

**Minutes of a Special Meeting of the  
London South East Colleges Board  
held on Wednesday 13 May 2020 at 4.00pm  
via Zoom <https://zoom.us/j/995739705>**

**Board**

Stephen Howlett, CBE DL (SH)	Chair
Charles Yates (CY)	Vice Chair
Dr Sam Parrett, OBE (SP)	Group Principal & CEO
Max Bero (MB)	Governor
Jane Hobson, OBE (JHo)	Governor
Christopher Briggs (CB)	Governor
Mark Trinick (MT)	Governor
Louise Nadal (LN)	Governor
Barry Spencer (BS)	Staff Governor
Daniella Oni-Okeke (DO)	Student Governor
Allan Carey (AC)	Group Governor: Chair of Finance Committee

**Clerk to the Board**

Jennifer Pharo (JP)	Group Executive Director Governance
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**Officers in attendance**

John Hunt (JHu)	Group CFO
Mary Herbert (MH)	College Principal
David Lambert (DL)	Chief Operating Officer People, Information & Performance
Andrew Cox (AC)	Chair Staff Forum (Observer)

- Welcome, introductions and apologies**  
Apologies received from Jane Hobson, OBE (JHo), Governor

- Declarations of interest**  
There were no declarations.

**3. Minutes of Previous Meeting held on 25 March 2020**

Presenter: Jennifer Pharo	Paper
Recommendation: The Board are asked to <b>APPROVE</b> the minutes of the LSEC Board Meeting on 25 March 2020.	
The Board APPROVED the minutes of the LSEC Board Meeting on 25 March 2020	

**4. Action Log & Matters Arising**

Presenter: Jennifer Pharo	Paper
Recommendations: The Board are asked to <b>NOTE</b> the actions log attached arising from the minutes of the previous meeting.	
The Board NOTED the action log.	

5. **Group Principal & CEO Update on Covid-19**

<p><b>Presenter: Dr Sam Parrett, OBE &amp; GEX</b></p>	<p><b>Verbal &amp; Paper</b></p>
<p>Recommendations:</p> <p>The Board is asked to <b>CONSIDER</b> and <b>NOTE</b> the business continuity update to include the impact on</p> <ul style="list-style-type: none"> <li>• Finances</li> <li>• Students</li> <li>• Staff</li> <li>• LA Hub Implementation</li> <li>• Health &amp; Safety</li> </ul>	
<p>The Board was asked to note the content of this report in relation to Covid-19 closure. The Board was also asked to formally recognise the impressive response of staff in transferring to remote and online learning whilst remaining partially open for vulnerable and key workers' children.</p> <p>The Board was also asked to recognise that the Group Executive and Senior Leadership teams have effectively managed the closure period to date and to thank all staff for their resilience during this unprecedented period.</p> <p>This report provides an update and information for London and South East Education Group Board members on key issues relating to Covid-19 as follows:</p>	
<p>Comments</p> <p>Chair-SH thanked the team for the comprehensive paper and update on the current lockdown situation and the actions taken to mitigate and support students and staff. SP advised it was really important to capture and evidence what we have to be doing across the Group. This situation is moving at a fast pace and there is much ambiguity on re-opening in June.</p> <p>The Board were advised that staff are home working with remote learning and good levels of engagement recorded. Level 1 learners are less engaging and raising some concerns.</p> <p>In response to questioning the Board were advised that the financial situation was relatively stable with most concern around Apprenticeships and commercial operations.</p> <p>The Board were advised of the evolving situation with regard to Ofqual and teacher/centre led assessments being proposed. Awaiting finalised instructions and guidance from Award Organisations.</p> <p>In response to questioning the Board were advised that c120 staff had been identified to be furloughed. Guidance on whether FE providers can claim has been provided where provision being delivered is not covered by grant funding.</p> <p>Board queried the impact to enrolment and recruitment for 2020/21. Board advised that monitoring and activity on progressing internal learners had commenced with estimated progression rates set to increase to c60%.</p>	

Board were advised that there remained questions on the demand for HE provision, given the national noise and concern in the HE sector around demand and impact of Covid on the student university experience.

Board were advised that Adult recruitment likely to be strong with retraining programmes and support for the unemployed. Traditionally in times of recession, FE sector seen as solution for economic recovery and reskilling the workforce. The Government had already started to narrate the recovery plans as three pillars, infrastructure, innovation and skills.

Board considered the opportunities that may become available to the College. The Board questioned if the current delivery models were sustainable and appreciated how quickly staff had adapted to the new ways of working and the efforts to ensure that that students continued to have a good experience. Important to capitalise and build on the innovations and efforts.

The Board were pleased to hear that the financial impact had been controlled and although unprecedented times the net impact was c£0.5m.

In response to questions on staff wellbeing the Board were advised that staff were being mandated to take annual leave during the Spring Half Term. All staff both teaching and support had demonstrated resilience and flexibility in adapting to home teaching and working. A hardship fund had been set up for staff to access if they found themselves in financial difficulties due to unplanned costs, e.g. funeral costs plus a small home working grant scheme had been set up to ensure all staff had the equipment they required to be able to work from home.

Vice Chair-CY congratulated the team on a very comprehensive report that covered all areas providing the Board with assurance. It evident that some vocational areas would be harder hit both in terms of continued delivery and recruitment for next academic year.

Group Principal & CEO-SP advised that planning scenarios were being considered to accommodate growth and decline in some areas for September 2020.

In response to a question by Governor-MT on how sustainable the online delivery model was, the Board were advised that some good practice was emerging from staff not always at the forefront and this was being harnessed. Governor-LN queried how the College was dealing with the risk around HEI partners and working in collaboration with them. Group Principal & CEO-SP advised working strategically with UoG, CCU and Ravensbourne and that collaboration was key to progressing on Level 4 and 5 provision and improving digital content and access to online resources.

Board were advised that returning to work would be a bigger challenge than lockdown. Attitude of staff would vary based on personal circumstance and confidence in the risk assessment process and personal safety.

The Board noted the report.

6. **LSEC College Principal's Report**

Presenter: Mary Herbert	Paper
<p>Recommendations:</p> <p>The Board is asked to <b>CONSIDER</b> and <b>NOTE</b> the contents of the report and appendices, summarising</p> <ul style="list-style-type: none"> <li>• Student and Staff Engagement – home working and learning</li> <li>• Safeguarding update</li> <li>• 2020/21 Student Recruitment including               <ul style="list-style-type: none"> <li>- Internal progression</li> <li>- Student recruitment</li> <li>- Admissions process</li> </ul> </li> </ul>	
<p>College Principal-MH reported on the disruption the College is currently undertaking to teaching, learning and assessment since the Covid-19 pandemic and the actions we are taking to support each student to continue to keep safe, learn, gain their qualifications and progress.</p> <p>College Principal-MH advised that plans are in place to ensure continuity of learning and wellbeing for all our students. Teaching and learning continues and we are now delivering all lessons on-line.</p> <p>College Principal-MH advised that for the majority of students this is working well; however, there are some substantial disparities between students and those who do not have access to remote systems at home. The college is providing support for these students with investment in remote IT equipment.</p> <p>The Board were advised that that key issues, remain engagement, progression and loss of income.</p>	
<p>Comment</p> <p>In response to questioning, the Board were advised that level 1 learners pose the most risk of not engaging. Digital poverty is a real issue for some learner. The College had distributed c600 laptops and dongles to students to support access to online delivery.</p> <p>College Principal-MH advised that teacher led assessments were underway, with assessment boards planned to provide assurance on the grading process.</p> <p>In response to Board questions, College Principal-MH advised that recruitment to 2020/21 was on par with previous years. Open events had moved online, and summer campaign launched.</p> <p>In response to Board Questions, College Principal-MH confirmed that participation rates had increased on some provision with the switch to online learning, interestingly this was evident in English and maths and plans for online delivery to continue post lockdown using a new digital platform were underway.</p> <p>The Board noted the report.</p>	

7. **LSEC College Principal's Report on Higher Education**

Presenter: Mary Herbert	Paper
<p>Recommendations:</p> <p>The Board is asked to <b>CONSIDER</b> and <b>NOTE</b> the report on the update and status of HE provision to cover the following</p> <ul style="list-style-type: none"> <li>• current delivery participation and engagement</li> <li>• forecast outturn and progression</li> <li>• communication and support to students and staff</li> <li>• risk register</li> <li>• 2020/21 plans and recruitment</li> <li>• HE Strategy</li> </ul>	
<p>Comment</p> <p>College Principal-MH reported that the impact of Covid-19 appears to be having a minimal negative impact on students' progression and completion, with only a small number that are not able to fully engage with online learning and/or the completion of assignments.</p> <p>The Board were assured that all programmes are predicting progression and completion rates in line with previous year's performance and improvement targets.</p> <p>The Boards were advised that the key issues remain</p> <ul style="list-style-type: none"> <li>▪ Internal progression</li> <li>▪ Recruitment</li> <li>▪ Competition more aggressive in lowering their tariff for entry.</li> <li>▪ Small number of students will not achieve due to covid-19 related issues.</li> </ul> <p>The Board were advised that it was planned to introduce new qualifications at level 4 to improve progression from level three to four.</p> <p>The Board noted the report.</p>	

8. **LSEC Financial Performance**

Presenter: John Hunt	Paper
<p>Recommendations:</p> <p>The Board is asked to <b>CONSIDER</b> the report and Management Accounts for the period 8 ended 31<sup>st</sup> March 2020 and verbal update on financial forecasts impacting by Covid-19.</p>	
<p>CFO-JH reported that a significant amount of work has been completed for the period 8 forecast outturn, and this has resulted in an expectation that due to Covid-19, full year income will be circa £561k lower than it would have been if the pandemic had not occurred.</p> <p>The Board were advised that with the Cabinet Office, DfE and other funding agencies issuing further guidance regarding how our main grant income</p>	

streams will be paid and reconciled, CFO-JH currently estimated that up to a further £0.75m of income could be at risk.

CFO-JH reported that it is considered unlikely that all of this risk would come to pass and through cost savings and efficiencies, it is currently anticipated that the College will at least achieve its budgeted operation position for the year.

CFO-JH informed the Board, that since not all of the College income is from public funding and due to the Coronavirus our income will be lower than it would otherwise have been, the College was intending to make a claim under the Coronavirus Job Retention Scheme (JRS).

The Board were advised that between 120-144 members of staff were in scope of furlough.

CFO-JH presented the Management Accounts for the period ended 31 March 2020 (Period 8) to show an adjusted operating surplus for the year to date, prior to FRS102 pension adjustments of £884k. This is £268k better than the year to date profile

CFO-JH advised that due to delays in our major capital projects, the year-end cash forecast has now increased by £0.2m since period 6 to £7.5m. With the expectation of continued delays, this is likely to increase further before the end of the year.

The Board were advised that discussions had been held with Barclays bank regarding the potential impact of Covid-19 on the financial performance of the College. In response Barclays have provided assurances that they will take a very pragmatic view of covenant tests in the current unprecedented circumstances.

CFO-JH advised that it had been previously reported that c2.4m income may be at risk, but due to a significant amount of work that had been completed for the period 8 forecast outturn it is expected that due to Covid19, full year income will be circa £561k lower than it would have been if the pandemic had not occurred. This shift is due to various factors including confirmation of achievement payments for adults. Apprenticeship income remains a concern alongside some Local Authority High Needs income. CFO-JH advised that all income lines with some element of risk were being monitored closely.

#### Comment

In response to questions, CFO-JH advised that finalising budgets for 2020/21 was challenging particularly for areas where carry in funding was a criteria. Suggested changes to HNS income was also presenting a risk. Some contingencies would be built into the budget.

The Board noted the report.

## 9. LSEC Risk Management

<b>Presenter: John Hunt</b>	<b>Paper</b>
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Recommendations:

The Board is asked to **CONSIDER** and **NOTE** the contents of the summary report on specific risk on Covid-19.

CFO-JH presented the Risk Register and advised that since it was last considered by the Corporation, it has been subject to a review by risk owners and the Group Executive in order to reflect how the Covid-19 pandemic has changed the risk register.

This has resulted in a number of changes to the risk owners, scores and content of some risks. The main changes to the risk scores and the reasons behind those changes are summarised and reported as follows.

CFO-JH advised that these changes include 3 risks now being considered as business critical as a direct impact of the pandemic.

Of the 43 risks currently identified on the risk register, 3 are Business Critical, 9 are regarded as High, 23 as Medium and 8 as Low.

CFO-JH advised the Board that the main changes were

**Risk C2 covering the financial failure of College / inadequate financial health.**

This has increased in response to the Covid-19 Pandemic, as a number of non-grant funded income lines are now likely to be lower than forecast in the current year. This may have an impact on the financial performance of the College, the assessment of financial health and performance against bank covenants. The increase to this risk also includes the impact of the pandemic on London Skills for Growth as the consolidated results will reflect the much higher deficit of this subsidiary. Further with the lockdown having a significant impact on recruitment of apprentices, this will materially reduce forecast income for both the current and next financial year.

Although not a factor in the change to the risk score, this risk also includes the potential impact of our current major capital projects which are at risk of being abortive due to financial and economic challenges. As a consequence of the above, the risk score has increased by 12 to 36 and it is now considered to be a Business Critical rather than a High risk.

**Risk C11 relating to the inability to access a site due to a major incident / pandemic.**

This has increased with Covid-19, with all sites closed except Erith, which operates as a hub for vulnerable learners. Despite this forced closure, the business continues to operate remotely as best as it can to continue with the education of all learners. This risk score has increased by 18 to 32 and is now considered to be a Business Critical rather than Medium risk.

**Risk C9 covering the failure to grow apprenticeships.**

This has increased due to the impact of Covid19 which will significantly impact on recruitment of apprentices against target. This under recruitment will have a related reduction in income for both the current and next financial year with the carry in funding for next year being at least £0.5m lower than it would have been if the pandemic had not occurred. In addition, it seems likely that Covid-19 may have an adverse effect on the economy and demand for apprentices

<p>in general. As a consequence of the above, the risk score has increased by 3 to 24 and remains a High risk.</p> <p><b>Risk C33 which covers failure to identify or properly deal with a safeguarding issue.</b></p> <p>This has increased slightly with the transition to remote teaching and the potential, despite the control mechanisms to lose contact and visual/physical cues which may identify learners at risk. Remote contact may also limit learner’s ability to disclose vital/confidential information. Although this is being monitored as far as possible, this risk score has increased by 2 to 12 as a consequence of the above. The risk is now considered to be a Medium rather than a Low risk.</p> <p><b>Risk C42 covering Coronavirus or another epidemic impacting on operations or curriculum delivery</b></p> <p>This has increased with the national lockdown being imposed and the effective closure of sites to all but a handful of learners. This lockdown means that the pandemic will have a higher than previously anticipated impact on both the continued operation of the business and financial performance. Although delivery continues remotely in order to ensure the provision of education continues, the risk score has increased by 4 to 32 and is now considered to be a Business Critical rather than High risk.</p>
<p>Comment</p> <p>The Board noted the report.</p>

**10. Any other business**  
**10.1 Letter from Minister of State HE**

<b>Presenter: Jennifer Pharo</b>	<b>Paper/</b>
<p>Recommendations:</p> <p>The Board was asked to <b>CONSIDER</b> and <b>NOTE</b> on the letter and associated documentation from the Minister of State HE in relation to the support package being provided to support HE providers and students.</p> <p>The Board is asked to <b>NOTE</b> the OfS proposal to create a new temporary condition of registration, <b>Condition E6:</b> which will require providers <b>not</b> to engage in any form of conduct which would be likely to have a serious and prejudicial effect on the stability and or integrity of the English Higher Education Sector.</p>	
<p>The Board was asked to <b>NOTE</b> the recent letter received from the Minister of State HE in relation to a support package being put in place for Higher Education Providers and students.</p> <p>This follows concerns raised by the sector regarding the enormous strain and destabilising effect the Covid-19 pandemic is putting on providers of higher education and their future financial sustainability.</p> <p>Clerk-JP advised that the Government have responded by putting in place a number of measures to stabilise admissions primarily, but also to support research and funding, students loans and fees, financial sustainability of providers and their international students.</p>	



Clerk-JP reported that the changes to admissions, includes temporary student controls for domestic and EU students for academic year 2020/21, to ensure a fair and structured distribution of students across providers. An additional 10,000 places will be available for allocation at the discretion of the Secretary of State of which 5,000 will be ringfenced for students studying nursing or allied health courses.

Clerk-JP advised that as part of this support offer, the Office for Students, the regulator in England, have proposed a new temporary condition of registration that providers will need to comply. The new condition will prevent providers from engaging in any form of conduct which would be likely to have a serious and prejudicial effect on the stability and or integrity of the English Higher Education Sector.

The OfS are currently consulting with the sector on this new condition. An additional paper is in preparation and will be presented to the Board. This will contextualise for LSEC and our partner provision, including impact and unintended consequences of this condition and potential impact on students based on their protected characteristics.

Clerk-JP reported that the proposed condition would prevent providers from making multiple unconditional offers or offers not linked to prior educational attainment.

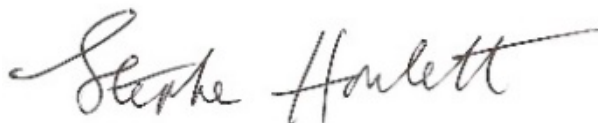
Clerk-JP advised that another element of the support package provided and recently announced is the payment of 50% of student loan fees in the first term. This appears to have had a negative response from students bodies, who have raised concerns around fees remaining the same despite a reduced student experience.

Clerk-JP reported that as referred, a more detailed paper will be provided to the Board in relation to the OfS consultation and the new proposed E6 Condition of Registration that the Board will need to familiarise themselves.

Comment

The Board noted the report.

**11. Date of next meeting: 15 July 2020 at 2.00pm**



Signed by Stephen Howlett CBE,DL  
15th July 2020