

Further Education Corporation

Approved Minutes

Minutes of a Meeting of the Further Education Corporation held at the Southend Campus on Monday 6 July 2015 at 6.00 pm.

Present:

Mr R Launder (Chairman)
Mr D O'Halloran (Vice-Chairman)
Ms S Bridle
Ms O Buck
Mr S Burrell
Mrs S Carr
Ms A Clarke
Dr R Gray
Mr T Knight
Mr B Morris
Ms A O'Donoghue CBE
Mr Paramjit Singh Narang
Mr R Patterson
Ms L Rieffel
Mr T Thompson (from 6.05 pm)
Ms M West (from 6.15 pm)
Mrs G Williams

In Attendance:

Ms D Brown (Vice Principal, Curriculum & Quality)
Mrs W Barnes (Assistant Principal, Student Support)
Mr A McGarel (Deputy Principal & Chief Executive)
Ms C Anson-Higgs (Vice-Principal, Business Development)
Mr S Smith (Vice-Principal, Corporate Resources) – item 6 only
Ms J Belcher (Head of Student Services) – item 8d only
Mr R I Millea FCA (Clerk to the Corporation)

1. Appointment of New Members

The Board **APPROVED** the appointments of Angelina Clarke as HE Student Member and Skye Bridle as FE Student Member as Members of the Board with effect from today (6 July 2015) until the start of the Board Meeting scheduled for 11 July 2016, subject to them both remaining students of the College during that period.

Angelina and Skye joined the meeting and were welcomed by the Chairman.

2. Apologies for Absence

Apologies for absence were received from Brad Brooks.

3. Urgent Business

Ofsted Inspection 11-15 May 2015

The Board **RECEIVED** an update from the Principal & Chief Executive on the outcomes of the OFSTED inspection in May and the complaint made by the College, which had been circulated to Members of the Board (General/Staff).

The College's view was that the judgements reached were flawed and not backed up with empirical evidence. The conclusion as to grades appear to have been pre-ordained and seemed to reflect substantially the opinion of the Lead Inspector.

The Inspection Report was published on 18 June 2015. The draft received a week earlier was commented on by the College as regards a number of factual inaccuracies. These were not corrected in the final report. The Principal has asked that the report be added to the complaint in terms of accuracy and the fact that it contradicts itself in several places.

The Board **EXPRESSED** its amazement that the final Report could be published, notwithstanding the fact that the complaint has not been closed. An investigating officer has been appointed (on 23 June) and apparently a response is due on Thursday 9 July 2015.

It is unclear whether the publication of the Report means that the outcome of the investigation has been reached or whether there are two separate processes and therefore whether the Report could be changed or withdrawn.

The negative press from the Report has been managed adequately but the Report has not helped the College's reputation.

If the complaint resolution is not to our satisfaction, we can request an external review. The Board **supported** continuing the complaints process and will be kept up to date as things develop. The Board were advised that the opportunity cost of pursuing the complaints/review process is not significant.

The staff are convinced the grades are inaccurate and would be prepared to go through another Inspection early if that is the outcome of the investigation, to validate their view that the inspection outcome was inaccurate.

A new Ofsted inspection framework applies from September 2015 and there may be advantages in submitting the College to an inspection under this new framework.

Royal Opera House Agreement (Use of College Seal)

The Clerk explained that the above Agreement, previously signed, needs minor amendment as outlined in an email given to the Board.

The Board **AGREED** that the Revised Agreement be entered into by the College and that the Chairman of the Corporation and the Principal & Chief Executive be authorised to sign the agreement on behalf of the Board and that the College Seal be affixed thereto.

FE Commissioner's Letter and BIS publication 'Current Models of Collaboration – Post 14 Further Education'

The Board **RECEIVED** these documents which had previously been emailed to Members by the Clerk in order to keep them abreast of current thinking in the sector.

4. Minutes of the Meeting held on Monday 16 March 2015

The Minutes of the Meeting held on Monday 16 March 2015 were **APPROVED** and **SIGNED** by the Chairman.

5. Matters Arising

There were no Matters Arising, not otherwise covered in the Agenda.

6. Strategic Developments in South Essex (Paper FEC.15.10)

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.

7. Finance Matters (Paper FEC.15.11)

(a) College Finances for May 2015 and estimated likely outturn for the year to 31 July 2015

The Deputy Principal & Chief Executive and the Director of Finance presented the Finance Report for the ten months ended 31 May 2015, including the Forecast Outturn for 2014/15. 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 2015.

To 31 May 2015, total income totalled £47.4million and total expenditure £47.1 million, giving rise to a surplus to date of £321K, which is £217 K below budget.

The Board noted the income earned from investments for the year to date amounted to £7 K.

At 31 May 2015, group net assets stood at £113.6 million, including cash and short term investments of £3.8 million and fixed assets of £109.1 million. All bank covenants continue to be comfortably met. The current ratio at 31 May was 1.6.

The **estimated outturn for 2014/15** is a surplus on continuing operations of £452K, much the same as the previous forecast provided to the Policy & Resources Committee in June, slightly higher than previous forecast. The Board was informed of movements in the forecast since its last iteration.

The Director of Finance advised the Board

- A provision of £280,000 has been made against possible liability in respect of Crown College
- No provision has been made for any loss arising from the East Street rental dispute
- The College balance sheet includes £1.8 million in fixed assets representing costs incurred to date in respect of developing the Basildon project and if the project does not proceed as planned or has to be considerably varied, then some or all of these costs may have to be written off against the income & expenditure account.

The Board noted that, as the Basildon project is still 'live', it remains valid to carry forward these costs.

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 0.8% of turnover against the target of 2% and the staff costs to turnover ratio is forecasted to meet the target of 62.5%, despite overruns on agency staff expenditure and higher guided learning hours.

The Committee **RECEIVED** the **Forecast Outturn for 2014/15**.

(b) College Budget 2015-16

The Deputy Chief Executive presented the final draft **College Revenue Budget** for the 2015/16 academic year, which indicates total revenues for next year of £53.6 million, expenditure of £53.3 million, giving an estimated surplus, after revaluation reserve transfer of £200K of approximately £500K.

The Board was reminded of the College strategic objective of a surplus of 2% of turnover and staff costs of 62.5% of relevant income, together with positive cash flow. The projected budget for next year envisages a surplus as a percentage of turnover of just under 1% of total income and a staff costs/turnover ratio of 62.5%.

The proposed Budget does not achieve these objectives as the SLT feel there is a case that a 1.5% pay increase for staff should be awarded for 2015/16. The AoC recommended settlement for 2015/16 is 0%, against a national Union demand of over 6%. Furthermore, the reductions in funding for 2015/16 in respect of both EFA/SFA Funding are considerable, together with additional employer National Insurance costs and increased pension contributions.

The Board received some up-to-date benchmarking information noting that 150 Colleges last year (2013/14) incurred deficits and another 94 made surpluses between 0% and 2%. Currently, there are 12% of Colleges (and rising) with inadequate financial health compared to 6% last year. The number of Colleges with outstanding financial health has declined considerably to about 25% of Colleges from 40%.

Within the Budget, the DP&CE presented a draft **Capital Expenditure programme** for the College for 2015/16, which comprised the following elements.

General Estates updating	£1.0 mill
Replacement of computer hardware	0.7 mill
Other non IT equipment	0.3 mill
Total	£2.0 mill

This will be financed by internal College cash generation from depreciation.

The Board **APPROVED** the College Revenue and Capital Expenditure Budgets for 2015-16, both of which had been discussed by the Policy & Resources Committee at its meeting on 8 June 2015.

Specifically, the Board **APPROVED** a cost envelope of 1.5% of payroll for pay increases and delegated authority to the Principal & Chief Executive to conclude negotiations with the recognised trade unions within this agreed budget.

ACTION: Principal

(c) Financial Forecast 2015-17

The DP&CE presented the Financial Forecast for the next two years, incorporating the Budget for 2015-16, 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 (comprising the forecast outturn for the current year, next year's budget and a 2016/17 forecast) by 31 July 2015.

It was noted that the College's Financial Health is planned to be 'Good' for 2015/16, but not thereafter as it would be 'Inadequate' for 2016/17, when the deficit is projected to be £2.1 million, given no change in the current curriculum or the current staff base.

This deficit is based on a 2% reduction in EFA funding, a 10% reduction in SFA funding and with all costs remaining unchanged from 2015/16.

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 £4 million lower than 2014/15, but it is budgeted that there will be a surplus of around £500K (after revaluation reserve transfer of £180K), much the same as this year. 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 and that it be submitted to the Skills Funding Agency, in its current form.

It was noted that the Budget on 8 July may affect current assumptions for the next two years.

The Board **INSTRUCTED** the Principal & Chief Executive to identify cost savings and income growth to produce a surplus of at least £500K for 2016/17.

ACTION: Principal

(d) Fees Policy 2015-16 (FE and HE)

The Board considered and **APPROVED** the Fees Policy for 2015-16, 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, namely:

- An average increase of 3.5% will be applied to FE Tuition fees
- The FE 24+ Loans are included in the policy
- The refund policy is now included in the overall document
- Subcontractors now have a separate policy, which is included in the papers.

(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 Board **APPROVED** the Financial Regulations, noting that some Appendices are still to be finalised, and **DELEGATED** authority to the Policy & Resources Committee to review and approve the uncompleted Appendices at its next Meeting.

ACTION: Debs Hurst

(f) Whistleblowing Policy

The Director of Finance presented a revised and updated Whistleblowing Policy for consideration by the Board.

The Board **APPROVED** the Policy.

8. Curriculum Matters (Paper FEC.15.12)

(a) Curriculum Plan 2015-16

The Vice Principal, Curriculum & Quality presented this Plan for next year, which had been considered by the Curriculum & Quality Committee at its Meeting on 1 June 2015 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 16-18 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 College is investigating the possibility of running Horticulture courses in Basildon.

The Vice-Principal, Curriculum & Quality 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 Plan for next year is very much the mixture as before but it is clear that a radical revision is needed for 2016/17 and onward, particularly given the reduction in funding which has happened and will continue to happen in Adult Learning. It is not to be merely an adjunct or add-on to the 16-18 curriculum.

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 2015-16, including Adult provision.

(b) Monitoring of College Improvement Plan Targets

This Report was presented by the Vice Principal, Curriculum & Quality. This Report was considered in detail at the Curriculum & Quality Committee Meeting on 1 June 2015 and Members were directed to the Minutes of that Committee (Agenda Item 12). The three critical areas are A Levels, English and Maths and Accessibility of data and tracking information.

The Board **RECEIVED** the Report.

(c) Student Applications 2015/16

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 19 June 2015.

Compared to last year at the same date, overall total individual applications are down by 1.3% to 6 583 (80 individuals) against a funding allocation for 2015/16 of 6,565 learners.

The 19+ headcount applications at 19 June 2015 has increased by 13.4% compared with this point last year.

Governors reviewed the figures given the need to monitor the likelihood of income targets for next year being achievable. The SLT is confident that target numbers should be met for 2014-15 of both new students and progressing students.

The Board requested an update on applications during the summer by email and a final Report at the October Board Meeting. The position so far is disappointing but noted that the conversion rate of applications into enrolments is critical.

The application data will include all aspects of the College provision, including HE.

ACTION: Wendy Barnes

(d) Bi-Annual Safeguarding Report

(This was taken as the third item on the agenda)

Jane Belcher, Head of Student Services, presented this Report, which had been considered and approved by the Curriculum & Quality Committee at its Meeting on 1 June 2015.

The Board **RECEIVED** the Approved Report.

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 (grade 2) for Safeguarding, at the recent inspection.

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.

(e) Learner Progress Audits

The Vice-Principal, Curriculum & Quality presented this item which summarised the results of three Learner Progress Audits carried out between January and April 2015 in English & Maths, ICT and Science, which had been discussed by the Curriculum & Quality Committee at its last Meeting (see unapproved minutes).

The Board **RECEIVED** the Report.

(f) FE Learner Survey and (g) HE Learner Survey

These two Surveys were considered together.

Both FE and HE students completed the surveys on-line. The response rate for FE was 81.3% (last year 56.7%) with no variation between campuses and the HE rate was 57% (up 7% on last year, but 21% lower than 2013).

The Surveys have been carefully analysed and key issues highlighted with actions planned to address them. A detailed discussion of the outcomes took place. Governors challenged SLT re a number of survey outcomes including overall satisfaction scores, and asked about what was being done to improve the student perception of the College. Managers will include improvements in 'the learner voice' in the Quality Improvement Plan. Plans are in place to work more closely with the Student Union and to feedback clearly and regularly to students actions taken in response to their feedback to us.

The Board asked that students be given clear feedback on the Survey results and planned improvements. The Board also was concerned that the college works hard on encouraging the self-esteem of students and developing that and making it clear to students how they are improving in that area. The Board noted that there far too many 'red' areas in the responses.

The feedback from students in these surveys will inform the SAR for this year and then feed into the Quality Improvement Plan for 2015/16.

The Board **RECEIVED** the Report.

ACTION: Denise Brown

9. Risk Management (Paper FEC.15.13)

a. The DP&CE presented the Risk Management Policy (updated to reflect the new Financial Regulations and procedural matters) and the Risk Management Plan for 2015-16 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 8 June 2015. It will continually evolve through the **Assurance Mapping project** presently underway by the Audit & Risk Committee, which changes focus in seeking assurance from a variety of different providers.

ACTION: Debs Hurst

b. The Board **APPROVED** the Risk and Disaster Management Plan for 2015-16, 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.

c. The key risks identified on the **Risk Register** 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.

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

e. The Board **RECEIVED** a copy of the latest version of the College Assurance Map (as at March 2015) and noted its continuing development and that it is regularly reviewed by the Audit & Risk Committee.

f. Health & Safety Report

The Vice-Principal, Corporate Resources presented this Annual Report for 2015, which included the Annual Health & Safety Plan for the year beginning 1 September 2014, marked up with achievements against that Plan thus far this year.

The Report and Plan had been discussed by the Policy & Resources Committee at its Meeting on 27 April 2015 and they recommended that it be approved by the Board.

Members were directed to the Minutes of the Committee for further detail regarding this Report and Plan.

The Board **APPROVED** the Annual Health & Safety Report 2015. The Board **NOTED** that a new Health & Safety Policy will come to the Board for approval during 2015/16.

ACTION: Steve Smith

10. Membership & Committee Matters (Paper FEC.15.14)

(a) Elections of Chairman and Vice-Chairman

The Clerk reported that one valid nomination had been received for the position of Chairman of the Corporation for the two year period from 1 August 2015, namely the current Vice-Chairman, David O'Halloran. No other nominations had been received.

The Board **APPROVED**, nem con, the appointment of David O'Halloran as Chairman of the Corporation of South Essex College with effect from 1 August 2015 for a term of two years.

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

The Clerk reported that one valid nomination had been received for the position of Vice-Chairman of the Corporation for the one year period from 1 August 2015, following the election of the current Vice-Chairman as Chairman, namely Gwynn Williams. No other nominations had been received.

The Board **APPROVED**, nem con, the appointment of Gwynn Williams as Vice-Chairman of the Corporation of South Essex College with effect from 1 August 2015 for a term of one year.

(Mrs Williams left the meeting during consideration of this motion).

It was noted that the terms of office to which the Chairman and Vice-Chairman have been elected reflect the College's policy of the Chairman and Vice-Chairman retiring in alternate years.

(b) Re-appointments of Members

On the recommendation of the Search & Governance Committee at its Meeting on 8 June 2015, the Board **APPROVED** the re-appointments of David O'Halloran and Rod Gray as Board Members of the College for further four year terms commencing on 15 July 2015.

(c) Committee Memberships

On the recommendation of the Search & Governance Committee at its Meeting on 8 June 2015, the Board **APPROVED** the appointments of Angelina Clarke and Skye Bridle to the Curriculum & Quality Committee with effect from 1 August 2015.

In addition, the Board **CONFIRMED** all other Committee Appointments without amendment.

(d) Board Vacancies

Following the resignation of Elaine Mead from the Board, there are now two vacancies on the Board. The Search & Governance Committee is undertaking recruitment to fill these vacancies in the hope that candidates for appointment can be brought forward to the next Meeting of the Board on 5 October 2015.

Members are informed that there are three Committee vacancies – one on Policy & Resources, one on Curriculum & Quality and one on Audit & Risk. There is further a vacancy on Audit & Risk for a co-opted member.

The Board **NOTED** the position.

ACTION: CLERK

11. Corporation Matters (Paper FEC.15.15)

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 2015-16 and Schedule of Business for 2015-16 and these were **APPROVED** on a provisional basis. The Clerk was asked to investigate opportunities to reduce the number of Meetings being held each year and to produce a plan to this effect before the start of the new academic year.

ACTION: CLERK

The Board **APPROVED** the appointment of RSM (formerly Baker Tilly) as Internal Auditors to the College, Chelmsford College and Essex Shared Services Limited, on the recommendation of the Audit & Risk Committee, following a competitive tendering process and interview. The appointment is for a three year period commencing 1 August 2015, renewable annually thereafter.

The Board considered a recommendation from the Search & Governance Committee to adopt the AoC Foundation Code for Good Governance and this was **APPROVED**.

Members were provided with a copy of the Code and a paper prepared by the Clerk demonstrating the College's compliance thereto.

12. Minutes of Committee Meetings (Paper FEC.15.16)

The Board **RECEIVED** copies of the Minutes of Committee Meetings held since the last Board Meeting in March – Policy & Resources 27 April and 8 June, Curriculum & Quality 1 June, Audit & Risk 11 June and Search & Governance 8 June - together with a verbal report on the business of the Remuneration Committee, held earlier today.

All of these minutes, save for Policy & Resources Meeting on 27 April, are unapproved.

13. Forthcoming Events (Paper FEC.15.17)

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

As this was Richard Launder's last Meeting as Chairman of the Corporation, he said a few words thanking the Members of the Board for their support and help throughout his term as Chairman.

14. Date of Next Meeting

Monday 5 October 2015 at the Basildon Campus, Nethermayne at 6.00 pm.

Meeting closed at 8.40 pm.

Signed.....Date.....