

Further Education Corporation

Approved Minutes

Minutes of a Meeting of the Further Education Corporation held at the Southend Campus on Monday 7 July 2014 at 6.00 pm.

Present: Mr R Launder (Chairman)
Mr D O'Halloran (Vice-Chairman)
Ms O Buck
Mr S Burrell
Mrs S Carr
Dr R Gray
Mr Y Goolamali
Ms R Hawkridge
Mr R Hughes
Mr B Morris
Mr B Neagus
Ms A O'Donoghue CBE
Mr Paramjit Singh Narang
Mr R Patterson
Mr T Thompson
Ms M West
Mrs G Williams

In Attendance: Mr J Hayles (Deputy Principal)
Ms D Brown (Vice Principal, Curriculum & Quality)
Mrs W Barnes (Assistant Principal, Student Support)
Mr A McGarel (Deputy Chief Executive)
Ms C Anson-Higgs (Vice-Principal, Business Development)
Mr S Smith (Vice-Principal, Corporate Resources) – item 7 only
Ms J Belcher (Manager, Student Services) – item 10 only
Mr R I Millea FCA (Clerk to the Corporation)

The Board considered a Report on a Confidential Matter as the first item on the agenda, for which a separate minute has been prepared and is attached to these minutes.

As this was the last Meeting to be attended by John Hayles (Deputy Principal) before his retirement from the College, the Chairman formally thanked John for his service to the College as Deputy Principal and for over a year as Acting Principal, as well as Director of Quality Development, since he joined the College in 2008. A small gift was presented to John in recognition of the Board's thanks.

With the agreement of the Board, item 10(c) relating to the Bi-Annual Safeguarding Report and Approval of updated Safeguarding Policy was dealt with between items 5 and 6 on the agenda.

1. Appointment of New Members

The Board **APPROVED** the appointments of Elyse Reeve as HE Student Member and Rebecca Hawkrige as FE Student Member as Members of the Board with effect from today (7 July 2014) until 6 July 2015, subject to them both remaining students of the College during that period.

Rebecca Hawkrige joined the meeting.

2. Apologies for Absence

Apologies for absence were received from Elyse Reeve and Terry Knight.

3. Urgent Business

The Clerk reported that the Student Union Constitution is in the process of being amended and will come back to the next meeting of the Board. The Principal & Chief Executive undertook to clarify the role of the Sabbatical Officer with the SU, so that all students can be supported by this officer.

The next matter was deemed to be a confidential item under the Instrument & Articles and a separate minute has been prepared, which is attached to these minutes.

4. Minutes of the Meeting held on Monday 17 March 2014

The Minutes of the Meeting held on Monday 17 March 2014 were **APPROVED** and **SIGNED** by the Chairman.

5. Matters Arising

There were no Matters Arising from the Minutes which are not otherwise covered on this agenda.

6. Election of Vice-Chairman (Paper FEC.14.11)

The Clerk reported that one valid nomination had been received for the position of Vice-Chairman of the Corporation for the two year period from 1 August 2014, namely the current Vice-Chairman, David O'Halloran. No other nominations were received.

The Board **APPROVED**, nem con, the appointment of David O'Halloran as Vice-Chairman of the Corporation of South Essex College with effect from 1 August 2014 for a term of two years.

(Mr O'Halloran left the meeting during consideration of this motion).

7. Strategic Developments in South Essex (Paper FEC.14.12)

This was deemed to be a Confidential Item under the Instrument & Articles and a separate minute has been prepared in connection with this item and is attached to these minutes.

8. Finance Matters (Paper FEC.14.13)

(a) College Finances for May 2014 and estimated likely outturn for the year to 31 July 2014

The Deputy Chief Executive presented the Finance Report for the ten months ended 31 May 2014, including the Forecast Outturn for 2013/14. He supplemented this with a slide presentation, highlighting the major aspects.

(College Finances are normally reviewed by the Policy & Resources Committee but, as that Committee does not next meet until September, the Board undertakes a review at this Meeting each year in order to demonstrate financial scrutiny over the College Finances, with no interruption).

The Board **NOTED** the financial position as at 31 May 2014.

To 31 May 2014, total income totalled £47.0 million and total expenditure £46.9 million, giving rise to a surplus to date, after revaluation reserve transfer and exceptional items of £200K, amounting to £300K, which is £100K below budget. The Board noted the income earned from investments for the year to date amounted to £78K.

At 31 May 2014, group net assets stood at £69 million, including cash and short term investments of £7.8 million and fixed assets of £103.5 million. All bank covenants continue to be comfortably met. The current ratio at 31 May was 1.8.

The **estimated outturn for 2013/14** is a surplus on continuing operations after exceptional items of £700K, slightly less than the previous forecast provided to the Policy & Resources Committee in June.

The Board noted that the forecast does not take into account any adjustments that might be required from the application of FRS17 for this year or any adjustments arising from the statutory audit.

The forecasted surplus is 1.4% of turnover against the target of 2% and the staff costs to turnover ratio is forecasted to be 65.7%, against the target of 62.5%, mainly due to overruns on agency staff expenditure and higher guided learning hours.

The Committee **RECEIVED** the **Forecast Outturn for 2013/14**.

(b) College Budget 2014-15

The Deputy Chief Executive presented the final draft **College Revenue Budget** for the 2014/15 academic year, which indicates total revenues for next year of £57.0 million, expenditure of £56.0 million, giving an estimated surplus (after revaluation reserve transfer of £180K) of £1,038K.

The Board was reminded of the College strategic objective of a surplus of 3% of turnover and staff costs of 62.5% of relevant income, together with positive cash flow.

The proposed Budget does not achieve these objectives as the SLT feel a 1% pay increase for staff should be awarded for 2014/15, given there has been no increase for the past two years. Accordingly, the proposed surplus is approximately 1.5% of turnover and a staff costs to income ratio of 64.2%.

The Board noted that 150 Colleges last year made deficits and another 94 made surpluses between 0% and 2%. Currently, there are 10% of Colleges (and rising) with inadequate financial health.

In addition, the DCE presented a draft **Capital Expenditure programme** for the College for 2014/15, which comprised the following elements.

Thurrock Configuration changes arising from new Build	£1 million
Phase 2 Reconfiguration of Luker Road, Southend	£1 million
Fit out of Thurrock New Campus including IT provision	£1 million
Other equipment for teaching & learning enhancement	£250,000

Giving a total of £3.25 million, which will be financed by internal College cash generation.

The Board **APPROVED** the College Revenue and Capital Expenditure Budgets for 2014-15, both of which had been recommended by the Policy & Resources Committee at its meeting on 9 June 2014.

(c) Financial Forecast 2014-16

The DCE presented the Financial Forecast for the next two years, incorporating the Budget for 2014-15, approved above. The Board noted that it is required to approve, as a condition of its Funding Memorandum with the Skills Funding Agency, and submit to the SFA a Three Year Financial Forecast (incorporating the forecast outturn for the current year, next year's budget and a 2015/16 forecast) by 31 July 2014.

It was noted that the College's Financial Health is planned to be 'Good' for the next two years.

The paper explained in depth the pressures on the College's finances and placed them in the context of the current Strategic Plan and its financial objectives, noting, in particular, that it is intended that for the two years in question, a surplus of 1.5% of turnover should be targeted, along with a staff costs ratio of 64% of turnover, based on sector comparisons.

The challenges were discussed in national terms and College specific terms.

Overall, the same surplus and staff cost ratio is considered achievable for 2014/15 and 2015/16. Income and expenditure for 2015/16 is forecast to be broadly the same as 2014/15, giving rise to a surplus of around £1,000K (after revaluation reserve transfer of £180K). Similarly, the balance sheet of the College should remain broadly the same save for reductions in fixed assets, due to depreciation, and repayment of loans roughly equating.

The Board **APPROVED** the three year Financial Plan.

(d) Fees Policy 2014-15 (FE and HE)

The Board considered and **APPROVED** the Fees Policy for 2014-15, which the College is required to review and update each year.

The HE Fees are as agreed with HEFCE (for the College's directly funded students) and the University of Essex for all other HE students.

Fees for 19+ students (Learner Responsive) and 24+ Advanced Learning Loans are in accordance with current SFA guidance. Fees for 16-18 learners are not liable for course fees, these being funded by the EFA (Education Funding Agency).

Fees for 14-16 year olds are negotiated with the local schools and the Local Authority.

The policy includes proposed fees for International Students and also outlines the changes from last year, which primarily to methods and timing of payments.

(e) Financial Regulations

The Director of Finance presented revised Financial Regulations for approval by the Board on the recommendation of the Policy & Resources Committee. They are a complete rewrite of the existing Regulations which had not been substantively updated for some years, other than to reflect internal re-organisations and other minor changes.

The revised Regulations reflect recently published guidance from CIPFA and are supplemented by a delegation limits schedule for both Capital and Revenue expenditure which had been authorised as part of the Annual College Approved Budget.

In response to a question from a Member, the Clerk confirmed that the delegation limits schedule applies to expenditure already approved by the Board. If expenditure is necessary outside of the Budget and in excess of delegated limits of the Principal & Chief Executive, then the matter would have to be approved by the Board either in a separate meeting or, if urgent, by written resolution of the Board, supplemented by a business case.

The Board **APPROVED** the revised Regulations for immediate adoption.

9. Strategic Matters (Paper FEC.14.14)

The Principal and Chief Executive presented an update to the Board on implementation of Phase 2 of the Strategy. The Board were reminded of the reasoning behind the Strategy to improve efficiency, save staffing costs and improve the quality of service for students.

A restructuring of the Senior Leadership Team has taken place, in consultation with and the approval of the Remuneration Committee. Details of this restructuring have been emailed to the Board by the Principal and Chief Executive. It results from the forthcoming retirement of the Deputy Principal and the intention of the Assistant Principal, Student Support to work towards retirement.

A Director of Teaching & Learning and two Heads of Learning and Standards now support the Vice Principal of Curriculum & Quality. This team is focused on quality improvement and preparing the College for its next Ofsted inspection, expected in spring/autumn 2015.

The IT team in College has been reorganised as to applicable roles and responsibilities for individual members of staff, without the need for any redundancies. The support for students at Levels 1 and 2 has been amended by reorganising Learning Support Assistants and Learner Coaches into new roles of Progress Coaches and Student Learning Coaches.

The new shared services facility at Basildon Campus will commence with effect from 1 August 2014 (in partnership with Chelmsford College) through a company set up for that purpose. It will cover Finance services for both Colleges and staff are in the process of moving to that facility from both Colleges.

The Board **NOTED** the Report.

10. Curriculum Matters (Paper FEC.14.15)

(a) Curriculum Plan 2014-15

The Principal and Chief Executive presented this Plan for next year, which had been considered by the Curriculum & Quality Committee at its Meeting on 19 May and recommended to the Board for approval.

The Plan covered delivery of study programmes, new courses planned, courses being terminated and the change in the balance between level 1, 2 and 3 programmes. A 6.6% increase in level 1 provision for next year is proposed.

It was intended to increase the number of apprenticeship frameworks and guidelines were included for staff as to the delivery of 16-19 Study Programmes. The Government has instituted a work experience/work related element for all learners. The College recognises that it will not be possible to find suitable external work experience for the entire cohort in 2014/15 so will look at alternatives such as voluntary work, work on 'live briefs' for employers and simulated work placements.

The Vice-Principal, Business Development tabled for consideration an additional paper outlining the College's plans for Adult provision for next year. This reflects the reduction in funding for 19+ classroom based learning for next year from £5.1 million (including 24+ loans allocation of £900K) to £4.7 million (including 24+ loans allocation of £1.1 million).

The paper outlined new programmes for next year and noted that plans reflect the fact that employers do not necessarily require their staff to achieve a qualification from learning but often require short bespoke training to fulfil their particular needs.

The Clerk noted that approval of the Plan is part of the Board exercising its responsibility regarding the educational character of the institution on a regular basis, in accordance with Article 3(1)(a) of the Articles of Government.

The Board **APPROVED** the Curriculum Plan for 2014-15, including Adult provision.

(b) Student Applications 2014/15

The Board **RECEIVED** a Report on the applications for 16-18 courses and 19+ courses for next year, which, in both cases, based on data up to 30 June 2014.

Compared to last year at the same date, overall total applications are up by 15% to 11,400 individuals. Total offers made have increased by one third to 6717.

The Southend Campus applications are up 1.6%, Basildon up 16% and Thurrock up 25%.

Governors reviewed the figures given the need to monitor the likelihood of income targets for next year being achievable.

The SLT is confident, based on applications to date and work with subcontractors, that target numbers should be met for 2014-15 of both new students and progressing students.

(c) Bi-Annual Safeguarding Report and revised Safeguarding Policy

(As noted above, this item was considered between items 5 and 6 on this agenda).

Jane Belcher, Student Services Manager, presented these two papers.

1. The Bi-Annual Report had been considered by the Curriculum & Quality Committee on 1 May and the Board **RECEIVED** the Report based on its recommendation.

The Report contains an assurance to the Board that the College is meeting its statutory requirements in this area. Gwynn Williams is the nominated governor for Safeguarding issues.

It focuses on the work conducted by the Safeguarding Team and Learner Coaches to give the Board an overview of the pastoral work undertaken by College staff and to consider proposals to strengthen support for students and staff across the College.

Members observed that the interaction was broadly proportionate across the three campuses. They sought assurance as to impact and to address the question – How safe is this College? The relatively low number and low level of referrals in the College gives assurance as to the safety of the College. Continuing resource is being put in to the service. The Board was reminded of the excellent report from Ofsted which the College has received from recent inspections.

The paper included a number of action points for next year including increasing the awareness of current safeguarding topics amongst staff and overall training for relevant staff.

2. The Board **APPROVED** the updated Safeguarding Policy, which reflects recent changes in legislation and to ensure College compliance therewith.

Both of these items are reviewed by governors in order to fulfil their responsibility to scrutinise the effectiveness of procedures across the College to ensure the College is meeting its statutory duty to safeguard young people and vulnerable adults.

11. Risk Management (Paper FEC.14.16)

The DCE presented the Risk Management Policy (updated to reflect the new Financial Regulations and procedural matters) and the Risk Management Plan for 2014-15 and led the Board through the key identified risks in the Plan, focusing principally on curriculum and teaching issues.

The Board **APPROVED** the updated Risk Management Policy, on the recommendation of the Policy & Resources Committee at its Meeting on 9 June 2014. It will be further developed through the Assurance Mapping project presently underway by the Audit & Risk Committee, which will focus on seeking assurance from a variety of different providers.

The Board **APPROVED** the Risk and Disaster Management Plan for 2014-15, noting that the Plan, together with the Risk Register itself, which underpins the Plan, will be monitored on an ongoing basis by the Audit & Risk Committee as part of its regular cycle of business.

The Plan was supported by an illustrative dashboard plotting and highlighting the risks, using a RAG rating system.

The risks identified can be summarised as quality of teaching & learning, student satisfaction, funding, work experience requirements, free school meals, Maths and English, Shared services, Operating Surplus, Thurrock new build, Basildon development and disaster management. This latter risk is supported by a separate Plan produced in conjunction with the College's insurers.

12. Membership & Committee Matters (Paper FEC.14.17)

The Clerk presented this paper for consideration by the Board, which contained a number of recommendations from the Search & Governance Committee.

The Board **APPROVED**

- That the current terms of office of the two staff governors (Bruce Neagus and Rhys Hughes) be shortened by two days to end immediately before the Board Meeting scheduled for 8 December 2014
- That the terms of office of the staff governors to be elected later this year be from the December 2014 Board Meeting to the December 2016 Board Meeting
- The appointment of Elyse Reeve and Rebecca Hawkrige to the Curriculum & Quality Committee with effect from 1 August 2014
- The appointment of Stuart Burrell and Maya West to the Policy & Resources Committee with effect from 1 August 2014
- The appointment of Bob Patterson to the Search & Governance Committee with effect from 1 August 2014
- The appointment of Paramjit Singh Narang to the Audit & Risk Committee with effect from 1 August 2014 at which date he will cease to be a co-opted Member of that Committee
- The appointment of Elaine Mead to the Curriculum & Quality Committee with effect from 1 August 2014
- The adoption of Role Descriptions for Chairman and Vice-Chairman of the Corporation as per the attached document
- An increase in the Membership of the Curriculum & Quality Committee by one member (from 8 to 9) with the quorum remaining unchanged at four members
- An increase in the Membership of the Audit & Risk Committee by one Board Member (from 5 Board Members to six) and reduce the number of co-opted members from 3 to 2 (quorum remains at 3 Board Members)

The Board was provided with a revised schedule showing membership of the Corporation and its Committees, as will apply with effect from 1 August 2014.

13. Corporation Matters (Paper FEC.14.18)

The Board **RECEIVED** the Governors' Training Records and the Attendance at Board and Committee Meetings for the last twelve months.

The Clerk reminded Members that they each need to update/confirm their entries in the Register of Interests for Board Members and that they are still eligible to serve on the Board.

The Board received the Meeting Planner for 2014-15 and this was **APPROVED**.

The Board received the updated Skills Matrix and a Report from the Clerk on the National Governors' Conference held on 27 March 2014.

14. Minutes of Committee Meetings (Paper FEC.14.19)

The Board **RECEIVED** copies of the minutes of Committee Meetings held since the last Board Meeting in March, together with a verbal report on the business of the Remuneration Committee and a written report on the Board Development Day held on 23 June 2014.

It was noted that all of these minutes are unapproved, save for the minutes of the Policy & Resources Committee Meeting held on 12 May 2014.

15. Forthcoming Events (Paper FEC.14.20)

The Board noted the paper prepared by the Clerk.

16. Date of Next Meeting

Monday 6 October 2014 at the Basildon Campus, Nethermayne at 6.00 pm.

There being no further business, the Meeting terminated at 8.10 pm.

Signed..... Dated.....