

Further Education Corporation

Approved Minutes

Minutes of a Meeting of the Further Education Corporation held at the Southend Campus on Monday 16 March 2015 at 6.00 pm.

Present: Mr R Launder (Chairman)
Mr D O'Halloran (Vice-Chairman)
Mr B Brooks
Ms O Buck
Mr S Burrell
Mrs S Carr
Dr R Gray
Mr T Knight
Ms E Mead
Ms A O'Donoghue CBE
Mr Paramjit Singh Narang
Mr R Patterson
Ms L Rieffel
Mr T Thompson
Mrs G Williams

In Attendance: Mr A McGarel (Deputy Principal & Chief Executive)
Ms C Anson-Higgs (Vice Principal, Business Development)
Ms D Brown (Vice Principal, Curriculum & Quality)
Ms K Mulvey (Director of Teaching & Learning) (item 6)
Mrs W Barnes (Assistant Principal, Student Support)
Mr R Davies (Head, College Information Services) (item 6)
Mr R I Millea FCA (Clerk to the Corporation)

1. Apologies for Absence

Apologies for absence were received from Mr M Allars, Ms R Hawkridge, Mr B Morris, Mr S Smith (Vice Principal – Corporate Resources) and Ms M West.

2. Urgent Business

(i) Ofsted Monitoring Visit

(iii) Royal Opera House

These were 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.

(ii) Written Resolution

The Clerk reported that the Board had unanimously approved an amendment to the Joint Venture Agreement with Chelmsford College regarding shared services regarding disclosure of significant items by each College to the other.

3. Minutes of the Meeting held on Monday 8 December 2014

The Minutes of the Meeting held on Monday 8 December 2014 were **APPROVED** and **SIGNED** by the Chairman.

The Minutes of the Special Meeting of the Board held on Monday 19 January 2015 were **APPROVED** and **SIGNED** by the Chairman.

4. Matters Arising

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

5. Strategic Developments in South Essex (Paper FEC.15.01)

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. Quality Matters (Paper FEC.15.03)

The Principal & Chief Executive, the Vice Principal, Curriculum & Quality and the Head of Teaching & Learning, presented a number of quality papers for the attention of the Board, all of which had been considered in detail by the Curriculum & Quality Committee at its meeting on 9 February, the unapproved minutes of which are included as item 9 on this agenda. These minutes record the detailed consideration given to those reports by that Committee.

These papers were Current Learner Performance (Retention/Attendance/Learner Numbers), Equality & Diversity Annual Report and Action Plan and Monitoring against the Quality Improvement Plan 2014-15.

a. Current Learner Performance - Retention and Attendance

The Board noted that FE 16-18 Learner Numbers for 2014-15 are not likely to meet the target.

Retention figures are encouraging for both 16-18 and 19+ and are ahead of last year's position at this stage. They are above National Averages.

Similar improvements are being seen in Attendance for this year compared to last year. However, the attendance rate is below the College target of 90% by almost 4%.

Board members questioned the Senior Team re actions being taken to improve attendance, particularly in English & Maths. The Vice Principal Curriculum & Quality outlined the range of measures that have been put in place including:-

- All students being tracked on a weekly basis
- Letters have been written to parents explaining the importance of attendance, particularly English & Maths
- Targets have been set for students for the next term for attendance, which will influence students' ability to progress to next level of programme
- An attendance challenge has been set for all level 3 students

The Board **INDICATED** that they were pleased to receive this data on a monthly basis. They asked that it be made clear it is based on head count, not enrolments, and that it shows how Apprenticeships feed into the total statistics.

(ACTION: HEAD OF COLLEGE INFORMATION SERVICES)

The Board, otherwise, **RECEIVED** the Report, noting rates to date against last year's actual and this year's targets.

b. Equality & Diversity Annual Report

The Board accepted the recommendation of the Curriculum & Quality Committee and **APPROVED** the Equality & Diversity Annual Report (January 2014 to January 2015), incorporating the Action Plan for the future.

Members felt the report highlighted some of the good work being carried out by the College. The detail of the review of the Report by the Curriculum & Quality Committee is noted in the unapproved minutes of that Committee which appear as item 9 on this Agenda. The Board noted that the preparation of an Annual Report fulfils the Board's statutory responsibility.

The report highlighted some key issues which were discussed at Curriculum & Quality Committee.

These include:

- Female students achieve better than male students (1.4% difference) but has reduced from 2% last year
- Students from Indian and Asian backgrounds were the highest achievers
- Success rates for those who have disclosed a learning difficulty or disability have improved from last year by 4.7%, but are still 3.6% below National Average

The Equality & Diversity Improvement Plan outlines actions being taken to narrow the improvement gap. This is monitored 2 monthly by Equality & Diversity Committee.

It was clarified that the target set for employment of ethnic minority staff is to try and reflect in staff the same percentage of BME individuals as in the local population. It was noted by the Board that 2.5% of staff don't disclose their ethnicity.

The Board **REQUESTED** that the Search & Governance Committee be mindful of ethnic balance when recruiting new Board Members.

(ACTION: CLERK)

c. Monitoring of College Quality Improvement Plan

The Board considered this Report and asked for comment, noting that the Curriculum & Quality Committee had reviewed it at its recent Meeting.

It was noted that there are a number of Amber rated issues where progress is not as fast as anticipated or where the impact of proposed actions is not yet evident and there is therefore a risk that those areas could go RED.

The Board noted the three key risks in section 4.4 of the paper and questioned the management about the actions that were being taken to address these areas. A detailed explanation was provided of the actions being taken.

The Board **RECEIVED** and **NOTED** the Report.

d. Learner Progress Audits

The Director of Teaching and Learning led on this item which summarised the results of four Learner Progress Audits carried out between September and December 2014 covering SE6 (A Levels), Engineering and Building Technology, Media & Performing Arts and Early Years, Health and Care. The results had been reviewed by Curriculum & Quality Committee in detail at its recent Meeting.

The Board was informed that two further LPAs have been carried out recently – English & Maths and Business and ICT. Reports will come to the next meeting of the Curriculum & Quality Committee on Monday 18 May 2015.

(ACTION: CLERK)

The LPAs are similar to a ‘mini-Ofsted’ and are thorough and rigorous but from the standpoint of a developmental tool, not just a snapshot inspection. They are designed to focus on doing better for the learners.

They are carried out by individuals from the Teaching & Learning Quality Department, assisted by Advanced Learning Practitioners, and care is taken to ensure independence of the reviewers from the Departments being reviewed.

In response to a Member question, it was **noted** that it was intended to use external reviewers occasionally in the future.

The Director of Teaching & Learning outlined the following actions arising from the four Learner Progress Audits carried out before Christmas 2014:

- Early Years, Health & Care – there was evidence of clear improvement from the monitoring visit
- Engineering & Building Technology – teaching for SLDD students remains an issue and in particular how to manage these students with focus on successful progression. There were some good case studies of improvement but teaching & learning still needs to be addressed from the quality standpoint
- SE6 (A Levels) – not enough progress is being made and there is now a direct intervention process in place with senior Quality Team Managers working directly and closely with staff to raise standards and performance. Those senior staff are effectively running the department.
- Media & Performing Arts – teaching has been addressed and some teacher performance is being closely monitored as standards are not yet good enough

A detailed discussion took place re the actions being taken in each area and particularly in SE6 (A levels) where outcomes were poor last year.

The Committee **RECEIVED** and **NOTED** the Report. The Curriculum & Quality Committee will continue to monitor these ‘at risk’ areas.

(ACTION: C&Q COMMITTEE)

(e) Student Progression 2013-14

This Report was produced as it is now a requirement to track and report on student destinations in response to a Government focus on assessing the value of education provided both for 16-18 year olds and adults, particularly in relation to employment outcomes.

The College managed to discover the destinations for 76% of last year's students, 4% are unknown and 20% would not say, but, from those who did respond (approximately 5,000 learners), the outcomes are very positive. Nearly half have proceeded to a new programme at the College, almost one quarter went into employment and one fifth went to university. Only 4% are unemployed.

In response to a question from Governors it was explained that we are still contacting those who are unknown and those who would not say to improve our destination data, as it is a key contributor for outcomes for learners.

It was **noted** that there is likely to be a better response next year as the systems for collection of the data will be enhanced and from that, benchmarks will emerge.

The Board felt that data collection on destinations might be a candidate for a shared services operation in the future.

The Board **AGREED** that a Key Performance Indicator would be set for this area in 2015/16 on improved data collection and benchmarking against this year, and that further action needed to be taken to improve those who are unknown or would not say.

(ACTION: C&Q COMMITTEE)

The Board **RECEIVED** and **NOTED** the Report.

7. Finance Matters (Paper FEC.15.03)

The Deputy Chief Executive and the Director of Finance presented the **Finance Report** comprising the **(a) Management Accounts for the six months ended 31 January 2015** and **(b) an updated Forecast for the year to 31 July 2015, with comparison to the original Budget.**

The **Management Accounts** showed that, to 31 January 2015, total income amounted to £27.6 million and total expenditure to £27.5 million, giving rise to a surplus to 31 January of £117K, compared to a budgeted surplus to this date of £336K, an unfavourable variance of £219K.

This arises through lower student numbers resulting in lower funding and less FE income. Expenditure has not reduced by the same amount due to agency staff expenditure continuing to exceed budgeted levels by a significant amount, but this is hoped to be brought down during the rest of the year, so that the overrun for the year will be around £100K.

This will be an improved result in this area compared to last year.

At 31 January 2015, group net assets stood at £113.5 million, including fixed assets of £110.1 million. There was a book overdraft at the bank of £576K at 31 January but all bank covenants continue to be comfortably met.

The current ratio at 31 January 2015 was 3.87 including promissory notes: ignoring them, the ratio was 0.29.

The updated Forecast to 31 July 2015 had been prepared on a bottom up basis with Department Heads and it shows a surplus of £411K, as against the budget of £671K.

Achievement of this forecast is dependent on partner organisations being able to deliver to contract levels, additional SFA Funding being able to be utilised and continued vigilance on controlling expenditure, particularly agency staff costs.

On occasions when agency staff are used, it is often been because College managers have not explored existing staff being asked/able to cover the sickness or other absences. It is also the case that illness and maternity leave have exceeded expectations this year.

The Director of Finance was optimistic that an outturn of around £400K was achievable for the year as a whole.

The Board **REQUESTED** that indicative Management Accounts be prepared for Basildon Campus so that a view could be formed about its performance in the context of the future of planning College activities in Basildon.

(ACTION: DIRECTOR OF FINANCE)

It is quite likely that further savings will be necessary next year when the expected lower funding allocations for 2015-16 are confirmed, based on indicative knowledge at the present time – see item 7c below.

The Director of Finance updated the Board on **cash flow**, which has been difficult since Christmas 2014, for a variety of reasons, including the effect of the fraud, the investment in capital assets and the phasing of EFA/SFA funding which is lower around that time but peaks again after the end of the Government's fiscal year. In addition, 50% of Student Loans funding for the year is not received until May.

Accordingly, the College has an overdraft facility until the end of April to manage this cash flow pressure and cash value has been managed.

The SLT is seeking quotations to refinance the College's total mortgage debt of, currently, about £25 million to help with long term debt repayment budgeting in the context of the continuing difficult financing environment in the FE sector.

7(c) SFA/EFA Funding 2015/16

The DPCE presented a Report outlining the likely effects on the College of the National Funding Settlement for next year. Confirmed allocations are expected to be issued by the two Agencies by the end of this month. Once received, the College will prepare a high level budget for 2015/16 and then consult with budget holders on the detailed implications.

(ACTION: DIRECTOR OF FINANCE)

It is clear that there will be a significant drop in funding income next year (around 3% overall equating to £1.7 million) and as a consequence, some tough budgetary decisions will be required and savings made against the cost base.

The Policy & Resources Committee will consider the draft Budget at its next meeting on 27 April 2015.

EFA Funding for next year will be reduced as the Student Numbers Statement recently received from the EFA shows a reduction in funding for full-time learners compared to this year, where the target has not been met, following the lagged funding model. Preliminary modelling carried out by the College would suggest a reduction in this stream of income next year of about £800K.

The SFA National Skills Funding letter indicates that the adult skills allocation could be 24% lower than last year, with funds being diverted to Apprenticeships, which are protected. Overall, the National Adult Funding Allocation will be 17% less than the current year. Within the College, this may give rise to a drop in funding of about £900K.

The Board **RECEIVED** and **NOTED** the Report and the significant challenges facing the College due to these funding reductions.

7(d) Learner Numbers and Financial Implications 2014/15

The DPCE reported on the anticipated outturns on EFA learner numbers for this year and achievement of the SFA allocation for this year.

The EFA learner number target will not be met with the present enrolments (at 5 March 2015) 741 learners short of the allocation (11.5%). As stated in (c), this has fed through to a lower allocation from the EFA for next year, but this will be at least partly offset by lower subcontracting of numbers to partner providers next year.

So far as the funding target for SFA funding is concerned, the College is expecting the target to be met, but this requires close monitoring and an increase in current enrolments, especially enrolments with our partner providers.

The Board **RECEIVED** and **NOTED** the Report and the implications of the failure to achieve EFA funded enrolments this year on next year's funding.

8. Audit Matters (Paper FEC.15.04)

a. The Chair of the Audit & Risk Committee reported to the Board on the recent interviews for external auditors for the College. The tender document was jointly issued by the College, Chelmsford College and Essex Shared Services Limited (the joint venture company with Chelmsford College).

The procurement process was restricted and operated within the guidelines of a mini competition regarding framework agreement NUPC/LUPC External Audit Services with a full OJEU notice or process not being required although EU/UK regulations applied.

Interviews of the two firms who tendered for the appointments took place at the Basildon Campus on Tuesday 3 March and the panel, which comprised the Chair of the Audit & Risk Committee, the Deputy Principal and Chief Executive and the Principal and Deputy Principal of Chelmsford College, agreed that the contract for these three external audits should be awarded to KPMG, subject to the approval of the two College Boards.

The Board of Chelmsford College will consider the recommendation at its Meeting on 20 March 2015.

The Board **APPROVED** the appointment of KPMG, Ipswich as external (and regulatory) auditors for the College commencing with the year ended 31 July 2015, noting that KPMG will also act for Essex Shared Services Limited, at a cost of £49,827 plus VAT annually, this cost to include all three audits.

b. The Director of Finance provided an update for the Board on progress on embedding Assurance Mapping in the College, which had been discussed by the Audit & Risk Committee at its Meeting on 5 March 2015, and a copy of the current Assurance Map was provided to the Board.

The Director of Finance was asked to provide the Board with a copy of the College Assurance Dartboard at each Corporation Meeting in future (presently it is tabled only at the Audit & Risk Committee) as this is felt to be a useful graphical display of the key risks affecting the College.

(ACTION: DIRECTOR OF FINANCE)

The IT strategic review recently carried out was referred to and the need for the College to modernise its infrastructure in this area.

The Board **RECEIVED** and **NOTED** the Report.

9. Minutes of Committees (Paper FEC.15.05)

The Board **RECEIVED** copies of the unapproved minutes of Committee Meetings held since the last Board Meeting in December – Audit & Risk 5 March, Curriculum & Quality 9 February, Policy & Resources 26 January and Search & Governance 26 January.

The Board **NOTED** that Policy & Resources Committee did not meet as scheduled on 23 February, due to lack of sufficient business – items relating to Finance and Capital Builds are on tonight's agenda.

10. Corporation Matters (Paper FEC.15.06)

a. The Clerk updated the Board in connection with the proposed AoC Foundation Code of Governance and the Board **RECEIVED** a copy of the draft Code, a copy of the College's response to the consultation on the Code (which had been reviewed and approved for submission by the Search & Governance Committee) and a copy of the response to the Code submitted by the Eastern Region Clerks' Network.

Consultation closed on 5 March and a revised draft is expected, once the responses have been analysed. The intention is that the Code be finalised in the summer with implementation by Colleges following in the Autumn Term.

b. The Board **RECEIVED** a Report on the AoC Governance Summit held in London on 4 March 2015, which was attended by Elaine Mead (Governor) and the Clerk. Ms Mead gave a brief commentary on the event.

Elaine Mead provided a short verbal Report on the Summit, supplementing the written paper. She particularly mentioned a breakout session she attended on the PREVENT agenda and its relevance to the College.

The Clerk reminded the Board of the Safeguarding training which incorporated the PREVENT agenda, which the Board received in January at the Board Development Day. He indicated that further material in connection with the Agenda has been received, together with a short on line training session, and this will be distributed to Board Members shortly, with a request that they complete this training.

(ACTION: CLERK)

c. The Board **RECEIVED** a current listing of Governor Links.

d. The Clerk provided an update on the Student Union Constitution, which is being revamped to make it more manageable. This will be approved by the Student Council shortly and the revised version will come to the Board for approval in July. The main change is to slim down the Constitution by transferring procedural and delegated matters to subsidiary documents, in the same way as is done in the full Board governance structure. The current SU Constitution, approved by the Board on 8 December 2014, remains in force pro tem.

11. Membership Matters (Paper FEC.15.07)

The Search & Governance Committee made a number of recommendations to the Board at its Meeting on 26 January 2015 and the Board accordingly **APPROVED**

- The re-appointment of Sally Carr as a Board Member of the College for a further four year term commencing on 1 April 2015
- The re-appointment of Peter Little as a co-opted Member of the Audit & Risk Committee for a further one year term, commencing on 21 March 2015
- The appointments of Brad Brooks and Michael Allars as Members of the Curriculum & Quality Committee and Lisa Rieffel as a Member of the Audit & Risk Committee with retrospective effect from 26 January 2015

The Clerk informed the Board that the normal Annual Review of Committee Memberships will be carried out by the Search & Governance Committee at its Meeting on 18 May 2015 and he will write to Members in this connection shortly.

The Clerk further informed the Board that David O'Halloran and Rod Gray both retire as Board Members on 14 July 2015, but are eligible for re-appointment – both have indicated that they are keen to stand for re-election. The Search & Governance Committee will consider these potential re-appointments at its next Meeting and proposals will be brought to the next Board Meeting on 6 July 2015.

(ACTION: CLERK)

12. Forthcoming Events (Paper FEC.15.08)

The Board **NOTED** the paper prepared by the Clerk regarding forthcoming Open Events in the College.

13. Date of Next Meeting

Monday 6 July 2015 at the Southend Campus at 6.00 pm.

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

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