

Further Education Corporation

Approved Minutes

Minutes of a Meeting of the Further Education Corporation held at the Southend Campus on Monday 10 July 2017 at 6.20 pm.

Present: Mr D O'Halloran (Chairman)
Ms O Buck
Mr L Fraser (till 8.00 pm)
Dr R Gray
Mr T Knight
Dr G Ocen
Ms A O'Donoghue
Ms M West

In Attendance: Mr A McGarel (Deputy Principal & Chief Executive)
Mr S Smith (Vice Principal, Corporate Resources)
Mr C Blayden-Kopacz (Dean of Higher Education – item 9 only)
Mrs D Hurst (Director of Finance)
Mr R I Millea FCA (Clerk to the Corporation)

Quoracy

The Meeting was not quorate at the scheduled starting time of 5.45 pm. On arrival of Ms West at 6.20 pm, seven governors were present against normal quoracy of 8 (40% of Determined Membership rounded up). The Board decided, on the advice of the Clerk, to amend the quoracy to 40% rounded down, i.e. 7. The actual calculation of 40% is 7.2, therefore the reduction was considered reasonable given that certain items of business required to be transacted. Post facto approval of this adjustment is to be sought from Members not present.

Appointment of HE Student Governor

The Board **APPROVED** the appointment of Lewis Fraser as an HE Student Governor of the College, commencing immediately, for a one year term, provided he remains a student of the College. The Clerk has provided Lewis with induction and appointment formalities are being completed, including a DBS check.

Lewis Fraser then joined the Meeting.

1. Apologies for Absence and Declarations of Interest

Apologies for absence were received from Richard Launder, Brad Brooks, Rhys Hughes, Bob Patterson and Gwynn Williams.

Mr Paramjit Singh Narang was absent.

The Clerk declared his interest as Clerk to Chelmsford College and that his wife's cousin is the Clerk to Writtle University College. The Director of Finance declared her interest as Assistant Principal, Finance & Risk at Chelmsford College.

Maya West reaffirmed her declaration that a Company by whom she is employed provides services to the College.

2. Urgent Business

Final Ofsted Inspection Report 9-12 May 2017

This has not yet been received.

Area Review Final Report

This has not yet been received.

Recruitment of Vice Principal, Curriculum & Quality

The Principal & Chief Executive reported that, following interviews last week, Sarah Lane has been appointed as Vice Principal, Curriculum & Quality (from Canterbury College) replacing Denise Brown, who has been appointed Principal of Stoke-on-Trent College. In addition, Kathy Mulvey was appointed Vice Principal, Student Support and Adult Provision to take on some of the duties previously covered by Denise Brown.

Initially, neither will be appointed as a Senior Postholder of the College. This will be considered once their respective probationary periods have come to an end.

The Principal & Chief Executive will take over primary responsibility for Higher Education.

In answer to a governor question, the Principal & Chief Executive confirmed that the new arrangements will be cost neutral.

The Director of Finance tabled a paper seeking authorisation for changes in the College's cheques signatories following the departure of a number of senior staff and appointment of replacements.

The Board **APPROVED** the changes itemised in the Paper and authorised the Principal & Chief Executive and the Deputy Principal & Chief Executive to sign the necessary bank mandates in connection with these changes and forward them to Barclays Bank.

The Paper implemented an internal rule that a procedure of cheques being signed by one authorised signatory from Essex Shared Services Limited (Director of Finance or the Deputy Director of Finance) plus one signatory from South Essex College in order to mitigate the risk of collusion.

3. Minutes of the Meeting held on Monday 20 March 2017

The Minutes of the Meeting held on Monday 20 March 2017 were **APPROVED** and **SIGNED** by the Chairman.

4. Matters Arising from the Minutes

There were no Matters Arising from the Minutes which are not otherwise dealt with on the agenda, other than a point regarding A Level Performance covered under Curriculum Matters (item 9).

5. Strategic Developments in South Essex (Paper FEC.17.03)

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.

6. Finance Matters (Paper FEC.17.10)

Items 6(a) to (e) on the Agenda are deemed to be Confidential Items under the Instrument & Articles and separate minutes have been prepared in connection with these items and are attached to these minutes.

6.1 Management Accounts to 31 May 2017

The Deputy Principal and Chief Executive presented the Management Accounts with commentary for the eleven months ended 31 May 2017, including measurement of performance against agreed Key Performance Indicators.

These Accounts had been reviewed in detail by the Policy & Resources Committee at its Meeting on 26 June 2017, as evidenced in the Minutes of that Committee Meeting, included at item 11(b) of this Agenda.

The Accounts showed that, to 31 May 2017, total income amounted to £40.7 million (including South Essex Commercial Services Limited) and total expenditure amounted to £41.6 million giving rise to a deficit to date of £0.9million, compared to a budgeted reforecasted surplus to date of £732K, an unfavourable variance of £204K.

This shows an improvement of £165K on the position reported in April 2017.

At 31 May 2017, group net assets stood at £36.8million, including bank overdraft of £2.5million and fixed assets of £108.7million.

Pay as a % of turnover is running at 65.4% for this year against a revised target of 62.5%. Borrowing is 42.55% of turnover – it should not exceed 60% and the SFA thinks 40% is reasonable.

The current ratio at 31 May 2017 was negative at 0.49, i.e. below 1:1. All bank covenants are currently being met. The SFA continue to rank the College as having **Inadequate Financial Health** under their new methodology. The target at the end of this year is still to achieve **Satisfactory**.

A full analysis of variances to date was provided to the Board, with a detailed commentary in each instance.

Governors discussed the RED risks (adverse variances) highlighted in the May Management Accounts presented to the Policy & Resources Committee on 26 June 2017, as follows:

- ESFA Grant College 16-18 Apprenticeships
- ESFA Grant College 19+ Apprenticeships
- Adult Education College Budget
- ESFA Grant Sub-Contractors
- Agency costs

- Lack of staff savings from restructuring
- Costs of restructuring
- Financial Health still Inadequate

Governors noted the challenge to Management by the Policy & Resources Committee and endorsed the points raised by the Committee.

The Board further confirmed its commitment to key financial themes, namely:

- increased income generation
- severe cost reduction programme
- refinancing of College borrowings (now agreed)
- sale of Aveley land (medium term objective)

The Board **NOTED** the Management Accounts for the eleven months ended 31 May 2017.

6.2 Estimated Financial Outturn to 31 July 2017

A full reforecast of the College Accounts and comparison to budget for the year ended 31 July 2017 has been completed.

The original budgeted operating surplus of £30K will not be met and the best estimate of the College operating performance for the year is a deficit of £860K (before any adjustments for FRS102 pension accounting or release of revaluation reserve).

The deteriorated forecast deficit is due to the fact that anticipated cost savings for the year of £1.7 million will not be achieved.

The variance on income to date this year is a £318K shortfall against budget whereas costs are £583K worse than budget.

Sub-contracted provision is currently not on target but there will be offset against this from reduction in payments to sub-contractors.

The SFA Adult Budget is underachieved and will not meet the budgeted income for the year. The shortfall will be subject to clawback by the ESFA in January next year, creating a significant threat to management of cash flow during the period January to April 2018. It is intended to seek from the ESFA an agreement that the clawback be spread over a number of months to assist cash flow rather than it be deducted in one lump sum against the College's January regular ESFA allocation payment.

The amended forecast for the year ended 31 July 2017 was **RECEIVED** by the Board.

7. Strategic Plan 2017-20 (Paper FEC.17.11)

The Principal & Chief Executive **PRESENTED** the Strategic Plan 2017-20 for discussion and approval, together with Management Structure diagrams to illustrate the allocation of management resources to support the Plan.

The previous Plan ended in 2016 and the Board were informed on achievement of Strategic Plan actions on 5 December 2016. The mission Statement, Strategic Aims and Objectives were approved by the Board at the Special Meeting in January 2017.

The Core Value 'U' has been changed from Unique to United following feedback from Marketing. Governors mentioned a number of minor adjustments that need to be made before the Plan is finalised, which will be done.

ACTION: PRINCIPAL

The Board **APPROVED** the Strategic Plan 2017-20.

8. Equality & Diversity Annual Report (Paper FEC.17.12)

The Principal & Chief Executive presented this Report for discussion and comment by Governors.

The high level data for students identified the following:

- No significant achievement gap overall between students who identify with an ethnic minority group compared to White British students
- No change in %age of students declaring disability or health problem from last year
- 'High Needs' Students have excellent qualification success
- The overall pass rate was 98.1% with a retention rate of 90%

The high level data for staff identified the following:

- 4.7% staff disclosed as disabled, up 0.7% from last year and split equally between males and females
- College workforce has increasing diversity – increase by 2.64pp to 9.46% this year
- Senior Leaders make up 10% of workforce, of whom 2.06% are from Black Ethnic Groups
- No apparent disparities in rates of pay on an equality basis
- No apparent barriers to the application, recruitment and selection process of staff.

Significant work has been undertaken to improve the embedding of Equality and Diversity in teaching and learning. There is now improved planning and staff are making better use of naturally occurring opportunities to reinforce E&D, as highlighted in the recent OFSTED inspection.

Governors noted the large increase in the percentage of students declaring a long term health problem or disability compared to the previous year – up from 17.4% to 30%. The Principal & Chief Executive said that the question asked on the enrolment form is not that helpful as the College needs to know what effect, if any, the condition might have on the ability of the student to access learning in the College so that the College can respond to that need. This is being changed for 2017/18.

A governor queried the use of the words 'black other' as a category on page 4. This term is based on the standard categories used on ILR by ESFA.

A governor asked that the Report be amended to make clear the difference between number of students and number of enrolments as there seemed to be some inconsistency. It was felt that the term 'students' might well be clearer for the reader.

The Report did not make clear as to what constitutes a long term disability.

A governor did not believe the gender balance statistics were consistent as anomalies seemed to exist and this is to be checked before the Report is finalised.

Subject to making the adjustments noted above, the Board **APPROVED** the Annual Equality & Diversity Report to January 2017.

ACTION: PRINCIPAL

9. Curriculum & Quality Matters (Paper FEC.17.12)

Further Education

9.1 FE Curriculum Plan 2017-18

The Principal & Chief Executive **PRESENTED** the FE Curriculum Plan for 2017-18.

The Plan itemised a number of new courses being offered for 2017-18 with emphasis on courses leading into work rather than into further study, although both are included.

Governors were concerned as to whether we will recruit sufficient numbers to these planned courses. The Principal & Chief Executive explained that some courses are replacements to existing study programmes with the focus on direct employment based pathways rather than academic. It is believed that this change will attract a wider student cohort and greater numbers.

As recruitment proceeds, there will be a careful review of course numbers to ensure that we do not run courses that will not be financially viable. The decision as to this will be made once numbers definitively emerge. All curriculum managers are aware of the benchmark of 16 students being the requirement for a viable class size.

In 2016/17 the new Adult Institute did not attract as many enrolments as had been hoped but it is considered right to proceed with the higher level offering with a refocus, particularly in relation to Higher Level Apprenticeship Programmes.

Governors observed that under section 3.2, the bullet point on sub-contracting needs to be revised and reissued as it is incorrect.

ACTION: PRINCIPAL

The Adult Institute will be the responsibility of the new Vice Principal.

Governors were concerned that the breadth of new courses in particular would require more staff, which at present is unaffordable. The Principal & Chief Executive advised that the offer can be covered by existing teaching staff, given that they now have a greater teaching commitment in their revised contracts.

The Board **APPROVED** the FE Curriculum Plan for 2017-18.

9.2 Predicted Learner Outcomes 2016-17

The Committee **RECEIVED** a Paper from the Principal & Chief Executive informing them of potential outcomes for students at the end of this academic year.

The Board reviewed a table of projected outcomes by curriculum area showing an overall achievement rate of 81.3% against a College target of 78% and only 0.3% below the National Average. However, within this figure are 501 students who are currently assessed as 'At Risk' of not achieving according to the Pro-Monitor tracking system used in the College.

The Board noted that, if the support for these students is in place and monitored closely, achievement would significantly improve above 81.3%. For example, if 50% of these students achieve, the percentage would rise to 85.3%, 3.4 percentage points above last year and 1.7 percentage points above the National Average.

The predicted data includes overall achievement, inclusive of English & Maths.

The Principal & Chief Executive commented that National Averages appear to be coming down and she felt this was attributable often to the presence of formal examinations in courses. Government seem very committed to examinations within the assessment framework.

Governors noted that outcomes will be known in mid-September and will be reported to the Board Meeting on 9 October. The predicted position is looking very positive, with the exception of A Levels, where the predicted achievement is 68.5%. This might rise, assuming 50% of 'At Risk' students achieve, to 71%, but still well below the National Average of 87.8%. This is based on 728 starts, approximately 240 students.

The Board were concerned that this is still a weak area (although better than it has been) and that the future of delivery of A Levels should be kept under review.

The Board will be emailed the A Level results on 17 August and the performance matter can be reviewed again at that time. Even if the College decided to cease delivering A Levels, there would be a requirement to run off existing enrolments so there could not be any change for the 2017/18 year.

The Board **NOTED** the Report.

ACTION: PRINCIPAL

9.3 Higher Education Update (Paper FEC.17.15)

HEFCE Retention Action Plan

The Dean of HE reported that the Action Plan is being monitored actively and has produced a positive outcome as noted below from the QAA Review.

The Board **NOTED** that the Moodle resource in College for student study is considered a bare minimum and a new system proposed will be a better resource for HE students given their patterns of usage and study.

QAA HE Review Update

As previously reported to the Board, the College did not meet two of the HEFCE benchmarks in the Assurance Review. These were overall NSS scores for the last three years and retention rates for 2011-12, 2012-13 and 2013-14.

There was some confusion as to what HEFCE required and, after clarification, it was established that the College has a continued decline in retention rates for first year students – in 2014-15 retention was 82% against the College's benchmark for retention is 89%. In these areas, the College did not fully 'Meet Expectations'.

The College addressed these issues throughout the year by way of the Action Plan mentioned above.

Following submission of documentation to QAA, they conducted a desk top review, having decided that a visit to the College was not necessary. In their opinion, as confirmed in a letter received from them on 26 June 2017, the College has made sufficient progress and the College now 'Meets Expectations'.

This finding is an excellent outcome but it will be some time before it is published. When it is, our ability, alongside our Ofsted Grade 2, to recruit HE students and to regain our Tier 4 status for recruitment of International Students will be progressed.

New HE Partner Validations

The Board **RECEIVED** a Report on progress regarding validation of proposed new partnership arrangements with the University of East Anglia and the Open University, which had been discussed in detail by the Curriculum & Quality Committee on 28 February.

Two successful meetings have already taken place with UEA and an Institutional Review will begin soon. Assuming that is satisfactory, the majority of the current University of Essex provision will be transferred to UEA for the September 2018 entry.

The validation of the Initial Teacher Training courses is to be carried out by the Open University in a validation event which is scheduled for later this week. Courses will start from September 2017 for ITT with the Open University.

In response to governor questions, the Dean of Higher Education said that the College will be important to both HE partners in the future and therefore really tight control is needed on delivery. He said that the College must be fully committed to HE and ensure that the provision is fit for purpose.

The Board **NOTED** progress with institutional approvals as indicated above. They reaffirmed their commitment to the new way forward and the potential for growing this provision.

9.4 HE Curriculum Plan 2017-18 (Paper FEC.17.16)

The Board **CONSIDERED** the above Plan which covered new courses planned and courses being removed from our offer and gave its **APPROVAL**.

9.5 HE Student Applications 2017-18 (Paper FEC.17.17)

The Board **REVIEWED** this Report indicating the likely cohorts for 2017/18 of new entry undergraduates.

The Board noted that numbers are down for applications with only 209 students contracted for as opposed to 310 at the same point last year. The College view is that we will be close to last year's actuals of 239 students enrolled. The Board challenged what was being done to increase applications and a detailed response was given on actions being taken.

One governor asked whether the curriculum base is too diverse. The Dean indicated that it is in reality quite limited, focusing on 2 main pathways; Creative & Cultural and Health & Social Care. However, he recognised that the College has been on a downward curve and that must be reversed.

It was agreed that the target for the future will be 20 students per year be enrolled at a minimum so that there are 60 students on a degree course at any given time. It was noted from the Report that we are not getting to that point yet except in costume construction, graphic design, criminology & forensic and psychology & sociology.

It was explained that HEFCE do not like courses to be cancelled at the last minute if it was felt a course could not be delivered due to poor numbers. The two programmes with very low numbers have already been pulled before students were accepted.

Governors asked to be informed of the final numbers in September, as they were concerned about the predicted numbers and the small numbers on a small number of programmes.

A governor commented that some of the courses seem to have small numbers and therefore are they viable to put on.

The Board **NOTED** the Report.

ACTION: DEAN of HE

10. Matters for Approval by the Corporation (Paper FEC.17.06)

The Clerk presented a verbal Report outlining matters for approval by the Corporation arising from items already considered in detail by Committee and are recommended for approval by the Board.

From the Policy & Resources Committee

The Board **APPROVED** the

- HR Recruitment & Retention Policy
- Anti-Money Laundering Policy
- Anti-Bribery Policy
- Ethics Policy

11. Items for Information Only

The Board **RECEIVED** the following Committee Meeting Minutes (unapproved):

- Search & Governance 15 May 2017
- Audit & Risk 10 May 2017
- Policy & Resources 24 April 2017 and 26 June 2017

The Board **RECEIVED** a verbal Report of the Meeting of the Remuneration Committee held on 7 June 2017.

The Board **RECEIVED** the following documents which had been considered by the Policy & Resources Committee on 26 June 2017:

- Management Accounts to 31 May 2017 (see minute 6.1)
- Estimated likely outturn for the year to 31 July 2017 (see minute 6.2)
- Health & Safety Report
- FE Student Applications 2017/18

12. Governance Matters (Papers FEC.17.18 and 17.19)

Election of Chairman 2017-19

The Chairman left the room and the Clerk took the Chair.

The Clerk reported that he had received one nomination, that of David O'Halloran, for the position of Chairman of the Corporation for the two year period 2017-19, commencing 1 August 2017. David O'Halloran was therefore declared **ELECTED** by the Board as Chairman for this period, nem con.

The Chairman then returned to the Meeting and resumed the chair.

Potential New Governors

The Clerk provided an update as to potential recruitments.

Committee Memberships

The Clerk provided the Board with a schedule of Corporation and Committee Memberships for 2017/18, following review by the Search & Governance Committee at its May Meeting. The schedule was **APPROVED**.

It was **AGREED** that Lewis Fraser will join the Curriculum & Quality Committee.

Meeting Planner and Schedule of Business of the Board and Committees for 2017/18

These were **APPROVED** by the Board.

Performance Indicators

The Clerk **REPORTED** on Attendance by Members at Board and Committee Meetings during 2016/17. The Board set a KPI of 80% attendance.

The attendance percentages for the Corporation and its Committees over the past twelve months have been as follows (last year in brackets):

Corporation	69%	(87%)
Search & Governance	92%	(89%)
Policy & Resources	73%	(83%)
Audit & Risk	84%	(74%)
Curriculum & Quality	63%	(83%)
Remuneration	87%	(100%)

Attendance had declined compared to the previous year for the Board and all major Committees, except Audit & Risk, and was below the 80% KPI.

The Chair acknowledged that there are pressures on governors to give up their time to attend Meetings, but nevertheless these figures do need to be improved. He will remind governors on an ongoing basis during the year.

The Principal & Chief Executive also commented that no governors had attended the FE Celebration event recently, which was very disappointing.

Other Matters

Board Members were given copies of their current declarations of Interests for updating and return to the Clerk. They were also asked to confirm that they remain eligible to serve on the Board.

Governors were provided with a schedule of training events which they had attended in the past year.

Governors **APPROVED** an updated Briefing Paper on College Governance, which is used for recruitment purposes for governors.

13. Forthcoming Events (Paper FEC.17.20)

The Board **NOTED** the contents of the paper, prepared by the Clerk.

14. Date of Next Meeting

Monday 9 October 2017 at the Basildon Campus.

There being no further business, the Meeting terminated at 8.40 pm.

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