

## **Further Education Corporation**

---

### **Approved Minutes**

Minutes of a Special Meeting of the Further Education Corporation held at the Thurrock Campus (Rooms W1.22 and W1.23) on Monday 30 January 2017 at 4.15 pm.

Present: Mr D O'Halloran (Chairman)  
Ms S Bridle  
Dr R Gray  
Mr T Knight  
Mr R Launder  
Mr B Mansell  
Ms A O'Donoghue CBE  
Mr Paramjit Singh Narang  
Mr R Patterson  
Mr T Thompson  
Ms M West  
Mrs G Williams

In Attendance: Mr A McGarel (Deputy Principal & Chief Executive)  
Mr S Smith (Vice Principal, Corporate Resources)  
Mr R I Millea FCA (Clerk to the Corporation)

### **1. Apologies for Absence and Declarations of Interest**

Apologies for absence were received from Mr G Ocen, Mr S Burrell, Ms L Rieffel, Mr B Brooks and Ms O Buck and from Ms D Brown (Vice Principal, Curriculum & Quality) and Ms D Hurst (Director of Finance).

The Clerk to the Corporation reiterated his interest as Clerk to Chelmsford College. He also informed the Board that his wife's cousin is the Clerk to Writtle University College.

Ms West informed the Board that a Company by whom she is employed provides services to the College.

### **2. Urgent Business**

The Principal & Chief Executive reported on the outcome of the Ofsted Support & Challenge Visit, which took place on 24 January 2017 and was carried out by Deborah Vaughan-Jenkins, HMI.

A letter was tabled, just received from DVH following the visit, and the key points were as follows:

- DVJ did not think the College would achieve a Grade 2 based on last year's data alone (the College had self-assessed as Grade 2). We will need to demonstrate in year improvements
- In order to gain a Grade 2 at the next inspection (due shortly), the College would have to demonstrate close monitoring of student progress, expectations as to achievement and our value added for those students, accompanied by continuing good attendance and punctuality
- Planning for such a visit is already underway
- Very small sample of classroom walkthroughs carried out by DVH
- DVH noticed a marked improvement in classroom practice and in the planning of lessons, that students were punctual and well behaved
- DVH was pleased we predicted our results last year accurately
- DVH said that Maths & English results were not very good last year but she thought that we had improved in year as she saw some good teaching and much better attendance

The Assistant Clerk will distribute the Letter to those governors not present this evening.

**ACTION: ASSISTANT CLERK**

The Principal & Chief Executive felt that a Grade 2 is ours to lose.

The Board noted that a full Ofsted inspection cannot take place until at least six weeks after a Support & Challenge Visit but the Principal & Chief Executive advised the Board that the College is working on the basis that we may be inspected in the week commencing 6 March 2017 or 13 March.

The Principal & Chief Executive indicated that Ofsted in the East of England have a high focus on Prevent agenda and E-Safety.

**3. Strategic Developments in South Essex (Paper FEC.17.01)**

*Items 3.1, 3.2 and 3.3 were deemed to be Confidential Items under the instrument & Articles and a separate minute has been prepared in connection with these items and is attached to these minutes.*

**3.4 Strategic Plan 2017-2020**

The current Strategic Plan 2013-2016 has expired and its renewal has been delayed due to Area Reviews. Work has now begun on the 2017-2020 Plan.

Achievement of the Strategic Plan objectives was reported to the Board on 5 December 2016.

The Governors need to drive the new Plan with input from stakeholders and College staff have been asked to contribute to the development of a new Mission Statement. To facilitate discussion, the Board was provided with some suggestions from staff.

The Board felt there should be input from students and the student governors agreed to engage Business Development students in making suggestions as to the revised Mission Statement.

Based on discussion in the Meeting, the Board felt the better suggestions were:

Developing Learning and Lives

Your College, Your Future

First Choice for Skills, Education and Careers

Skilled for Success

The Principal & Chief Executive also provided a draft of our Strategic Aims for the Plan, which has been shortened from 7 to 6 and the wording tightened up.

The Board made some suggestions regarding these Aims concerning the need to set means of measurement of achievement of the Aims on an ongoing basis and ensuring sufficient emphasis given to Apprenticeships. Some textual suggestions were also made.

The Board **AGREED** final approval of the Mission and Strategic Aims would be an agenda item at the Board Meeting on 20 March 2017.

**ACTION: CLERK**

#### **4. Finance Matters (Paper FEC.17.02)**

##### **4.1 Pensions and Local Government Pension Scheme (Essex)**

The Deputy Principal & Chief Executive presented a Paper to update the Board with the latest position on Pensions and progress with regard to negotiations with the Essex LGPS.

In respect to the Teachers' Pension Scheme, contributions increased by 2.3% from September 2015 and are expected to increase again from April 2019. The Board noted that this scheme is a statutory, contributory, defined benefit scheme and the deficit is not calculable at an employer level. Hence, it is not accounted for the College financial statements.

On the other hand, the LGPS deficit is identifiable at an employer level and the College financial statements for the year ended 31 July 2016 showed a deficit of £24.2 million, up by £6.9 million from the previous year end.

The Board perused a letter dated 14 December 2016 written to the Trustees of the Essex LGPS by FEDEC (the Federation of Essex Colleges) with input from KPMG consultants, providing a united response from the Essex Colleges in response to issues raised by the Scheme in August 2016.

The Essex LGPS had raised concerns that the Government is no longer providing any guarantee in respect of FE Colleges and therefore the Scheme is looking at Colleges providing security covering the deficit risk.

The Board were informed that the most recent actuarial valuation of the scheme in respect of the College shows the funding level was increased to 93%, giving rise to a deficit of £2.5 million, a reduction from 81.5% and £5.6 million at the time of the last valuation in 2013.

Notwithstanding this improvement, the Scheme confirmed that they will continue to seek security and that the deficit repayment period would be reduced from 24 years to 12 years.

As a result, the Scheme responded by saying that they would treat 2017/18 as a transitional year whereby Colleges migrate to the new primary (ongoing) rate specified in the most recent valuation and maintain the existing deficit payment profile.

This means that contributions will increase from April 2017 by 3.2% (£250K per annum) but the deficit profile remains at 24 years. The effect on costs for the current year is £80K, which is unbudgeted.

The security issue remains unresolved but the Board noted that the College assets are already pledged to the primary lenders (the banks). It was also noted that the loan in respect of Luker Road will be paid off in 2018 which may give some scope regarding the security issue, but clearly the banks will be wishing to maximise their cover and the value may not be in those assets anyway.

The Board **NOTED** the Report.

**ACTION: DPCE**

## **4.2 Finance Report**

The Board **RECEIVED** the Management Accounts for the five months ended 31 December 2016, as presented by the Deputy Principal and Chief Executive. The Report also included a Projected Cash Flow Forecast for the remainder of this financial year.

Total income to 31 December 2016 amounted to £20.4 million and total expenditure to £20.8 million, giving rise to a deficit to date of £396K, compared to a budgeted surplus to that date of £143K, and adverse variance of £541K compared to budget.

The College year end forecast remains a surplus of £211K, as budgeted. A full reforecast is planned shortly and will be presented to the Board as part of the Financial Recovery Plan. The objective is that the College will achieve Satisfactory Financial Health for the year ended 31 July 2017.

At 31 December 2016, group net assets stood at £36.4 million, including fixed assets of £109.7 million. General provisions of £24.5 comprises the LGPS deficit with capital grants of £16.6 million included as liabilities.

The current ratio was negative at 0.66.

The Board noted the cash position and the negative current ratio, but that, as of 31 December 2016, the College Financial Health under SFA methodology is now Satisfactory.

The Board also noted that a short term overdraft facility of £2 million is in place with Barclays for the period from now until the end of April 2017. This had been approved by the Board in December 2016.

*Item 4.3 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.*

There being no further business, the Meeting terminated at 6.40 pm.

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