

Further Education Corporation

Approved Minutes

Minutes of a Meeting of the Further Education Corporation held at the Southend Campus on Monday 8 December 2014 at 6.00 pm.

Present:

- Mr R Launder (Chairman)
- Mr D O'Halloran (Vice-Chairman)
- Mr B Brooks
- Mr S Burrell
- Ms O Buck
- Mrs S Carr (from 6.30 pm)
- Dr R Gray
- Ms R Hawkridge
- Mr T Knight
- Mr B Morris (from 6.45 pm)
- Mr Paramjit Singh Narang
- Ms A O'Donoghue
- Mr R Patterson
- Ms L Rieffel
- Mr T Thompson (from 6.10 pm)
- Ms M West
- Mrs G Williams

In Attendance:

- Mr A McGarel (Deputy Chief Executive)
- Ms D Brown (Vice Principal, Curriculum)
- Mrs W Barnes (Assistant Principal, Student Support)
- Ms C Anson-Higgs (Vice-Principal, Business Development)
- Mr S Smith (Vice Principal, Corporate Resources) (Item 5)
- Ms A Clarke (HE Student – Observer)
- Mr R I Millea FCA (Clerk to the Corporation)

The Chairman paid tribute to the contributions of Mr Bruce Neagus and Mr Rhys Hughes to the Board on the occasion of the conclusion of their terms as Staff Governors following the recent elections.

The Chairman welcomed Angelina Clarke (HE Student) as an Observer to this Meeting.

1. Appointment of new Staff Members (Paper FEC.14.30)

The Clerk reported that, as a result of elections held recently, Lisa Rieffel and Brad Brooks, had been elected to the Board as Staff Members – Lisa for Support Staff and Brad for Academic Staff. They will serve until the commencement of the Board Meeting due to be held on 5 December 2016. The Clerk had held an induction session with Lisa and Brad, together with the Assistant Clerk.

The Board **APPROVED** the appointments of Lisa Rieffel and Brad Brooks to the Board with immediate effect.

Lisa and Brad joined the Meeting and the Chairman welcomed them to the Board and hoped they would enjoy their terms of office.

The Clerk indicated that the Search & Governance Committee would consider Committee appointments for Lisa and Brad at its next Meeting on 26 January 2015.

2. Apologies for Absence

Apologies for absence were received from Mr Y Goolamali and Ms E Mead.

3. Urgent Business

Resignations of Governors

The Clerk reported that Mr Y Goolamali has resigned from the Board with effect from 31 December 2014 and Ms Elyse Reeve (Student Governor) had resigned with effect from 12 November 2014.

Mr Goolamali will be invited to lunch prior to the Board Development Day on 19 January 2015 at Thurrock so that the Board has an opportunity to formally thank Yusuf for his contribution to the Board over the past 11 years.

The Search Committee will consider replacements for both of these Members at its Meeting on 26 January.

AoC Conference Report

The Chairman and the Deputy Principal & Chief Executive gave the Board a brief Report on their attendance at the AoC National Conference in Birmingham on 18-20 November 2014. Key points:

- Lot of political input and remarkably consistent between the parties
- No more money likely – indeed, further cuts probable
- The FE Commissioner indicated that he expected he would have to intervene in 13-15 more Colleges over the next twelve months due to financial health
- There is a likelihood of more mergers – inevitable given the funding constraints
- Enthusiasm for shared services models
- No Government policy or initiatives likely before the Election in May 2015
- Strong Boards are essential but must watch getting involved in management
- Formal appraisals of all Governors is the direction of travel, even though unpaid, must be professional in outlook and in exercising responsibilities

FE Commissioner's Annual Report

The Clerk advised that a copy of the 2014 Report had been sent to all Board Members, together with a note of key highlights of his observations.

The Commissioner had been called in to a total of eleven Colleges in the past twelve months (about 3.5% of total number of Colleges).

Confidential Item

A separate minute has been prepared in connection with this item which is attached to these minutes.

4. Minutes of the Meeting held on Monday 6 October 2014

The Minutes of the Meeting held on Monday 6 October 2014 were **APPROVED** and **SIGNED** by the Chairman.

The Minutes of the Annual General Meeting of South Essex Commercial Services Limited held on Monday 9 December 2013 were **APPROVED** and **SIGNED** by the Chairman.

5. Matters Arising

There were no Matters Arising not otherwise dealt with on the agenda.

6. Strategic Developments in South Essex (Paper FEC.14.31)

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

7. Finance Matters (Paper FEC.13.41)

7.1 Annual Report & Accounts – year ended 31 July 2014

(a) The Director of Finance presented the audited consolidated financial statements for the College for the year ended 31 July 2014 and briefly commented on the results for the year. The Board was informed that the statements come to the Board for approval on the recommendations of both the Policy & Resources Committee and the Audit & Risk Committee.

The Director of Finance commented that all adjustments arising from the reviews by the two Committees and by individual members have been made in these final accounts and approved by the external auditor. The financial statements had been subject to a full technical review by MacIntyre Hudson's quality control department.

At the request of the Clerk, the Board specifically **CONFIRMED**, that, in their opinion, to the best of their knowledge and belief, and having made appropriate enquiries of senior management, the College consolidated financial statements present a true and fair view of the Group's affairs as at 31 July 2014 and its results for the year then ended.

In addition, the Board specifically **APPROVED** the disclosures regarding going concern made in Note 1 to the accounts, believing that they are accurate and complete.

After considering the above matters, the Board **APPROVED** the Financial Statements of the College for the year ended 31 July 2014 and **AUTHORISED** the Chairman and the Principal and Chief Executive to sign the statements on behalf of the Corporation.

(b) The Board **NOTED** the contents of the Financial Statements Auditor's Management Report and that it had been reviewed in detail by the Audit & Risk Committee as noted in its report to the Board this evening.

(c) The Board received and **APPROVED** the financial statements for South Essex Commercial Services Limited for the year ended 31 July 2014 and authorised the Principal & Chief Executive to sign the financial statements on behalf of the Board of the Company. It was **NOTED** that this approval constituted the business of the Annual General Meeting of the Company for the 2014 year.

(d) The Board **APPROVED**, and **AUTHORISED** the Chairman to sign, on behalf of the Board, the Letters of Representation for the College and for SECS to be sent to MacIntyre Hudson as part of their audit procedures.

(e) The Board received and **APPROVED** the Financial Statements for Nova Skills Education & Careers Limited for the year ended 31 July 2014 and **AUTHORISED** the Deputy Principal & Chief Executive to sign the financial statements on behalf of South Essex College, the College being a corporate director of the Company.

The Board expressed its pleasure at achieving a surplus, before exceptional items of £370K in a continuing difficult economic climate.

(At 7.15 pm, there was a brief adjournment to enable the Chairman and the Principal and Chief Executive to sign the College financial statements and the financial statements of the subsidiary company and the joint venture).

7.2 Management Accounts to 31 October 2014

The Director of Finance presented the **Finance Report** comprising the **Management Accounts** for the Group for the three months ended 31 October 2014.

The **Management Accounts** showed that, to 31 October 2014, total income amounted to £13.6 million (inclusive of the results of South Essex Commercial Services Limited) and total expenditure to £13.2 million, giving rise to a surplus to date of £343K, compared to a budgeted surplus to date of £185K.

This surplus to date is primarily due to timing of expenditure on the phased budget.

The Board noted that there has been under-recruitment on HE courses and a full review of the income and costs will take place in December in order to identify savings. Salaries are another area of concern, given the staff pay increase will go through in December with back dated pay from 1 August. Some new posts have also been added to support teaching & learning but possible future restructuring will help reduce staffing costs.

At 31 March 2014, group net assets stood at £67.1 million, including cash and short term investments of £3.4 million and fixed assets of £109.6 million. All bank covenants continue to be comfortably met.

The current ratio at 31 March 2014 was 2.5, although this is distorted by avalised promissory notes being included in debtors in relation to the sale of Woodview. Pay as a % of turnover is running at 62% for the year, but will rise due to the pay increase being paid in December, against a target of 64%.

7.3 Joint Venture Agreement

The Board **APPROVED** the Joint Venture Agreement with Chelmsford College in connection with Essex Shared Services Limited, jointly owned by the two Colleges, and that it be **SIGNED** by the Principal & Chief Executive. It applies with effect from 1 August 2014. This was on the recommendation of the Policy & Resources Committee.

It was noted that this document is proposed to be approved by the Board of Chelmsford College on 12 December.

The Board agreed that this arrangement should be but the first step on the road to providing shared services to a wider group of users as part of the College's strategy to expand its sources of other income, as well as more College services being taken on by the Company, e.g human resources, estates' management.

8. Audit Matters (Paper FEC.14.33)

The Board received the Annual Report of the Audit & Risk Committee which that Committee had considered at its meeting on 12 November 2014 and recommended it for approval by the Board. It informs the College Statement of Corporate Governance and Control in the Annual Report and Financial Statements.

The Board **APPROVED** the Report.

9. Curriculum & Quality Matters (Paper FEC.14.34)

a. Ofsted Improvement Visit 17/18 November 2014

The Principal and Chief Executive and the Vice Principal, Curriculum & Quality reported to the Committee on the recent Improvement Visit from Ofsted which took place on 17 and 18 November 2014. The visit was to review progress being made by the College against the targets previously agreed with Ofsted.

The visit was positive about the improvements made to date, which were documented in the paper, highlighted by the overall improved success rate for 2013/14, now slightly above the National Average.

They raised a number of areas which still require attention especially Level 1, A Levels, Engineering and Construction and Maths and English, support arrangements for A Level students and A/AS Levels generally, improved and consistent ILPs, employability initiatives and overall assessments for students. The main message from Ofsted was the pace of improvement needed to be increased.

The Board noted that Ofsted will visit again in the Spring Term, probably February, and will expect to see continuing improvements. They will expect to meet some Governors at this next visit. A full inspection will occur in either the Summer Term or the Autumn Term 2015.

The Board **NOTED** the Report, in particular, the improvements made by the College, and acknowledged by Ofsted, and the actions still required to improve the under-performing areas.

The Board was also provided with a copy of a draft letter issued by the Ofsted Inspectors who conducted this monitoring visit and this was **NOTED**.

b. College Self-Assessment Report 2013-14

The Board received and considered the draft College Self Assessment Report 2013-14.

The Vice Principal, Curriculum & Quality reminded the Board of the process by which the SAR is produced and that it is compiled in 'Ofsted' style. She explained that there was a data pack supporting the conclusions and assessments in the Report.

At a macro level, the College is graded 2 – Good. This is primarily driven by the success of the College in 2013/14 in raising the headline success rate by 3.5pp from 82% to 85.5%.

The Report includes the Quality Improvement Plan 2014/15 against which the College proposes to monitor itself. Ofsted have agreed that the College's QIP was robust and comprehensive.

It was agreed that more Governor Involvement in the validation process is desired and therefore the scheduling of those meetings with departmental staff needs to be improved so that governors have notice and can attend.

Members queried whether it was appropriate that Outcomes for Learners be graded 3 (Requires Improvement) but the overall effectiveness of the College is Grade 2 (Good). The whole College headline success rate is above the National Average (by 0.2pp) which points, in theory, towards Good but the SSA assessments conclude 14 of these areas are graded 3 or 4 and only four graded 1 or 2. This does not seem to be consistent even though some of the poorer areas of outcome have relatively small numbers of students.

The Vice Principal, Curriculum & Quality felt that some grades would go up when validation is fully complete and took the point from the Board that the judgements should fully reflect the balance of students in poorer areas of achievement being small relative to the whole College. This is fundamentally true given the overall increase in the headline success rate.

The Board **APPROVED** the draft College Self Assessment Report 2013-14, noting that it will be placed on the SFA portal before 31 December 2014 and that there is some data still to be included in the report and the SAR validation meetings have not yet been concluded.

c. KPIs 2014/15

The Board **APPROVED** the increase in the 16-18 long success rates to 83% (from 82% as agreed at the October Board Meeting); **APPROVED** the in-year Performance Indicators which will be monitored on a regular basis and **AGREED** that the Board receive regular Reports via the Curriculum & Quality Committee on progress being made in the identified under-performing areas.

It was agreed that the regular monitoring will be made to Board Members through a monthly summary of statistics, accompanied by a written commentary, highlighting performance and trends.

The College will endeavour to obtain similar information from its partner organisations who provide a significant proportion of the College offering.

The Board noted that, whilst all students have an Individual Learning Plan, not all of these Plans include measurable SMART targets and this is being pursued and improved.

d. Student Performance 2013-14 (Final) and e. Safeguarding Report

These Reports were considered by the Curriculum & Quality Committee at its Meeting on 1 December, the unapproved minutes of which are included as part of this evening's agenda.

The Student Performance report had not changed significantly since the report which was looked at in detail at the last Board meeting. Also, these two reports had been scrutinised in detail by the Curriculum & Quality Committee and the follow-up action planned, the Board **ACCEPTED** these Reports.

In response to a query from a Member, it was confirmed that the revised Safeguarding policy, currently being finalised, will include appropriate sections dealing with and addressing extremism risks within the College, which naturally fall within the remit of Safeguarding. The Board will be asked in due course to approve this Policy.

f. HE Strategy 2014-19

This item was deemed to be a Confidential Item and a separate minute has been prepared and is attached to these minutes.

Mr B Morris declared an interest in this item as he is a senior employee and officer of University of Essex and left the room whilst it was considered.

10. Minutes of Committee Meetings (Paper FEC.14.35)

The Board **RECEIVED** copies of the unapproved minutes of Committee Meetings held since the last Board Meeting in October – Audit & Risk 12 November, Curriculum & Quality 1 December and Policy & Resources 17 November. In addition, the Board **RECEIVED** the minutes of the Search & Governance Committee held immediately before the last Board Meeting on 6 October; a verbal report on its business at that Meeting was given to the October Board Meeting.

11. Governance Matters (Papers FEC.14.36,14.37 and 14.38)

a. The Vice-Chairman gave a verbal report on the completion of the appraisal process for the Chairman and had provided him with feedback from that. The Search & Governance Committee will review the process in detail at its next meeting on 26 January 2014 and consider if any changes are required for the 2015 process.

The process was again very productive and the Vice Chairman will discuss detailed points with the Chairman. No issues of concern were raised. The returns included contributions from the Principal & Chief Executive and the Clerk to the Corporation.

b. The Chairman and the Vice-Chairman gave a verbal report on the Members' Self Evaluation process and indicated that no matters arose from this.

It was not considered necessary for the Chairman or Vice-Chairman to have individual discussions with each member.

Returns indicated that members felt they needed to try and devote more time to preparing for meetings and would be willing to use their own skills /experience to contribute to the College strategy.

Members also felt that an update Report on the College Strategy would be useful and this was to be given by the Principal & Chief Executive at the board Development day on 19 January 2015.

c. The Clerk presented a paper summarising the results of the Governors' Self Assessment, recently undertaken, and comments made will be considered by the Search & Governance Committee at its next Meeting in January. The Committee will decide how to take forward the points raised by members in the returns submitted.

The overall grade given was 1.5 on average, midway between Outstanding and Good, the same as last year. A key feature of comments made related to training and education for Members and the Clerk will bring forward a formal programme in this regard in the New Year. Concerns were also expressed regarding the operation of the Governor Link programme – see agenda item 12.

d. The Clerk presented a revised Student Union constitution (Paper FEC.14.37) for approval by the Board in accordance with Clause 18 (1) of the Articles of Government. This was **APPROVED**.

The Clerk noted that the main change is to provide more flexibility as to who is proposed by the SU as a Student Governor, rather than it automatically being the SU President. It now permits another member of the SU Committee to be proposed, if the SU President does not wish to take the role, for whatever reason.

The SU Constitution is recognised as being an unwieldy document and it is intended that it be streamlined after the elections to the SU Committee in March next year. We have a SU constitution from another College which can help in this process.

e. The Board **APPROVED** the Terms of Reference (Paper FEC.14.38) for the Audit & Risk Committee, the Search & Governance Committee and the Remuneration Committee, following the usual annual reviews by each of these Committees.

f. The Board **APPROVED** the revised College Anti-Bribery Policy, last updated in 2012. The changes were minor, mainly clarifying lines of accountability to the Audit & Risk Committee and not the Clerk.

12. Membership Matters (Paper FEC.14.39)

The Board **RECEIVED** a Report on current Membership Matters, noting that these issues will be considered by the Search & Governance Committee at its meeting on 26 January 2015.

The points made in the Minutes of the Curriculum & Quality Committee last Monday were endorsed. It was agreed that the allocation of Governor Links for the future will be discussed at the Board Development Day on 19 January 2015, having particular regard to those curriculum areas which require improvement.

In considering future Board appointments, the Board indicated a desire that a candidate with an educational background would be desirable.

13. Forthcoming Events (Paper FEC.14.40)

The Board **NOTED** the paper prepared by the Clerk.

14. Date of Next Meeting

Monday 16 March 2015 at Thurrock New Campus, Grays at 6.00 pm.

There being no further business, the meeting terminated at 8.30 pm.

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