

Further Education Corporation

Approved Minutes

Minutes of a Meeting of the Further Education Corporation held at the Thurrock Campus, Grays, Essex on Monday 14 October 2019 at 6.00 pm.

Present: Ms E Sipiery (Chair)
Dr R Gray
Mr P Griffiths
Ms A-L Harding
Mr M Harrison
Mr T Knight
Mr R Launder
Ms J McGee
Mr R Patterson
Ms A O'Donoghue CBE
Ms E Ponce (from 6.25pm)
Ms M West
Mrs G Williams (Vice Chair)

In Attendance: Mr A McGarel (Deputy Principal & Chief Executive)
Mr S Smith (Vice Principal, Corporate Resources)
Ms S Lane (Deputy Principal, Curriculum & Quality)
Mr M Twitchett (Vice Principal, Curriculum & Quality)
Mr C Bladen-Kopacz (Dean of Higher Education – item 6 only)
Mr P Moore (Director of Finance)
Ms D Garroway (Assistant Principal, Student Experience)
Mr R I Millea FCA (Clerk to the Corporation)

1. Welcome to new Members, Apologies for Absence and Declarations of Interest

Mark Harrison was welcomed to his first Meeting as a governor of the College.

Apologies for absence were received from David O'Halloran (on leave of absence) and from Sarah Stone.

The Clerk declared his interest as Clerk to Chelmsford College and Company Secretary of Essex Shared Services Limited.

Richard Launder and Anthony McGarel declared their interests as Directors of Essex Shared Services Limited.

Elizabeth Sipiery declared her interest as a non-executive director of Swan New Homes.

Paul Griffiths declared an interest as CEO of the Osborne Trust (Multi-Academy Trust) as the Trust is negotiating a lease arrangement with the College.

3. Urgent Business

The Clerk **REPORTED** that the College Seal had been used in executing a Grant Agreement with Essex County Council (the accountable body for SELEP) relating to the Local Growth Fund Grant whereby the College undertakes to deliver a Growth Deal Project for SELEP. The Grant is up to a maximum of £2,150,000 commencing shortly and covering work up to 31 March 2021. The Agreement had been signed by the Principal & Chief Executive.

The PCE notified the Board of a Confidential Item under the Instrument & Articles relating to a Curriculum Issue. In this regard, a separate minute has been prepared, which is attached to these minutes.

The Clerk **REPORTED** that Anne-Lise Harding (Support Staff Governor) is leaving the College at the end of the year and therefore will resign from the Board. A replacement staff governor from the support staff will be sought, hopefully so that person can be appointed to the Board in December and take office from 1 January 2020.

There were no other items of Urgent Business.

4. Minutes of the Meeting held on Monday 8 July 2019

The Minutes of the Meeting held on Monday 8 July 2019 were **APPROVED** and **SIGNED** by the Chair.

5. Matters Arising from the Minutes

The Board had asked for details of income and surplus from **International Work** during 2018/19 at the direct cost level to be provided so that the Board can see evidence that the work is profitable and worth the investment. This summary was sent.

Terry Knight referred to some issues regarding International Work which have come to light in some other Colleges and sought assurance regarding the College's activity in this area. He wished to be sure that the Board is fully aware of and understands the College's work internationally and why the College is doing it.

He asked whether the effort involved produces a reasonable surplus in the light of the investment involved.

The DPCE responded that International Work realises approximately an 8% return on turnover and the PCE indicated that the volume of work is expected to grow given that, having achieved Grade 2 Ofsted, the College now has Tier 4 permission. This year the College has recruited a number of students who are studying at the College.

The College is careful and selective regarding the countries on which the College focuses. New opportunities are thoroughly assessed and reviewed before they are pursued. Although the 8% return only includes direct costs, the contribution is good in the light of the returns from other areas of the College's work.

Richard Launder, who is the governor link in this area, believed that there are intangible benefits to the College from international activity and he discusses possible expansion on an ongoing basis with the International Manager.

A further discussion on International Work will be scheduled at Policy & Resources Committee later in the year to look at predicted income 2019/20 and for 2020/21.

ACTION: CLERK

In response to a matter of wording raised by Gwynn Williams at the previous Meeting concerning the **Data Breach Notification Policy**, the DPCE confirmed that it reflected statutory requirements even though it seemed somewhat vague.

There were no other Matters Arising from the Minutes which are not otherwise dealt with in the Agenda.

6. HE Update (Paper FEC.19.18)

i. Access Agreement 2018-19 Update

The Dean of HE **PRESENTED** a Report outlining the Access Agreement 2018/19 relating to funding, allocation thereof, distribution, spending (both planned and actual to date).

The Board was reminded of the need to monitor earmarked funds for the Agreement, which, if not complied with, can trigger a data assurance review and other sanctions from the Office for Students.

The Paper concluded that

- Projects and other expenditure has been allocated in accordance with the Agreement
- Appropriate records of funds spent against allocation are demonstrated
- Responsibilities for projects and allocations are transparent
- Outputs or impacts are yet to materialise
- Full details are available to governors to aid monitoring

Elizabeth Sipiery observed that there was a large underspend in Marketing. This budget is to assist recruitment of non-traditional students and this spending will be increased to service this important section of the Access Agreement but the underspend has impacted on the under-recruitment in new students in 2019/20. The Dean of HE said the reasons were due to the timing of the project and staff turnover.

With this exception, the Access Agreement spending is broadly on target.

The Board **NOTED** the Report.

ii. Access and Participation Plan Submission 2020-21 to 2024-25

The Board **RECEIVED** a Report from the Dean of HE on the above issue.

The Paper outlined the latest targets and associated commitments to meet the requirements of the Plan for the period noted and ensure its credibility. It is noted that this Plan has been submitted for approval by the Office for Students but is not yet approved.

The Board was informed that failure to achieve approval of the Plan by OfS would mean that the College would no longer be able to charge higher tuition fees (i.e. between £6,165 and £9,250) which would potentially affect the sustainability financially of the College's current HE offer.

The Plan also made clear the differences between this Plan and the past Access Agreements given the change of regulator to the Office for Students from HEFCE.

The Report was **NOTED**.

iii. HE Enrolments 2019/20

The Board **RECEIVED** a Report from the Dean of HE on student enrolments for 2019-20, based on a dataset of 1 October 2019. Confirmed numbers of year 1 entrants this year are **167** against a target of **243** full time students, a shortfall of 68 (30%). Plans are in place to grow HE numbers to 1402 by 2023. The present total cohort is **582** on degree programmes and HNCs and PGCEs. The comparable figure last year was over **700**.

There have been some recent further enrolments reducing the shortfall on full time enrolments to 68.

In addition, there are still 30 year 2 and year 3 students who have not returned this year. Efforts continue to engage with those students who have not returned so far to persuade them to resume.

Governors were informed that the income forecast for 2019/20 is £4.8 million against a budget of £5.4million, giving a potential shortfall of £600K. The College Budget will have to be reworked to handle this shortfall.

Governor questions

Terry Knight noted that the recruitment Appendix numbers do not tie up with the narrative in the Paper. The Dean of HE said that the difference is that the Appendix includes part time students as well as full-time.

The Chair asked why is recruitment so far down against target.

Rod Gray was concerned that, notwithstanding that competition for students is strong, the College does not seem to be very effective in recruiting students and clearly other institutions are doing it better.

The Dean of HE made reference to some institutions which are giving unconditional offers before A Level results are available and this is impacting our recruitment, as the College does not engage in this practice.

Gwynn Williams was concerned that our courses may not be accessible to potential students who are researching possible HE institutions. Estrella Ponce said that our website regarding HE opportunities and the process to enrol is not user friendly.

Richard Launder asked for an update regarding the website for HE and was informed that it is being relaunched and the College has engaged a consultant to assist in developing this relaunch.

Estrella Ponce said that available accommodation for HE students is hard to locate. The Dean of HE said that accommodation is available through Essex University at their halls of residence. It was agreed that this needs to be better explained to

students through the website and, additionally, to generally promote the HE life in Southend.

Gwynn Williams commented that the College must market ourselves better and give students an insight into the Value for Money for them during their period of study at the College.

Richard Launder said that it was essential the College must address this enrolment problem early so that numbers can go up next year and the PCE said that the planning of enrolment numbers needs to be much more rigorous so that budgets can be framed on accurate predictions and not on over optimistic figures. Overall, our planning is not good enough.

As noted above, savings will have to be found to compensate for the financial effects of the under-enrolment.

The Chair echoed the comments regarding emphasizing through our marketing our unique competitive advantages to overcome unfairness and attract non-traditional students.

Governors **ENDORSED** these comments and the Dean of HE was instructed to put in place mechanisms to tackle the poor enrolment situation so that it is not repeated for 2020/21 enrolments.

ACTION: DEAN of HE

The Board **NOTED** the Report.

iv. HE NSS Results

The Board **RECEIVED** a Report on NSS Survey Outcomes 2019, accompanied by detailed analysis.

The Board noted that the overall NSS Score of 78% has increased from last year (75%) but remains lower than the OfS benchmark (82%) but the detailed position is more nuanced across programme levels. The reduction compared to the OfS benchmark is not considered, in OfS terms, significant.

There were some notable improvements in student satisfaction rates for individual questions in the NSS from last year although still not up to 2017 levels.

The Paper suggested that the combination of commitments made to the Office for Students, evidenced in a number of ways as noted in the Paper, should contribute to maintaining the student satisfaction rating within acceptable limits of the benchmark in the short term. The aim is to meet or exceed the benchmark within 3 to 7 years.

Governor questions

Terry Knight asked how many students completed the NSS survey and the Dean believed it was just above 85%, which is what it was last year. This is felt to be quite a good response rate.

The PCE asked that the summary next year be presented in graphical form as the text is difficult to interpret and too long.

Rod Gray asked how well the learning resources the College provides compare with other institutions. Anne-Lise Harding said that, based on other HE institutions of which she has knowledge in the library field, our learning resources are very good.

Overall, Governors felt that the outcomes of the NSS are moving in the right direction.

7. Strategic Developments in South Essex (Paper FEC.19.19)

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. Curriculum & Quality Matters (Paper FEC.19.20)

i. Preliminary Report on Learner Performance 2018-19

The Board **RECEIVED** a Report from the DP, C&Q on Learner Performance for 2018-19 against College targets, noting that there are still some outcomes to be finalised (293 16-18 students) and some final achievement figures may increase.

Governors were provided with tables of the achievement rates for the College and PROCAT for comment.

Overall Achievement is 79.8% (last year 82%), down by 2.2 on last year. Results are still being collated. The National overall rate is 84.4%.

Our Adult achievement is 91.4% but the 16-19 student achievement rate has declined over last year, mainly due to low achievement on A Levels, Electrical and Plumbing and basic skills English and Maths, coupled with the impact of the issues in Art, Design and Business.

The overall achievement rate for PROCAT was 75.5%.

GCSE English has improved on last year and is above College target, but the PROCAT outturn had declined. GCSE Maths has decreased but remains slightly above the College target.

The declines are mainly due to the new format and requirements of the maths and English GCSE examinations which are harder in content.

The Board were informed that, where provision has been lower than National Rates significantly, a rapid intervention and improvement process led by a member of the SMT will be established alongside a full review of the provision.

A Levels are still an area of considerable concern with the value added score being within the bottom 25% of the country – most of the College's provision is less than satisfactory. Overall achievement rate was 22pp below the National Average – 65% against 87%.

Overall Apprenticeship achievement for the College and PROCAT has improved this year but timely achievement has fallen due to legacy and historic issues and some subcontracted provision which continues to impact on timely achievement.

Delivery of Electrical and Plumbing remains a challenge due to the difficulty in recruitment mainly caused by the inability of the College to compete on pay rates with industry itself. It is also difficult to recruit Maths GCSE teachers.

A further update will be provided at the Curriculum & Quality Meeting on 11 November 2019.

The Report was **RECEIVED**.

ii. Quality Strategy 2019/20

The Committee **RECEIVED** a Paper from the Deputy Principal, Curriculum & Quality updating the College Quality Strategy for 2019-20 and seeking Board approval.

Details of the changes considered necessary to the existing Strategy were provided to Members and are designed to add further rigour to the strategy and to underpin processes therein, along with aligning more closely with new Ofsted Education Inspection Framework

The document also acknowledges the requirements of funding bodies as well as awarding organisations and the FE and HE regulators.

The Strategy is designed to ensure common understanding amongst academic staff regarding College expectations and harmony with the TL&A Strategy (see next item) leading to continuing improvement in College quality and assurance.

The Board **APPROVED** the College Quality Strategy for 2019-20 for FE.

iii. Teaching Learning & Assessment Strategy 2019/20

The Committee **RECEIVED** a Paper from the Vice Principal, Curriculum & Quality updating the Teaching Learning & Assessment Strategy for 2019-20 and seeking Board approval.

The Paper outlined one minor change being necessary in order to align the document with the new Ofsted Education inspection Framework.

The TL&A Strategy continues to be used together with the Quality Strategy to inform a variety of quality monitoring approaches which have a positive impact of outcomes for learners.

The Board **APPROVED** the Teaching Learning & Assessment Strategy for 2019-20 for FE.

iv. Curriculum Plan for Digital Technologies Campus 2020

Matt Twitchett **PRESENTED** a Paper to inform the Board of the proposed curriculum to be delivered for the academic year 2020-21 at the new centre for digital Technologies at Basildon.

It was noted that the current Digital Technologies provision will move from Southend and Thurrock and the Department of Learning and Progression will be moving from Luckyn Lane, Basildon to the new Campus. It is further intended to deliver the new T Levels Qualification in Digital Production, design and development in September 2021.

There are other areas being offered at the new Campus in Adult provision, Apprenticeships and some Higher Education (Games and Animation).

The Board **AGREED** the proposals.

9. Finance Matters (Paper FEC.19.21)

Items 9 (a) to (d) 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.

9 (e) Lennartz Update

The DPCE **REPORTED** that the Lennartz VAT case which is being led by Colchester Institute on behalf of 17 FE Colleges was heard in July 2017. A decision was announced recently and HMRC have rejected the Application by the Colleges to the proposal that VAT should not be paid on buildings on the grounds that the premises are for educational purposes and therefore exempt from VAT. This is the situation with schools.

The consultants acting for the Colleges consider the decision and the reasoning to be flawed and the Colleges are considering an Appeal to a higher judicial authority.

If the case is ultimately not successful, the impact on the College will be cash flow only in paying amounts of VAT back to HMRC which the College has suspended and the future balance that remains outstanding. A provision exists in the College balance sheet for the total liability. There is the risk of interest and penalties, which have not been provided for.

The Board **NOTED** the position and that there have been no recent developments.

9 (f) Draft Audited Statements: Essex Shared Services Limited

The Board were informed that these statements for the year ended 31 July 2019 are in draft and will be reviewed and approved by the Board of ESS on 11 November 2019. The Audit & Risk Committee will receive them for information on 20 November 2019.

The draft results for the year show a loss of £65,000 due to the effects of the FRS102 pension calculations. This means that the total cost of ESS to the College is £683K, £60K higher than the previous year.

9 (g) 1. ESFA Funding Assurance Review

The DPCE **PRESENTED** a Paper summarising the recent audit and associated financial implications. The audit was carried out by PWC in early September, with a return visit last week.

The Report explained the audit process and the number of samples selected for examination. As a result of their testing, PWC identified a number of issues to be actioned:

- Evidence for hours of independent study
- Quality of attendance data within registers
- Quality of records provided by subcontractors

These matters are being addressed.

A return visit covered further samples and overall the outcome was excellent.

The College has been advised that a clawback of funding will result from Review and this amounts to £108K in respect of 16-18 students and £17K each for Adult funding and Apprenticeships. Given the financial quantum of each of these streams of funding, these clawbacks are very minor. For example, the 16-18 clawback of £108K represents only approximately 0.4% of the total annual 16-18 allocation of funds.

It is expected that the clawback will be repayable in January 2020, probably by deduction from the 16-18 funding due on that date.

The Board **NOTED** the position.

9 (g) 2. European Social Fund Funding Audit

The DPCE gave a verbal update. This was a separate audit to the ESFA funding audit, which has been completed by the Department at the same time as the ESFA Funding Audit and no issues arose.

9 (g) 3. Sub-contracting assurance to ESFA

The CEO of the ESFA recently wrote to all Colleges (3 October 2019) seeking assurances regarding provision of subcontracting by Colleges and seeking a response by 1 November 2019. The ESFA is concerned about sufficiency of oversight in this area and they are currently investigating a number of subcontractors (11 in total). A copy of this letter was provided to all Members.

The response required is confirmation that the College is aware of the consequences of failure to adequately control and manage subcontracting provision and the potential changes to subcontracting arrangements in the future.

The Board **AGREED** that, on the basis of assurances provided by management, recent internal audit review and the Funding Audit referred to above, that the College can give the confirmation requested.

The DPC&Q informed the Board of the considerable reduction in subcontracting by the College and noted that there will be no 16-19 subcontracting at all this academic year.

This change of policy removes the risks surrounding sub-contracting which, as evidenced by the letter from the ESFA CEO, can be a source of concern in some Colleges.

9. (h) ESFA CEO Letter and 15 compliance points

The Clerk **PRESENTED** a Letter from the CEO of the ESFA dated July 2019 with regard to the oversight of the proper use of public funds by College governing bodies. This was **NOTED**. The Letter was accompanied by a list of 15 points in connection with good governance and the Clerk **TABLED** this list annotated with the College's action in respect of each of the 15 points. This was **AGREED** as an accurate summary of the College's compliance.

The Board were therefore satisfied that the College is compliant with these instructions and recommendations in this list. The Letter and the 15 points were reviewed by the Audit & Risk Committee at their Meeting on 11 September 2019 and they agreed the actions noted above.

10. Matters for APPROVAL by the Corporation

The Clerk presented a verbal Report outlining matters for approval by the Corporation arising from items already considered in detail by Committees, which recommended them for approval by the Board.

The Board **APPROVED** the following documents:

From the Policy & Resources Committee

- KPIs 2019/20 (HR + Finance) and outturn 2018/19
- Committee Terms of Reference
- Ethics Policy, Anti-Money Laundering Policy and Anti-Bribery Policy

From the Audit & Risk Committee

- Internal Audit Annual Report 2018-19
- Committee Terms of Reference
- ACOP – Regularity Self-Assessment Questionnaire 2018-19

From the Search & Governance Committee

- Committee Terms of Reference

11. Items for Information Only

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

- | | |
|---------------------------------|-------------------|
| • Search & Governance Committee | 23 September 2019 |
| • Policy & Resources Committee | 23 September 2019 |
| • Audit & Risk Committee | 11 September 2019 |
| • Board Development Day Report | 15 July 2019 |

The Board **RECEIVED** the Risk Management Report (including Risk Register, Dartboard and Assurance Mapping) considered by the Audit & Risk Committee on 11 September 2019.

12. Governance Matters (Paper FEC.19.22)

Board Recruitment

The Clerk reported that there remains 2 vacancies on the Board for independent governors.

There is a potential candidate, who has been interviewed by the Search Committee today, and it is proposed that a resolution to appoint him to the Board be tabled at the Board Meeting in December 2019. He is available to take office from 1 January 2020.

The Search Committee considered that active governor recruitment should be pursued and Peridot Partners, who were engaged to recruit a Chair for the Board earlier this year and who found another governor as well, have been asked to provide a quotation for services in recruiting two further governors to the Board.

If this is successful, it may be necessary to increase the determined Membership of the Board from 18 to 20. They have been briefed that an accountant and an education professional (e.g. headteacher) would fit the Board's skill needs.

The Board were reminded of David O'Halloran's unavailability for the next few months and, on the recommendation of the Search Committee, formally **AGREED** leave of absence for him until 31 March 2020, when the position will be reviewed.

The Chair has informed David of this decision.

ACTION: CLERK

The Clerk also mentioned that, with David's absence and Anne-Lise Harding's resignation from the Board that the Audit & Risk Committee membership needs strengthening. The last Meeting of this Committee in September was inquorate.

The Board was also informed that the terms of office of Terry Knight, Bob Patterson and Gwynn Williams all expire on 31 July 2020.

There remains a vacancy for a FE Student Governor and a candidate has been identified but it is not yet clear whether he wishes to pursue his candidacy. If not, another student will be sought with the aim of appointing a FE Student Governor at the December Board Meeting.

ACTION: CLERK

Annual Review of Confidential Minutes

The Clerk **PRESENTED** a Paper documenting his Annual Review of Confidential Papers. The Board **APPROVED** the action proposed by the Clerk as documented in the Paper that all matters currently designated as Confidential should remain as such on a continuing basis.

Compliance with English Colleges' Code of Good Governance

The Clerk **PRESENTED** a paper documenting the College's compliance during 2018-19 with the English Colleges' Code of Good Governance and this was **NOTED**. The paper gives assurance to the Statements made in the College's Statement of Corporate Governance and internal Control included in the Annual Members' Report.

Board Self-Assessment Questionnaire

The Clerk **PRESENTED** a paper summarising responses received from Board Members who were in office during 2018/19 and are still on the Board. Ten responses out of twelve have been received. The overall average grade awarded was 1.56 (2016-17: 1.54) – no forms were completed for 2017-18.

The Report identified key strengths identified by governors in their returns and also Areas for Development/Improvement.

The Board asked that the new Clerk organise a detailed Governor Training programme as past practice has been somewhat peripatetic. The existing Clerk provided details of upcoming courses/conferences under Forthcoming Events and the Assistant Clerk will provide details to governors.

ACTION: CLERK

Board Development Day 15 July 2019 – Evaluation Forms

The Clerk gave a verbal Report. Six responses have been received out of eight and the overall grade given was 1.67 (between Good and Outstanding). The Clerk advised that a written summary of the Returns will be circulated to the Curriculum & Quality Meeting on 11 November 2019 for review.

ACTION:CLERK

13. Forthcoming Events (Paper FEC.19.23)

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

The Clerk informed the Board of three upcoming Governor courses:

- Development session for governors on 6 November from 4-7 pm at Harlow College, Stansted Airport Campus – three strands are offered: student governor induction, new governor induction and the relationship between Chair, Principal and Clerk
- Governance Summit on 1 November 2019 at etc venues, Pimlico, London from 10am to 4 pm – a whole day event covering current key issues in the sector (insolvency, finance, devolution, commercialisation, board assurance)
- T Levels Organisational Readiness – East England (Kings Lynn) on 3 February 2020 and South East (Gillingham) 17 January 2020

All three events are free to attend.

The Clerk also advised the Board of the AoC Governance Summit which is to be held at Woburn House, London on 31 March 2020 (cost £249 + VAT)

Governors were asked to contact the Assistant Clerk, who will arrange bookings. The Assistant Clerk will keep a record of attendance for CPD purposes for governors, which is an area Ofsted inspects.

Finally, the Clerk informed the Board of a number of on-line study modules available from the Education & Training Foundation and Governors were encouraged to undertake modules of interest and inform the Assistant Clerk when completed.

ACTION: ASST CLERK

14. Date of Next Meeting

Monday 2 December 2019 at Stephenson Road, Leigh.

There being no further business, the Meeting terminated at 8.10 pm.

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