

Further Education Corporation

Approved Minutes

Minutes of a Meeting of the Further Education Corporation held at the Southend Campus on Monday 21 March 2016 at 4.30 pm.

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

In Attendance: Mr A McGarel (Deputy Principal & Chief Executive)
Ms D Hurst (Director of Finance)
Mrs W Barnes (Vice Principal, Student Support)
Mr N Kelleway (Co-opted Member, Policy & Resources Committee)
Mr R I Millea FCA (Clerk to the Corporation)

1. Apologies for Absence

Apologies for absence were received from Mr S Burrell, Mr T Thompson, Ms D Brown (Vice Principal, Curriculum & Quality) and Mr S Smith (Vice Principal, Corporate Resources).

2. Urgent Business

See Strategic Developments regarding the use of the College Seal.

3. Minutes of the Special Meeting held on Monday 18 January 2016

The Minutes of the meeting held on Monday 18 January 2016 were **APPROVED** and **SIGNED** by the Chairman.

4. Matters Arising

From the Board Meeting on 7 December 2015

The Clerk **REPORTED** that the Addendum to the Joint Venture Agreement with Chelmsford College regarding the sharing of the pension fund deficit of Essex Shared Services Limited on incorporation has also been signed by Chelmsford College.

He further **REPORTED** that Chelmsford College also have concerns regarding the wording of the Letter of Representation given to KPMG, the external auditors, in respect of the actuarial assumptions used in computing the pension fund liability and they also wish to pursue this issue this year.

The Clerk **REPORTED** that the Chairman and the Chairman of the Audit & Risk Committee have received a final Management Letter from KPMG in respect of their 2015 Audit.

From the Board Meeting of 18 January 2016

The Clerk **REPORTED** that Board Members had been informed by the Vice Principal, Student Support of information in connection with the number of staff/students affected by the closure of Jungle Cats Nursery.

The Clerk **REPORTED** that the College has implemented a short term overdraft facility of £2million with Barclays Bank, in line with authority given by the Board and the Policy & Resources Committee. The Minutes of the Curriculum & Quality Committee held on 29 February 2016 gave formal approval to this facility.

The Clerk **REPORTED** that a final version of the College Self-Assessment Report 2014/15, incorporating the amendments identified at the 18 January Validation Meeting and an Executive Summary, as requested by the Board, has been completed and placed on the Governors' OneDrive. A hard copy of the Executive Summary was provided to all Members.

The Clerk **REPORTED** that the College Academic KPIs 2015-16 remain as previously approved by the Board, given the National Averages for 2014/15 are not yet available so no changes (if any are required) consequent on that can be proposed.

5. Strategic Developments in South Essex (Paper FEC.16.05)

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.16.06)

a. Ofsted Improvement Visit 28 January 2016

We still await a final Letter from Ofsted on the Improvement Visit, which took place on 28 January. A draft was received last Friday from Ofsted on which we have commented. The Board will receive the final version when agreed. Meanwhile, the Curriculum & Quality Committee had considered the outcomes of the Visit through a briefing note prepared by the Principal & Chief Executive, which Members **NOTED**.

ACTION: CLERK

b. Student Destinations 2014-15

The Board **RECEIVED** a Report detailing student destinations for last year.

Information was gained from enquiry of students between October 2015 and February 2016. The response rates were excellent with 91% of 16-19 learners recording a sustained destination. 89% of those learners remained in education or employment with only 7% declaring themselves NEET. There are no like for like benchmarks available for comparison.

Internal progression of learners is also excellent even though many learners started at the College with low prior attainment in school.

However, the number of level 3 learners (especially males) that progress to HE needs improvement and progression from A level programmes is not good. However, those learners that do complete an application for an HE institution have a good acceptance rate and above the UCAS National Average.

Progression to HE from adult Access to HE programmes is very good.

A level Value Added is disclosed in the 2014/15 SAR – it is better than last year but still below National Average.

The Board **NOTED** the Report and the pleasing achievements shown therein as to the progression of our students from last year.

c. Minutes of Curriculum & Quality Committee 29 February 2016 and Reports considered at that Meeting

The Board **RECEIVED** the following Reports, which had been discussed and considered in detail by the Curriculum & Quality Committee on 29 February 2016 and are recorded in the minutes of that Meeting:

- Current Learner Performance 2015/16
- Monitoring of Quality Improvement Plan 2015/16
- Progress Audit Outcomes
- Findings from Departmental Reviews (January/February 2016)
- Interim Safeguarding Report

Governors acknowledged their role in reviewing and scrutinising Curriculum & Quality matters including the Reports noted above. The Board were directed to comments made by the Curriculum & Quality Committee when it reviewed these Reports in detail, and the advice from that Committee.

The Chairman reminded all Members, particularly those who are not members of the Curriculum & Quality Committee, to raise questions on Quality Matters as part of their scrutiny role.

A Member commented that the information on the Curriculum Data dashboard provided to governors is still not accurate. The issues raised will be addressed and the data provided will clearly identify either starts or student head count.

One governor reported briefly about a half day visit he had made to a challenging curriculum area and how informative and enjoyable it was. He was particularly complimentary of the efforts of the staff in this area in engaging with students and enthusing their lesson content.

Generally, Members felt the Link governor system was working really well and considerably helped them in developing their understanding of individual parts of the College, especially where improvement have been identified as necessary. The Clerk was asked to thank the Assistant Clerk for all her hard work in arranging visits and seeking feedback for distribution to the Senior Leadership Team.

7. Finance Matters (Paper FEC.16.07)

7.1 Management Accounts to 31 January 2016

The Director of Finance presented the Management Accounts with commentary for the six months ended 31 January 2016, including status against agreed KPIs.

The Accounts show that, to 31 January 2016, total income amounted to £26.8million (including South Essex Commercial Services Limited) and total expenditure amounted to £27.7million giving rise to a deficit to date of £936K, compared to a budgeted deficit to date of £114K, an unfavourable variance of £822K.

At 31 January 2016, group net assets stood at £62.9million, including bank overdraft of £1.1million, and fixed assets of £109.2 million.

The Board noted that the FRS17 pension liability of £17.8million is now treated as a deduction from net assets, rather than, as previously, as a reserve. They were also reminded that the Management Accounts do not include any in year pension adjustments under FRS17.

All bank covenants continue to be met. The current ratio is negative 0.6. The College's Financial Health remains at satisfactory.

Pay as a % of turnover is running at 63.0%, above the KPI of 62.5%, still affected adversely by the level of agency spend (£667K against a budget of £103K for the year to date), notwithstanding that there is a positive variance on staff pay costs of £247K to date.

The Director of finance indicated that the first review of the College's February accounts show the position at January has been held to the end of February (deficit £900K). Furthermore, the forecast outturn for the year to 31 July 2016 shown below seems likely to be achieved for the year, essentially break even.

Members remained very concerned about agency staff – it is crippling to our budget given the overrun of £500K (although partly offset by savings on salary costs of £250K) and the overall very tight financial situation. Recruitment of staff of sufficient expertise to teach Maths & English is really difficult – there is a supply side issue here. It was noted that the cost of agency staff has dropped from last year when it was over £1.5million.

Members asked about the possibility of establishing our own agency business as has been raised some time ago. This would save VAT which is a significant part of the agency spend this year and virtually entirely irrecoverable (to date this year the VAT cost has been around £100K). There has been no progress on this initiative as yet.

Members asked whether overseas teachers could help fill the gaps and all avenues will be considered.

The Board **RECEIVED** the Report.

7.2 Forecast Outturn to 31 July 2016

The Director of Finance presented a full reforecast of the budget following discussions and reviews with all Department Heads, including fixed costs and enrolments.

It is clear that the budgeted surplus for the year of £500K will not be met and the estimated outturn has been revised to a surplus of £70K.

Operational expenditure is being reduced where possible to offset this reduction but there remains concern about controlling agency costs, sub contract fees to meet student number targets and restructuring costs.

The Board **RECEIVED** the Report.

ACTION: DIRECTOR OF FINANCE

7.3 SFA/EFA Funding 2016/17

SFA

Allocations have not yet been issued to Colleges for 2016/17. The Board noted the announcements regarding the National Adult Budget made by the Agency in December 2015.

(Post Meeting Note – allocations issued on 24 March 2016)

EFA

The College has received its allocation statement for 2016/17 and, as expected, shows a 7% reduction in student numbers on the lagged funding model but some of this is mitigated by more learners on full-time band funding.

There will be a demographic upturn in the next few years, so enrolments likely to recover.

Nevertheless, the cash reduction in funding for the College for next academic year is estimated to be in the order of £2.4million. A variety of options need to be examined to cover this funding shortfall compared to this year and a separate paper discussing such options was provided to Members for consideration.

Discussion of this paper constitutes a Confidential Item under the Instrument & Articles and a separate minute has been prepared and is attached to these minutes.

It was noted that the funding guidance continues with the requirement that students who have not achieved an A*-C in Maths or English must be working towards it.

As soon as SFA allocations have been received, the College will prepare a high level budget for 2016/17 and then consult with budget holders with the detailed implications. This draft budget is intended to be considered by the Policy & Resources Committee on 25 April 2016.

The Board **RECEIVED** the Report.

ACTION: DIRECTOR OF FINANCE

7.4 Learner Numbers and Financial Implications 2015/16

The Board received a regular Report on the College's progress against its learner number targets for the current year and the financial effects thereof.

16-18 Learner numbers remain below our allocation (5987 enrolments plus 210 sub-contracting numbers – 94.3% of allocation) and it is doubtful that the target will be reached, although efforts continue to this end.

This shortfall has influenced our allocation for 2016/17 (see 7.3 above).

Total 19+ learner numbers are 2278, 6% less than at the same date last year. Nevertheless, further enrolments and activity is planned during the rest of this academic year and it is hoped that the College can deliver 100% against the Adult allocation.

The 24+ loans budget is drawn down as to 45% of the allocation and again further activity will increase this by the end of the year.

The Board **RECEIVED** the Report.

7.5 Proposed Financial Savings

Confidential Item.

8. Equality & Diversity Report (Paper FEC.16.08)

The Board **APPROVED** the Annual Equality & Diversity Report to January 2016, on the recommendation of the Curriculum & Quality Committee.

9. Items for Information Only

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

- Curriculum & Quality 29 February 2016
- Policy & Resources 1 February 2016
- Search & Governance 1 February 2016

The Board **RECEIVED** the following Reports:

- Notes of the Board Seminar 18 January 2016 (primarily to validate the SAR for 2014-15)
- AoC Governance Summit 2 March 2016 (attended by the Clerk and the Chairman)
- Ofsted Improvement Seminar 25 February 2016 (attended by the Vice Principal, Curriculum & Quality and Mr Paramjit Singh Narang)

Paramjit provided verbal comments on the Seminar emphasizing that Ofsted stressed the value of governors ensuring there was sufficient stretch and challenge of students, continuing and enhancing the link governor system and making full use of targeted Learning Walks.

The Chairman suggested that the following items should be considered for the next Board Development Day in July:

- Update on Area Reviews
- Members to report on their experiences and the outcomes of their recent governor Link visits
- Planning with governors for next Ofsted inspection (likely in Spring 2017)

10. Forthcoming Events (Paper 16.11)

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

11. Date of Next Meeting

Monday 11 July 2016 at the Southend Campus at 6.00 pm.

There being no further business, the Meeting terminated at 5.50 pm.

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