

Further Education Corporation

Approved Minutes

Minutes of a Meeting of the Further Education Corporation held at the Basildon Campus (Room E107/108) on Monday 5 October 2015 at 6.00 pm.

Present:

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

In Attendance:

- Mr A McGarel (Deputy Principal & Chief Executive)
- Ms D Brown (Vice Principal, Curriculum & Quality)
- Mrs W Barnes (Assistant Principal, Student Support)
- Mr S Smith (Vice Principal, Corporate Resources)
- Mr R Davies (Head of College Information Services)
- Mr R I Millea FCA (Clerk to the Corporation)

1. Appointment of New Member

On the recommendation of the Search & Governance Committee, the appointment of Dr Geoffrey Ocen as a Member of the Board was **APPROVED** for a four year term, commencing from 5 October 2015. The Clerk reported that all induction procedures are being completed.

Dr Ocen then joined the Meeting.

2. Apologies for Absence

Apologies for absence were received from Ms L Rieffel, Mrs S Carr and Ms D Hurst.

3. Urgent Business

There were no items of Urgent Business.

The Chairman explained the new Meeting arrangements as they were being brought in for the first time at this Meeting.

Ms Clarke declared that two of her children are now FE students at the College.

4. Minutes of the Meeting held on Monday 6 July 2015

The Minutes of the Meeting held on Monday 6 July 2015 were **APPROVED** and **SIGNED** by the Chairman.

5. Matters Arising

The Clerk reported that all identified action points in the last Minutes have been dealt with or are covered elsewhere on this agenda.

6. Strategic Developments (Paper FEC.15.18)

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. Area Reviews (Paper FEC.15.19)

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.

8. Performance Targets 2015-16 (Paper FEC.15.20)

The DPCE and VP, Curriculum & Quality jointly presented this Report, covering proposals for Performance Targets for the College for 2015-16 in respect of Finance and Human Resources, together with the Outturn against these Targets for the year 2014-15.

Targets/Benchmarks 2015-16

HR targets of reducing sickness absence levels to 7 days or less on average per person for 2015/16 and staff turnover of 15% were **AGREED**. These targets are unchanged from last year.

A member asked whether there were good reasons for 3 staff members having left who were on fixed term contracts of over 5 years.

Members asked whether these targets are too negative and asked whether there can be KPIs to measure staff success – number of green rated practitioners, for example. This is to be considered in framing the academic performance targets which will come to the next Meeting.

Full details of the **Finance targets** are noted in the paper. Key measures are pay as a %age of income of 62% and surplus at 1.2% of turnover (2014/15 year - 61.5%: 1.1%).

It is too early at this stage to set **targets for academic performance** for 2015/16. The Board received later on this agenda a paper detailing preliminary performance for 2014/15 and targets cannot be sensibly set until those results for last year have been all received. Targets will be set at the next Meeting of the Board in December 2015, when the draft Self Assessment Report for 2014-15 will be available and can inform the targets.

Outturns 2014-15

The sickness absence rate for the last 12 month rolling period was 8.66 days and the turnover rate 5.9% higher than the target. If management interventions leading to staff leaving is removed from the figures, the turnover rate was 17%, still 2% over target.

Using the SFA financial health scoring methodology, the College remains 'Good'. Importantly, all banking covenants are met. The performance against individual finance targets were sound given the extremely challenging times for funding and finance in the FE sector.

The College pay as a percentage of income was 61.5%, 1pp below target, the surplus was 1.1% of turnover against a target of 1.7% and the current ratio at the end of the year was 0.8 against a target of 2.0. Gearing came in at 33.2 compared to a target of 40.0. These outturns were good in the challenging circumstances noted above.

It was noted that interest charges for the full year as a % of income at 1.7% should be rated AMBER (target of 1.5%).

The Board **APPROVED** the targets recommended in the Report for 2015-16 for Finance and HR. It was **AGREED** that the Curriculum & Quality Committee would consider proposals for 2015-16 targets at its November Meeting and make recommendations to the Board Meeting on 7 December 2015.

A member wanted it made clear that the comparison of success rates under the new QSR methodology is not comparable to previous years success rates as they now include Maths and English. Success rates are the percentage of achievers over those left at the end of the course – leavers being ignored. This was confirmed, notwithstanding the change of terminology.

The new QSR methodology now includes Maths & English functional skills and other "stepping stone" qualifications. Under the old methodology Success was calculated as the number of learners who have achieved as a percentage of those who started and remained on the course after the relevant census date (42 days for a course lasting more than 24 weeks and 2 weeks for a course less than 24 weeks in duration).

Under the new QSR methodology success is calculated as the number of those who have achieved as a percentage of those classed as "leavers". A "leaver" can be someone who has either passed, completed and failed or withdrawn from a qualification. A learner that is still enrolled and continuing with their learning aim is referred to as a "continuer" and such learners are excluded from the success rate calculation until they are deemed to have left the course. Once they have left the course and become a "leaver" then their outcome will contribute to the overall success rate.

9. Finance Matters (Paper FEC.15.21)

a. Outturn for the year ended 31 July 2015

The Deputy Principal & Chief Executive presented for Board information and scrutiny the preliminary outturn of the College for the year ended 31 July 2015. He noted that the draft result shows a surplus of £512K as compared to the budget set for the year of £672K and the most recent forecast of £486K

The draft result is subject to audit, which starts next week, and for FRS17 pension adjustments to be made (approx £1.5 million to be charged to the income & expenditure account), together with some adjustments to depreciation and accruals. In addition, the funding claim is a forecast based on predicted achievement, which will not be confirmed until 23 October.

One member asked about agency staff noting that it exceeded the budget by £600K (60% over budget) – this is still not acceptable. The DPCE explained how budgets are monitored. A member asked about use of fixed term contracts and the College will look at maintaining a ‘bank’ system of staff so as to reduce the agency staff dependency and the resultant profit mark-up which is paid to the agency for each assignment.

It was noted teaching costs include payments to partners, who are delivering courses to meet our targets and utilise our funding allocations.

All KPIs are being met, including bank covenants.

Cash flow remains challenging and a full year cash flow for 2015/16 is being prepared in order to inform the going concern assessment for the College. Improved flow is expected next year as less capital expenditure is planned for 2015/16 and, if the Basildon project becomes unconditional, then fees so far incurred of about £1.6 million will be repaid next Spring out of the first Phase of revenues from the developer for sale of the Nethermayne land.

The Board **NOTED** the position and that the Audit & Risk Committee will examine the accounts and audit results in detail at its November Meeting and make a recommendation to the December Board Meeting that the Report & Accounts be approved. Its examination will include consideration of the going concern position of the College.

The Policy & Resources Committee will be kept informed of progress.

ACTION: DIRECTOR OF FINANCE

b. Insurance Policies Review

The Board **RECEIVED** and **NOTED** a Report on the College’s Insurance cover to fulfil their responsibilities regarding safeguarding the assets of the College.

The Board also considered whether or not the College should take out Terrorism Insurance and quotations were considered.

It was queried whether the Governors’ Liability cover of £2,000,000 is enough. It was agreed to seek comparisons in the sector. The premium for that cover at present is around £1,300.

The Board discussed whether to take out Terrorism Insurance – after discussion, the Board was not minded to take it out as it was felt that any incidents of this type would be covered effectively elsewhere within the College's insurance cover.

ACTION: DPCE/DIRECTOR OF FINANCE

c. Learner Numbers and Financial Implications 2015-16

The Board **RECEIVED** and **NOTED** the report on enrolments thus far for the current academic year.

Following discussion of the trends, the Board **APPROVED** the actions identified to meet or exceed enrolment targets, as follows:

- Full analysis of enrolment against Curriculum plan by Department and course to inform future curriculum development
- Continue Collaborative Partner recruitment strategy for all groups of learners
- Analyse the poor enrolment position at Basildon to see if the curriculum offer is the direct cause of the drop in numbers
- Address any student dropout in the first six week period
- Monitor late enrolments

Overall, **16-18 in College enrolments** are 2.6% down on last year to 5686, which represents 86.6% of the overall EFA target of 6565 learners, but virtually all of the intended College campus learners. The remaining learners have been allocated to collaborative partners, through contracts with them (a total of 920 learners).

Therefore, the College should achieve its overall EFA target, but it does depend on limiting withdrawals up to the census point of 6 weeks after enrolment.

Of the enrolments to date of 5686 on campus, there has been an increase on last year of 14% at Thurrock (134 learners), but reductions at Southend of 3% (118 learners) and 23% at Basildon (169 learners).

It was noted that 700 learners with Basildon postcodes are attending Southend or Thurrock campuses.

Total **19+ recruitment** (2276 across all campuses) has declined 12% compared to last year, Basildon down by 30% 196 learners), Southend by 10% (132 learners) and Thurrock static (up 5).

Of these learners, 318 have applied for a 24+ Advanced Learning Loans – amounting to £747.295, considerably up on last year (250).

However, it was noted that a significant proportion of 19+ recruitment takes place throughout the year and the goal for the College is to utilise the SFA allocation, as the SFA does not set a learner number target. This was the College's experience last year.

It was noted that Adult provision is increasingly moving towards larger programmes which use the funding available with fewer learners.

Open Evenings, currently being held, are very successful and they are 'heaving' according to one member.

10. Curriculum & Quality Matters (Paper FEC.15.22)

a. Preliminary Report on Learner Performance 2014-15

The Board **RECEIVED** a preliminary report on Learner Performance for 2014-15 from the Vice Principal, Curriculum & Quality and the Head of College Information Services, noting that many results have now been received. The deadline for results submission is the end of October.

Head of CIS reported on a number of changes in the Qualification Success Rate methodology introduced in December 2014, now known as Classroom Learning, not Learner Responsive methodology. These changes were explained in detail in the Report.

The impact of Maths and English is considerable because the benchmarks are now going to include those subjects, which they previously did not. They are the biggest group of unknown results and they will depress the present results currently known.

The Board will receive a final Report on Learner Performance for last year at its next Meeting in December – the Curriculum & Quality Committee will examine the results in more detail in their final form when that Committee meets on 9 November.

There are still a fair number of outstanding results which has the potential to take the College's overall success rate above the National Average of 77.4% but the impact of Maths & English will be significant in some areas..

Within this, A and AS level success rates are below the NA – A levels by 7pp and AS levels by 12pp, both being virtually the same as last year.

16-18 Long Level 3 Diplomas are up currently to nearly 88%, up on last year by 3pp and 1.5pp above the NA.

Apprenticeship success is presently 3.3pp below last year with some achievements still pending confirmation, but is above NA by 0.5pp.

HE programme achievement is 1.5pp above last year and the overall success rate 2.3pp above last year.

The position does look good at level 3 but poorer at levels 1 and 2 at the moment but the overall outturn is likely to be below benchmark for 16-18 (due to Maths & English) but 19+ should be at NA. It was noted that the issue with getting students to do Maths & English (and achieve) is a sector wide issue and is having similar effects across the country.

The Board **NOTED** the Report.

ACTION: VP, CURRICULUM & QUALITY

(b) Quality Strategy

The Board was reminded of its responsibility under the Articles of Government to 'approve the quality strategy of the institution'.

This paper outlined the key priorities for the College and Quality Improvement, linked to the College Strategic Plan, stressing the learner is at the centre of Quality Assurance and Improvement and that there is a consistent approach across the College, including as between FE and HE.

The key priorities, in summary, are:

- Whole College approach to QA and QI
- Improve quality through challenging KPIs
- Embedding professional practice and practitioner support
- Listening to the Learner Voice
- Effective process and policies to ensure compliance with awarding bodies' requirements

The Board **APPROVED** the Quality Improvement Strategy for 2015-16, noting that it will be renewed and refreshed annually.

Department Area Reviews are being sent to Link Governors, once their responsibilities are finalised. Changes are needed to reflect the revised College Departmental Restructure (see item 15 below) and proposals will be considered at the Board Development Day next Monday.

(c) University of Essex Institutional Review

Mr B Morris declared an interest in this item in his capacity as Registrar of the University of Essex.

The Board **RECEIVED** a Report from the Vice Principal, Curriculum & Quality explaining that the University of Essex Institutional Review report was submitted to the University in January 2015, providing a critical assessment of the College's HE provision.

An action plan addressing issues arising from the Report was produced and is monitored regularly throughout the year. The Board were provided with progress to date, which will, in due course, form part of the IRR for 2014/15 for submission to UoE in January 2016.

The areas for continuing improvement are:

- Quality of provision as rated by student satisfaction with assessment feedback, library, specialist resources and organisation and management
- Declining recruitment
- Failure to achieve a grade 2 Ofsted for ITE

The successful outcomes for 2014/15 were noted – HE dashboard, increase in year 1 success rate, successful review outcomes for Music Production and Computer Games design and implementation of the curriculum review process.

The Board **NOTED** the Report and the progress being made with the Action Plan.

ACTION: VP, CURRICULUM & QUALITY

11. Matters for Approval by the Corporation (Paper FEC.15.24)

The Clerk presented a Report outlining matters for approval by the Corporation, comprising items which have already been considered in detail by Committees and are recommended for approval by the Board:

The Board **APPROVED**:

- i. The Internal Audit Strategy for 2015-16
- ii. The Internal Audit Annual Report 2014-15
- iii. The Joint Audit Code of Practice: Self-Assessment Questionnaire

The latter document will be signed on behalf of the Corporation by the Principal (as Principal Accounting Officer) and the Chairman of the Corporation. It is designed to facilitate the regularity audit being done by KPMG and to inform the statement of regularity, propriety and compliance in the College's Annual Report.

From the Search & Governance Committee

The Board **APPROVED**:

1. Revised Meeting Arrangements for the Board
2. Revised Timetable of Meetings for 2015-16
3. Revised Schedule of Business for 2015-16

Approvals 2 and 3 above supersede approvals given at the July Board Meeting.

Approval 1 has the effect of reducing the number of Committee Meetings for each year, redesigning the agenda for Corporation Meetings to make better use of time, adapt the Schedule of Business to reflect the reduced number of Meetings but still ensuring all business is properly covered and to transfer the primary scrutiny responsibility for the Annual Accounts to the Audit & Risk Committee, before final approval by the Board.

12. Annual Review of Confidential Papers (Paper FEC.15.25)

The Clerk presented his Report on the above topic, following the principles approved by the Board in 2013.

The Board **APPROVED** the Report.

13. Items for Information Only

The Board **RECEIVED** the following papers for information (all having already been reviewed by a Committee):

- a. Risk Management Report (from Audit & Risk Committee)
- b. Minutes of Committee Meetings (Audit & Risk Committee - 8 September 2015)

The minutes of the Search & Governance Committee which met immediately prior to this Meeting will be tabled at the next Board Meeting.

No other Committees have yet met this academic year but both are scheduled for November (Policy & Resources and Curriculum & Quality).

The Clerk informed the Board that, following the appointment of Geoffrey Ocen to the Board at the start of this Meeting, there remained one vacancy on the Board for an independent governor. Geoffrey had agreed to join the Audit & Risk Committee, filling the vacancy on that Committee. There remains a vacancy on the Policy & Resources Committee.

The Search & Governance Committee is pursuing possible candidates for the Board.

14. Management Structure Diagrams

The Board **NOTED** the current Management Structure of the College and that the recent restructuring will require changes to the Governor Links currently in place (see item 10 b above).

ACTION: CLERK

15. Forthcoming Events (Paper FEC.15.26)

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

The Chairman informed the Board that he would not be attending the AoC Annual Conference in November at Birmingham this year. Some members of the SLT will attend. If another governor wishes to attend, please notify Sue Mack.

16. Date of Next Meeting

Monday 2 December 2015 at the Southend Campus at 6.00 pm.

There being no further business, the Meeting terminated at 8.00 pm.

Signed..... Dated