before a specific discussion with the College and the Board.

Ian Comfort thanked Abs Malik. The Board noted the update and the letter.

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6.1 College values

Karen Redhead reminded colleagues that in 2019 the Board and management had held a joint conference to agree the values for the College. They are currently:

	<ul style="list-style-type: none"> ○ Ambition We will strive to be the best in all areas of strategic importance to the College, enabling our learners, employers, and staff to achieve high expectations and ambitious goals. ○ Integrity We will be open, honest, fair, and respectful, doing what we believe is right and will lead to success for our learners, employers, and the College. ○ Accountability We will all take personal responsibility for driving success, overcoming barriers, and finding solutions. We will be constantly learning and developing. ○ Inclusion We will be welcoming, supportive and our commitment to equality and diversity will underpin everything we do. <p>In light of the fact that ‘Integrity’ reflects the Nolan Principles² which are a given and are embedded as a matter of course, she proposed that Innovation would reflect the College’s future and values more appropriately. She had consulted with the senior team who had agreed that this was a good idea.</p> <p>AGREED: THE BOARD AGREED THAT THE VALUE OF INTEGRITY IS ALREADY ENGRAINED IN COLLEGE CULTURE AND SHOULD BE REPLACE WITH INNOVATION IN THE STATED COLLEGE VALUES.</p>
<p>7</p>	<p>Financial statements</p> <p>A complete version of the final financial statements and appendices was included in the appendices of the papers.</p> <p>Regularity letter of representation from EHWLC to RSM</p> <p>The Board was reminded that Ian Comfort had been delegated power to sign this document at the meeting of 15 December 2020.</p> <p>Letter of representation for RSM</p> <p>AGREED: THE BOARD AGREED THAT THE LETTER OF REPRESENTATION SHOULD BE SIGNED BY THE CHAIR ON ITS BEHALF.</p> <p>Anil Nagpal discussed 7.1, 7.2 and 7.3 as one item. They are the same documents which had been presented in December 2020. The financial data remains materially the same in all of them. The updates are to the narrative and they acknowledge the reservation of rights letter and alter the statement of Going Concern. Paper 7.1 contains the extract of where the report is amended. He added that since this item is a non-adjusting post balance sheet event, this is noted on page 65 of the Financial statements. Maria Vetrone had reviewed the process and narrative and was assured that the process and statements are robust and the audit opinion unqualified.</p> <p>Members asked about dilapidation in relation to the Park Royal Site and asked if the amount be spread over five years as the College intends to use the break clause. The College has left the period at ten years but will review in July 2021.</p>
<p>7.1</p>	<p>Confirmation of Going Concern</p> <p>Anil Nagpal reminded members that the final wording was to be circulated for electronic resolution but delays at the auditor end have meant that it comes to this meeting.</p>

² <https://www.gov.uk/government/publications/the-7-principles-of-public-life/the-7-principles-of-public-life--2>

AGREED: THE BOARD AGREED THE STATEMENT OF GOING CONCERN FOR EALING, HAMMERSMITH, WEST LONDON COLLEGE

7.2 External Audit Findings report
 Anil Nagpal reminded members that this was the second of two matters arising from the meeting on 15 December 2020 that had been due to be circulated for electronic resolution. He confirmed that the report contains an opinion is one of material uncertainty.

The outcomes were summarised in this diagram:

Judgments and estimates	Low impact	High impact
Provision for bad debts	●	●
Useful economic life of tangible assets	●	●
Assumptions used in the valuation of the defined benefit pension scheme	●	●
Assumptions used in respect of the disposal of Block A & B at the Southall site.	●	●
Going concern conclusion	●	●
WLCA lease provision	●	●

AGREED: THE BOARD AGREED THAT THE EXTERNAL FINDINGS REPORT FROM RSM FOR EALING, HAMMERSMITH, WEST LONDON COLLEGE FOR 2020-21 WAS AN ACCURATE REFLECTION.

7.3/ 7.4 Evolve Learning Group Ltd

It was agreed that the accounts had been approved by the Directors of ELGL.

The members of the Evolve Learning Group approved the change in narrative on the accounts. Becky Cauldwell had no observations.

AGREED: THE BOARD AGREED THAT THE FINANCIAL STATEMENTS OF EVOLVE LEARNING GROUP LTD INCLUDING THE CHANGE IN THE NARRATIVE OUTLINED ARE AN ACCURATE RECORD SUBJECT TO THE BOARD OF EVOLVE APPROVING THEM AT THE MEETING ON 16 DECEMBER 2020.

Evolve Learning Group Ltd members’ reserved rights statement

Ian Comfort explained to members that he had drafted the equivalent of a shareholders’ agreement which outlines matters that the members of ELGL reserve to themselves and are not delegated to the directors of the company.

AGREED: THE BOARD AGREED THE AMENDMENT TO THE CONSTITUTION OF EVOLVE LEARNING GROUP LIMITED TO INCLUDE THE MEMBERS’ RESERVED MATTERS CLAUSE.

7.5 Engrossment of deeds related to the overage for Acton College site
 Anil Nagpal explained that the item relates to the disposal of the Acton College site in 2016. The DfE wishes to transfer the overage agreement which is in place until March 2021. Karen Redhead said that

	<p>when the matter had come to her attention, she had reviewed the proposal thoroughly and sought the opinion of Mills and Reeve (for which the DfE paid) to gain assurance.</p> <p>There was a discussion about the value of the property and whether this would affect the decision to agree to the engrossment. Ian Comfort and Peter Chapman agreed to review the documentation and original overage agreement. Karen Redhead will forward this with all correspondence with Mills and Reeve.</p> <p>AGREED: THE BOARD TO DELEGATE FINAL APPROVAL TO IAN COMFORT AND PETER CHAPMAN AFTER THEIR REVIEW. THE BOARD AGREED IN PRINCIPLE TO THE ENGROSSMENT OF THE DEEDS WITH THE COLLEGE SEAL AND SIGNATURE AS OUTLINED FOR RETENTION OF RIGHTS TO OVERAGE IN RELATION TO THE DISPOSAL OF ACTON COLLEGE IN 2016</p>
8.	COMMITTEE REPORTS
8.1	<p>Recommendations from Committees</p> <p>Search Committee recommended the approval of the election process for staff governing body members. Matt McMahon and Ros O’Garro confirmed that they had reviewed the document and agreed that it appeared clear and straightforward.</p> <p>AGREED: THE BOARD AGREES TO ADOPT THE STAFF ELECTION PROCESS AS OUTLINED</p> <p>Ian Comfort thanked Ros O’Garro for her three years as staff governor during a period of challenge and change. Her contribution at meetings and on panels has been much appreciated.</p>
9	OTHER MATTERS
	<p>RSM letters of engagement.</p> <p>Anil Nagpal presented two letters of engagement for RSM which required the Board’s agreement:</p> <ul style="list-style-type: none"> • RSM LOE1 (Letter of Engagement) • RSM LOE2 (Letter of Engagement) <p>He explained that one related to the audit assignment and the other was for additional resource for tax and accounting.</p> <p>AGREED: THE BOARD AGREED THAT IAN COMFORT SHOULD SIGN THE LETTERS OF ENGAGEMENT ON BEHALF OF THE BOARD.</p>
10	<p>MEETING EVALUATION</p> <p>There were no comments on the meeting. Ian Comfort thanked everyone and commented that the development event had offered useful presentations from informed speakers.</p> <p><i>The meeting closed at 18.20</i></p>
11	<p>DATE OF NEXT MEETING</p> <p>April 1 2021 at 18.00</p>

Chair’s signature: **Date:**