

Approved Minutes

MINUTES OF THE MEETING OF THE FE CORPORATION Held on Friday 7th July 2023, at 9.30 am in the Skills Park

Present: Chris Muller (Chair), Nick Vaughan-Barratt (Vice-Chair), Julie Kapsalis (CEO/Principal), Sean Ahearne, Martin Butterfield, Angela Cross-Durrant, Felicity Fletcher, Nadine Guy, Margaret Martin, Asa’ah Nkohkwo, Sylvia Ofei-Kwatia, Lynn Reddick, Jeremy Williams.

In Attendance: Andy Cowan (Deputy Principal, Curriculum & Quality), George Jenkins (Chief Finance Officer), Donna Patterson (Assistant Principal HR & OD), Susanne Wicks (Head of Governance).

22.73	Apologies for Absence	
	Apologies for absence were received from Simon Enoch, Paul Ford and Charley Johnson.	
22.74	Declarations of Interest	
	The CEO/Principal declared that she is an unremunerated Director of NESCOT Enterprises Ltd. (NEL).	
22.75	Minutes of the Previous Meeting and Matters Arising	
	i	Governors approved the minutes of the meeting held on 31 st March 2023
	ii	There were no matters arising not otherwise covered on the agenda.
22.76	Principal’s Report and Updates	
	i	<p>The CEO/Principal and ELT colleagues delivered a presentation to the Corporation which is available on GovernorHub. They welcomed comments and questions, and matters discussed are set out below.</p> <p><u>Key Performance Indicators (KPIs)</u></p> <p>The CEO/Principal advised that where a KPI is Red, it is unlikely that there will be any further progress. Where a KPI is Amber, there could be movement by the end of the academic year.</p> <p>SO2 – Income as a percentage of Budget: The Chief Finance Officer explained that with the drop in income due to exiting partnership and sub-contracting arrangements, this target cannot be met.</p> <p>SO5 – Percentage of FTE FE engaged in Enrichment: The Deputy Principal Curriculum & Quality advised that this will increase as staff finalise the data on Grofar at the end of term. The CEO/Principal added that there is more to be done to ensure that engagement in enrichment is meaningful, particularly for apprentices, and the Enrichment Programme will be enhanced from September to ensure it includes more relevant activities.</p> <p>SO2 – Percentage of New Courses Delivered: The CEO/Principal described the challenge and complexity in introducing new courses, but reassured Governors that the Institute of Technology will bring curriculum innovations. She also pointed out curriculum teams are best placed to</p>

Approved Minutes

	<p>identify possible new courses. The Deputy Principal Curriculum & Quality was pleased to confirm that Open University approval has been given for a Foundation Degree in the Internet of Things.</p> <p>The Vice-Chair sought clarification on the target, noting that it is not clear what the 40% target equates to. The CEO/Principal undertook to provide further information outside of the meeting.</p> <p>SO4 – Apprentice Overall Achievement: The Deputy Principal Curriculum & Quality expressed confidence that the target would be met.</p> <p>ACD expressed concern that some of the gaps between current performance and target are quite wide and asked how confident staff were in achieving the KPIs currently rated Amber. The CEO/Principal acknowledged that it is challenging when inheriting a set of KPIs to fully understand how and why some were agreed, but reassured Governors that the KPIs in the new Strategic Plan have been rigorously reviewed and tested to ensure that they are robust and relevant.</p> <p>SO6 – Staff Thank You Bonuses: Governors noted that Thank You Bonuses are not the only way that staff are rewarded and recognised, and this KPI that doesn't reflect the impact of rewarding staff appropriately, which should be observed in the retention rate. The CEO/Principal advised that there were almost 100 nominations received for the Staff Awards which took place on 6th July 2023 and that the event was well attended. She confirmed that NG selected some nominees to receive a Governors' Award.</p> <p>SO6 – Performance Reviews Undertaken: The Assistant Principal HR & OD confirmed that many reviews would be undertaken over the summer and more have been completed since the data for this report was harvested. She set out plans to review the entire process and for all performance reviews to take place in a set period, ideally the summer.</p> <p>Governors commended the positive performance against the Apprenticeship Levy Spend, noting that it can be a challenge for colleges to spend the levy.</p> <p><u>Progress against Strategic Objectives</u></p> <p>ELT colleagues gave a brief summary of progress against the Strategic Plan objectives.</p> <p>The Deputy Principal Curriculum & Quality confirmed that Governors would be invited to the formal launch of the Institute of Technology.</p> <p>With regard to this year's GCSE exams, Governors noted that there was an 88% attendance rate which is particularly positive in the context of some of the challenges facing learners and a testament to the hard work of the Team. The Deputy Principal Curriculum & Quality has met with Headteachers from local schools to discuss how Nescot can support them on Results Day (24th August) and help students consider their future options.</p> <p>The CEO/Principal updated the Corporation on action taken to address queries identified by Internal Audit and discussed in depth by the Audit</p>
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Approved Minutes

	<p>Committee at their meeting on 23rd June 2023. She advised that a task force has been established, a tracker has been developed which includes information on each individual apprentice and progress has already been made. Additional resources will be provided to the Team over the summer to maximise progress and ELT will continue to monitor progress.</p> <p>The Deputy Principal Curriculum & Quality expressed confidence that applications for 2023-24 will meet targets, although applications will vacillate over the summer.</p> <p>The Chief Finance Officer confirmed that the year would end with a stable financial position, with a healthy cash balance and a positive balance sheet. He described the cautious approach to allocating the Capital budget, as part of the approach to achieve a break-even position.</p> <p>The CEO/Principal reminded Governors that the Customer Engagement Strategy had been circulated to them all and was pleased to confirm that a Head of Customer Engagement had been recruited and would start in September 2023. She also advised that the bid for £0.5M funding for the Yorkon works had been successful.</p> <p>Governors noted that at the lunch held with school leaders a few weeks ago, it became apparent that none were aware that Nescot offers a PGCE qualification. However, the event was very positive with lots of follow-up meetings arranged.</p> <p>The Assistant Principal HR & OD advised that the recent CPD week had been successful with sessions well attended. The Deputy Principal Curriculum & Quality advised that external facilitators were used for some sessions which were well received.</p> <p>MM sought further information about the change from 34 to 36 weeks per year, and the Deputy Principal Curriculum & Quality explained that Nescot has a lower contact value than many other colleges in the region, which is supportive for staff, but they do not get the benefit over 34 weeks, which equates to 864 hours. By stretching the academic year, and reallocating CPD to specific days across the year it means that to meet 816 hours per year, staff will deliver 22.5 hours per week which is 1.5 hours less contact time, which will have a positive impact on their workload. The CEO/Principal set out plans to review the calendar over the summer, to enable staff employed on a term-time-only basis to participate in end of year activities, such as the staff barbecue and to potentially reinstate the May half-term. The Chair welcomed the change, noting the need to be as flexible as possible to recruit and retain staff in the Education sector.</p> <p><u>Institutional Review</u></p> <p>The CEO/Principal confirmed that Phases 1 and 2 of the institutional review have been completed and gave particular thanks to the Staff Governors for their positive and helpful contribution throughout the process. She confirmed that there had also been regular dialogue with unions.</p>
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Approved Minutes

	<p>The CEO/Principal reported that 15 staff were made redundant in total and 21 were redeployed (17 into new posts and four into vacant posts) and the new structure will be effective from 1st August 2023. In total, savings of circa £1M were achieved which was slightly less than hoped, and it is likely that a further phase will take place next year.</p> <p><u>Management Accounts</u></p> <p>The Chief Finance Officer gave a finance update and revised forecast for 2022-23 based on the May 2023 annual accounts. He advised that the accounts showed:</p> <ul style="list-style-type: none"> • Income of £25m, which is £5.1m less than budget; • Pay expenditure of £17.7m, which is £1.3m less than budget, and non-pay expenditure of £9.5m, which is £3.5m less than budget; • An overall deficit of -£2.2m, which is £0.3m worse than budget <p>The Chief Finance Officer updated Governors on the capital expenditure programme and gave a detailed breakdown of how the £1.5M cost of works to Yorkon would be covered.</p> <p><u>Safeguarding</u></p> <p>The Deputy Principal Curriculum & Quality presented a safeguarding update, flagging that this is a standing agenda item for Curriculum & Quality meetings, and that the reports provided to the Committee had all been provided as background papers.</p> <p>The Deputy Principal Curriculum & Quality confirmed that staff have engaged very well with the CPOMS software and it has been particularly helpful in ensuring the safe and prompt transfer of records from learners' schools. He noted that the introduction of CPOMS has led to increased referrals by staff which is a positive indicator of their vigilance and confidence in reporting concerns, and students' confidence in expressing them.</p> <p>MM asked how the volume of referrals compares with other colleges and the Deputy Principal Curriculum & Quality undertook to check if such data was available.</p> <p>The Chair of the Curriculum & Quality Committee, ACD, reported that the Committee received a very detailed report from the Head of Student Wellbeing at their June meeting and were very impressed by the enthusiasm, empathy and commitment of the Wellbeing Team. The Committee were glad to hear that most students welcome support and many referrals are self-referrals. NVB added that the Committee sought, and were given reassurance that the Wellbeing Team's workload is manageable and that they monitor their own wellbeing.</p> <p>The Deputy Principal Curriculum & Quality confirmed he would be the Designated Safeguarding Lead (DSL) with effect from 1st August 2023 and that there will be nine trained Deputy DSL in place. MM noted that this could increase his workload and the Deputy Principal Curriculum & Quality</p>
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Approved Minutes

		reassured Governors that, with the new structure in place, he would be able to effectively carry out the role.
	ii	<p><u>Strategic Plan 2023-26</u></p> <p>The CEO/Principal presented the final version of the Strategic Plan, noting that Governors had already scrutinised it very thoroughly. She confirmed that more detailed information and the KPI would be presented to Governors during the autumn term meetings.</p> <p>The Corporation approved the Strategic Plan 2023-26.</p>
	iii	<p><u>Budget 2023-24</u></p> <p>The Chief Finance Officer gave a detailed presentation of the draft budget for 2023-24. He advised that:</p> <ul style="list-style-type: none"> • The budget for 23/24 has a deficit of -£1.6m. • Income is budgeted to increase by £2m to £26.4m. (This is compared to the forecast for 22/23 excluding subcontracting/partnerships of £24.4m, which was less than the 22/23 total budget of £30m). • Pay expenditure is budgeted to increase by £0.7m. This includes a proposed 3% pay award, and also reflects the savings from the recent institutional review. • The percentage of income spent on pay will be 66% which is a reduction from this year's 68%. • Non-pay expenditure increases by £0.6m. <p>The Chief Finance Officer gave a breakdown of income, student numbers, pay expenditure, non-pay expenditure and other cost pressures and welcomed comments and questions.</p> <p>NG asked how the recommendation for a 3% pay award was reached. The Chief Finance Officer advised that the Association of Colleges (AoC) did not recommend a figure this year, and unions suggested 15% which was not affordable. The Assistant Principal HR & OD advised that, according to the information she had obtained, most colleges had agreed on a pay award ranging from 3-7% and highlighted the need to take into account the impact on staff morale in the context of the institutional review as well as considering affordability. The CEO/Principal confirmed that this was subject to robust and thorough discussion by ELT and it was agreed that 3% was appropriate and sustainable.</p> <p>NG noted that many working people are finding it hard to manage the increased cost of living and asked if ELT colleagues are aware of any staff that are struggling financially. The CEO/Principal admitted that it can be hard to establish that, but advised that the free breakfast scheme could be extended to staff, and outlined plans to work with a Food Bank next year which would be open to all. The Assistant Principal also reminded Governors about the additional pay for lower grade staff paid in May to ensure grade</p>

Approved Minutes

	<p>differentials following the Governments high National Minimum Wage increase effected this year.</p> <p>The Chair recognised that this is a challenging issue, but reminded Governors of the need to focus on affordability. ACD added that, in her view, most staff would welcome 3% as most will be aware of the funding challenges facing the college. FF suggested that most staff will be expecting a lower increase and recommended that the news be communicated carefully to ensure that staff are aware of the need to monitor the impact of any pay rise on the future financial picture of the College.</p> <p>The Chair commended the action taken to mitigate the impact of utility cost increases, which has had a catastrophic impact on schools' budgets.</p> <p>With regard to the Capital budget, ACD asked if there is any contingency and the Chief Finance Officer confirmed that there was, totalling £100K but noted that it would be used for urgent items only.</p> <p>The Chief Finance Officer reminded the Corporation of the requirement to submit a Year 2 Plan to the ESFA and summarised the position as follows, highlighting that it is challenging to draft at this stage, before student numbers for next year are known:</p> <ul style="list-style-type: none"> • The deficit in 2024/25 improves to £1.3m, so is a step towards the target of getting back to break even in the medium term. • The plan for 2024/25 has income growth of £0.7m. This assumes 50% of the planned 16-19 student growth from the curriculum plan is achieved. This is partly offset by £0.3m of teacher's pension employer contribution grant monies currently assumed as non-recurring, when the current grant ends in 2024 • Pay expenditure – no net growth assumed, so any increases in pay assumed to be offset by efficiencies/vacancies not being filled • Non pay expenditure – no net increase assumed, so any cost increases to be offset by cost efficiencies being found and realised <p>Referring to the investment fund update from Evelyn Partners at the recent Finance & General Purposes Committee, MM noted that the approach to investing Nescot's fund is quite conservative, and asked if consideration should be given to taking a higher-risk approach which could result in higher returns. The Chief Finance Officer expressed the view that the current approach was appropriate for Nescot.</p> <p>JW asked when it was anticipated that a break-even budget would be achieved, and the Chief Finance Officer explained that it depends on student numbers, particularly FE students, and a more accurate timeline could be established next term when enrolment numbers were certain. He reiterated that there must be both cost savings and income growth to reach a balanced budget.</p>
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Approved Minutes

		<p>Noting the need to increase HE numbers, JW asked if this will necessitate increased sales activity, and if that would be impacted by the vacancies in the Sales Team. The Chief Finance Officer confirmed that was the case and emphasised the need to publicise and market the HE offer. ACD added that it can be challenging to do so, as the age-range of potential customers is very wide and the current financial climate will impact on many adults' ability to undertake Higher Education. The Chief Finance Officer pointed out that a focus on internal progression would also be crucial.</p> <p>The Corporation approved the pay award of 3% for all staff for 2023-24.</p> <p>The Corporation approved the Budget 2023-24.</p>
22.77	Debt Write-Off	
		<p>The Chief Finance Officer presented his report.</p> <p>In accordance with the Finance Regulations, The Corporation approved the write-off of a debt of £16,672.</p>
22.78	Audit Matters	
		<p>The Chief Finance Officer presented the Financial Statements Audit Strategy 2023, the Internal Audit Plan 2023-24 and the Strategic Risk Register, confirming that all three had been presented to the Audit Committee in June for review and discussion, and both the External Audit Strategy and the Internal Audit Plan were recommended to the Corporation for approval.</p>
	i	<p><u>Financial Statements Audit Strategy 2023</u></p> <p>Governors approved the Financial Statements Audit Strategy 2023</p>
	ii	<p><u>Re-appointment of External Auditor</u></p> <p>Governors approved the re-appointment of MHA as external auditor for a further year.</p> <p>The Chief Finance Officer highlighted the need to re-tender for an external auditor next year but described the challenge in engaging auditors across the sector.</p>
	iii	<p><u>Internal Audit Plan 2023-24</u></p> <p>Referring to the discussion that took place at the recent Audit Committee and Finance & General Purposes Committee meetings, MM asked if there were any concerns that RSM may have missed the matters around apprentices. SA pointed out that RSM had identified the matter in two consecutive audits, but the actions identified in the first report were not all addressed. The Deputy Principal Curriculum & Quality gave some further context around some of the recommended actions which had been implemented versus legacy areas.</p> <p>The Chief Finance Officer advised that RSM have been the internal auditor for some years, but recommended that procurement be done after the external auditor has been procured.</p>

Approved Minutes

		Governors approved the Internal Audit Plan 2023-24.
	iii	<p><u>Strategic Risk Register</u></p> <p>The Chief Finance Officer advised that the strategic risk register has been reformatted. The number of strategic risks has reduced to 12 and the scoring has been simplified and now has a score for each of impact and probability with a score of 1 to 5, giving a range of total risk scores from 1 to 25.</p> <p>Governors noted the Strategic Risk Register.</p>
22.79	Reports from Committees	
	Governors received:	
	i	<p><u>Draft minutes of the Search & Governance Committee held on 10th May 2023</u></p> <p>The Chair, CM reported that the Committee considered the outcome of the <u>Corporation self-review</u> in detail and agreed actions which would form an action plan. ACD added that feedback and input from Governors would be very welcome, particularly in terms of learning and development.</p>
	ii	<p><u>Draft minutes of the Curriculum & Quality Committee meeting held on 7th June 2023</u></p> <p>The Chair of the Committee, ACD, advised that most matters discussed had been discussed already at this meeting. She highlighted that the work of the HE Sub-Committee had been subsumed into the Curriculum & Quality Committee. She reassured Governors that teaching and learning would remain high on the agenda as the College seeks to move from Good to Outstanding.</p> <p>ACD reported that there are plans to further incorporate the Student Voice into improving teaching and learning and the Committee would monitor the impact of that.</p> <p>In terms of KPIs, the main point to note is that there has been a 3% drop in attendance over the year which impacts on retention. Internal progression has increased but external applications had decreased at the time of the meeting, but rates will continue to change right up to September.</p> <p>There will be an increased focus on travel to learn routes and how that impacts on learners' decisions about where to study.</p> <p>NVB advised that he had watched the Performing Arts students in 'Bombshell' which he described as extraordinary.</p>
	iii	<p><u>Draft minutes of the Audit Committee meeting held on 23rd June 2023</u></p> <p>In the absence of the Chair of the Committee, CM give a brief summary of matters discussed. The summary is contained within a confidential minute.</p>

Approved Minutes

	iv	<p><u>Draft minutes of the Finance & General Purposes Committee meeting held on 30th June 2023</u></p> <p>MB gave a brief summary of matters discussed at the recent Finance & General Purposes Committee. The clerk gave an update on recruitment of a permanent chair for the Committee.</p>
22.80	Governance Matters	
	i	<p><u>Chair's Report</u></p> <p>The Chair reflected on the academic year which had seen many changes, as well as a successful Ofsted inspection and institutional review. He commended ELT colleagues for acting with care, compassion and kindness when implementing the review, and noted that although the College still faces financial challenges, it is moving the in the right direction.</p> <p>The Chair encouraged Governors to go into College as much as possible, and undertook to liaise with the clerk to arrange tours. NG echoed those comments, noting that her recent visit into College had been invaluable and inspirational.</p> <p>On behalf of all Governors, the Chair thanked Dario Stevens for his long-service, hard work and commitment.</p> <p>The Chair also gave sincere thanks to the Staff Governors, FF and SOK for their contribution to the work of the Corporation.</p>
	ii	<p><u>Staff Governors' Report</u></p> <p>SOK and FF gave a brief report on the Staff Voice meeting that took place on 21st June, the minutes of which are available on GovernorHub. FF welcomed the opportunity for staff to meet Governors.</p> <p>The clerk undertook to share a summary of matters discussed with all staff via Sharepoint which would include a 'You Said, We Did' response to concerns raised.</p> <p>Governors asked about the recruitment of new Staff Governors and the clerk advised that she would be happy to discuss the role with any staff members who wanted to know more.</p>
	iii	<p><u>AoC Code of Good Governance</u></p> <p>The clerk advised that the revised Code was not available, and undertook to add it to the agenda for the next meeting of the Corporation.</p>
	iv	<p><u>Governance Documents</u></p> <p>The clerk advised that the Governors Strategy Group has been renamed the Committee Chairs Meeting.</p> <p>The Corporation approved the Scheme of Delegation, the Committee Membership for 2023-24 and the terms of reference for all committees.</p>

Approved Minutes

	v	The Corporation noted that an urgent decision regarding the appointment of a Chief Operating Officer was made in writing on 29 th June 2023.
22.81	Any Other Business	
	No matters were raised.	
22.82	Date and Time of Next Meeting	
	Friday 20 th October 2023	
22.83	Confidential Items	
	Discussion of confidential matters is contained within a separate minute.	

The meeting closed at 11.35 am.

Decisions:

The Corporation:

- Approved the minutes of the meeting held on 31st March 2023
- Approved the Strategic Plan 2023-26
- Approved the pay award of 3% for all staff for 2023-24.
- Approved the Budget 2023-24.
- Approved the write-off of a debt of £16,672.
- Approved the Financial Statements Audit Strategy 2023
- Approved the re-appointment of MHA as external auditor for a further year.
- Approved the Internal Audit Plan 2023-24.
- Approved the Scheme of Delegation, the Committee Membership for 2023-24 and the terms of reference for all committees

Actions:

- The CEO/Principal to clarify the target “percentage of new courses delivered” and report back to Governors.
- The Deputy Principal Curriculum & Quality to establish if there is benchmarking data available on the number of safeguarding referrals.
- The clerk to share a summary of matters discussed with all staff via Sharepoint which would include a ‘You Said, We Did’ response to concerns raised.
- The clerk to add the revised Code of Good Governance to the agenda for the next meeting of the Corporation (if available).