

Agreed Minutes

MINUTES OF THE MEETING OF THE FE CORPORATION

Held on Friday 22nd July 2022, at 9.30am in the Skills Park Board Room

Present: Professor Sam Luke (Chair) Lynn Reddick (Vice-Chair), Martin Butterfield, Angela Cross-Durrant, Simon Enoch, Nadine Guy, James Knowles, Chris Muller, Margaret Martin, Asa'ah Nkohkwo, Vince Romagnuolo, Frances Rutter (CEO/Principal), Nick Vaughan Barratt, Felicity Fletcher (Academic Staff Governor)

In Attendance: George Jenkins (Chief Finance Officer), Donna Patterson (Assistant Principal HR and Organisational Development), Dario Stevens (Deputy Principal Planning & Information), Sandra Dessent (Governance Professional)

72.21	1.0 Apologies for Absence				
	Apologies for absence were received from Paul Ford, Sylvia Ofei-Kwatia, Julie Kapsalis (Commercial Director) and Phil Briscoe (Deputy Principal Curriculum & Quality)				
73.21	2.0 Declarations of Interest				
	The following declarations of Interest were received: <u>Professor Sam Luke</u> : Unremunerated Director of Nescot Enterprises Ltd. (NEL) <u>Frances Rutter</u> : Unremunerated Director of Nescot Enterprises Ltd. (NEL) <u>Sandra Dessent</u> : Salaried employee and Company Secretary of Nescot Enterprises Ltd. (NEL)				
74.21	3.0 Minutes of the Previous Meeting and Matters Arising				
	The Minutes of the meeting held on Friday 27 th May 2022, were agreed as a true record and signed by the Chair, subject to an amendment to minute 62.21 as follows (highlighted in bold): <i>'The completion of the settlement agreement with the ESFA on the terms outlined in the report in the sum of £2.47m'</i> The following matters were arising: <table border="1" data-bbox="316 1697 1382 2011" style="margin-left: 20px;"> <tr> <td style="background-color: #d9e1f2;">Investigate the use of the software package Mentimeter to promote engagement with staff</td> </tr> <tr> <td>Ongoing – staff governors to progress</td> </tr> <tr> <td style="background-color: #d9e1f2;">CEO/Principal and Assistant Principal HR to develop a staff recruitment and retention strategy, to be regularly monitored at Corporation</td> </tr> <tr> <td>See minute 82.21</td> </tr> </table>	Investigate the use of the software package Mentimeter to promote engagement with staff	Ongoing – staff governors to progress	CEO/Principal and Assistant Principal HR to develop a staff recruitment and retention strategy, to be regularly monitored at Corporation	See minute 82.21
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	<p>Revised Code of Conduct deferred to the next meeting Outstanding – to be progressed with new Governance Professional</p> <p>Review of Standing Orders deferred to the next meeting Outstanding – to be progressed with new Governance Professional</p> <p>Staff Survey analysis deferred to the next meeting Circulation of responses outstanding – also see minute number 82.21</p>	
75.21	4.0 Chairs/Principal Report	
	<p>The Chair welcomed James Knowles to his first Corporation meeting, and the made the following announcements:</p> <ul style="list-style-type: none"> • Robin Dear (ratified on the 27th May) had resigned from Corporation due to work commitments and the incoming Chair would act as Chair of Finance & General Purposes Committee until a replacement could be found • Following the appointment of Chris Muller as the Vice Chair of Corporation from 1st August, his new term of office was unanimously agreed for two years, until 31st July 2024. • This was the final meeting for the Governance Professional, and a replacement had been appointed. The Chair thanked her for her service. • The PA to the executive leadership team and the Governance Professional was going on maternity leave and a replacement had been found from within the College. The Chair wished her well. 	
76.21	5.0 Student Governor Update	
	<p>Having completed their courses, the FE Student Governors (Alper Bakici and Aaron O'Connor) and the HE Student Governor (Kirsty Shaw) had stepped down from their roles. The Chair commended their hard work and contribution to the Corporation.</p> <p>The Governance Professional reported that the Director of Personal Development was confident that new Student Governors would be recruited through the Student Voice process in the Autumn term who will be assisted by the appointment of student ambassadors. All posts were to be advertised in September and extensive training provided.</p>	
77.21	6.0 Staff Governor Update	
	<p>The Corporation received a report outlining the outcomes from the staff drop-in session on the 22nd June, hosted by the Staff Governors and the incoming Chair of Corporation.</p> <p>Approximately 50 staff had attended and the main themes that arose from the staff comments were:</p>	

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	<ul style="list-style-type: none"> • Communication – improved communication would be valued by staff – over-communicate rather than under communicate • Visibility – staff would value more visibility in all areas of the College by External Governors and members of the Senior Management Team • Nescot versus Nescot Enterprises contracts <p>The Staff Governors agreed to prepare a more detailed analysis for the Corporation to consider at the next meeting.</p> <p>The session was considered a great success based on the high attendance figures and the open and honest conversations. The incoming Chair encouraged all Governors to take part in future drop-in sessions and commented on how appreciative the staff were having an External Governor attend. He also informed the Corporation that he had received a late submission regarding the upkeep and condition of a number of staff areas and requested that consideration be given to refurbishing the relevant areas.</p> <p>Governors requested information on the differences between the terms and conditions of Nescot and Nescot Enterprises contracts and were informed it was a wholly owned subsidiary of Nescot and the main purpose of setting it up (in 2019) was to save the cost of employer contributions into the local government pension scheme (currently 19% compared to 3% for a Nest pension scheme). The other main differences were the differences in sick pay and annual leave although the staff were given an increased salary of between 5% and 8% compared to Nescot staff.</p>
78.21	7.0 Curriculum Matters
	<p><u>7.1 Chairs Report and Draft Minutes from previous meeting</u></p> <p>The Chair of Curriculum & Quality/HE Subcommittee shared the main highlights from the meetings as follows:</p> <ul style="list-style-type: none"> • The GCSE exams were well organised and managed, and the Chair thanked the staff for their hard work and the outcomes of such a positive team effort • Safeguarding continues to be a big focus and it was important that all Governors read and acted upon the revised Keeping Children Safe in Education guidance when it was published (in September 2022). Governors should be aware of where they fit into the safeguarding process and the reporting procedure. The Chair placed great importance in meeting with the safeguarding team monthly and discussing the action plans in place especially for the red rated cases. Recording outcomes from these cases was of utmost importance • The Committee received a useful presentation on T-Levels and noted that placing students for work experience would be a challenge.
















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	<ul style="list-style-type: none"> The Student Voice cycle was discussed, and the Committee requested more granularity on the student survey questions. <p><u>7.2 Curriculum & Quality Update Report</u></p> <p>In the absence of the Deputy Principal Curriculum & Quality the CEO/Principal presented the update report and focused on the updated information from Ofsted regarding their commitment to inspect all Colleges between 2022/23 and 2024/25 academic years.</p> <p>Further benchmarking data on Apprenticeships was requested.</p> <p><u>7.3 and 7.4 HE and Apprenticeship Strategies</u></p> <p>The CEO/Principal presented the strategies and emphasized that they were ‘living documents’ with a comprehensive set of action plans behind them.</p> <p>Whilst it was commented that they were clear and succinct they did not include a three year business plan that had been agreed would form part of the strategy. The Corporation was informed that all the curriculum based strategies were being combined to produce a single ‘skills’ strategy which would include growth plans linked to financial forecasts. It was anticipated that the document would be presented to Corporation by the end of year.</p> <p>The Board made the following suggestions for the Skills Strategy:</p> <ul style="list-style-type: none"> An indication of where demand outstripped supply should be included Details on how localised the plans were Profitable and non-profitable courses should be individually identified. What was Nescot’s unique selling point? The financial forecasts should cover a period of 3-5 years Highlight the cost to students compared to a university course, and recognise the trend towards non-residential courses Research best practice for Apprenticeships Work on blending sales and marketing teams to produce Nescot branding, and present outcomes to Corporation.
79.21	8.0 Progress Against Strategic Objectives
	<p>The Corporation received the Progress against Strategic Objectives update and it was reported that school liaison had been identified as an area of focus in working towards achieving strategic objectives.</p> <p>The importance of sending representatives into schools who could relate to the students and keep them engaged was discussed.</p>

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80.21	9.0 Corporation KPIs
	The Corporation KPIs were shared, and it was noted that considerable progress had been made on students taking part in work experience since the KPIs were published for May 2022.
81.21	10.0 Audit Matters
	<p><u>10.1 Chair's report and Draft Minutes from the previous meeting</u></p> <p>The Chair of Audit summarised the main discussion points from the meeting as follows:</p> <ul style="list-style-type: none"> • The Learner Number System audit (advisory report) recommended five low, then medium and twelve high risk recommendations, which if not implemented/rectified could lead to an error in funding being claimed. The Committee had concluded that this was a cultural issue where staff had not accepted the importance of consistent and accurate data inputting. The timely implementation of the recommendations and progress against the action plan was to be monitored at an additional Audit Committee which has been scheduled for 30th September. • The outcomes from the other audits discussed at the meeting were satisfactory and had received partial and substantial assurance. • The Committee was assured that the actions around negotiating payment plans for ICOM students who had experienced funding difficulties were satisfactory (without the necessity to obtain a Consumer Credit licence). The financial risk (approximately £400k) had been fully provided for in the 2021/22 financial accounts and therefore any monies received would improve the net financial position. <p><u>10.2 Financial Statements Audit Strategy</u></p> <p>The Corporation received the External Audit Strategy 2022 and agreed the recommendation of the Audit Committee to approve the strategy.</p> <p>A materiality of £285,000 was noted, based on the projected outturn.</p> <p>It has also been agreed by the Audit Committee to confirm MacIntyre Hudson as the Colleges External Auditors for 2022/23 and it was noted that a full review including benchmarking would be conducted at a more appropriate time.</p> <p><u>10.3 Internal Audit Plan 2022/23</u></p> <p>The Corporation agreed the recommendation of the Audit Committee and approved the Internal Audit Plan for 2022/23.</p> <p>The plan consisted of 7 reviews at the cost of £38,570.00.</p>
82.21	11.0 HR Update
	The Assistant Principal (HR and Organisational Development) presented a Recruitment and Retention Strategy report.

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	<p>A verbal update was also given covering the following points:</p> <ul style="list-style-type: none"> • An update on Covid • Wellbeing of staff • Staff Survey • Principals Talks • Kickstarters • Recruitment • CPD week 																														
83.21	12.0 Governance Matters																														
	<p>The Corporation received reports confirming the Committee membership and Governor roles for 2022/23 and the review of Standing Orders and Terms of Reference but due to time constraints these items were not discussed, and therefore Corporation approval will be deferred to the next meeting.</p>																														
84.21	13.0 Finance Matters																														
	<p><u>13.1 Chairs Report and draft minutes from previous meeting</u></p> <p>The Chair informed the Corporation that all the agenda items were being covered at the meeting.</p> <p><u>13.2 Management Accounts/KPIs May 2022</u></p> <p>The Chief Finance Officer reported the following highlights:</p> <table border="1"> <thead> <tr> <th>College Group</th> <th>May '22 fore- cast (£m)</th> <th>Budget (£m)</th> <th>Variance (£m)</th> <th>Movement in forecast since January 2022 (£m)</th> </tr> </thead> <tbody> <tr> <td>Total income</td> <td>28.9</td> <td>34.9</td> <td>(6.0)</td> <td> £1.3m</td> </tr> <tr> <td>Total pay expenditure</td> <td>(17.0)</td> <td>(19.7)</td> <td>2.7</td> <td> £0.7m</td> </tr> <tr> <td>Total non pay expenditure</td> <td>(14.6)</td> <td>(14.9)</td> <td>0.3</td> <td> £0.9m</td> </tr> <tr> <td>Total expenditure</td> <td>(31.6)</td> <td>(34.6)</td> <td>3.0</td> <td> £1.6m</td> </tr> <tr> <td>Operating surplus/ (deficit)</td> <td>(2.7)</td> <td>0.3</td> <td>(3.0)</td> <td> £0.3m</td> </tr> </tbody> </table>	College Group	May '22 fore- cast (£m)	Budget (£m)	Variance (£m)	Movement in forecast since January 2022 (£m)	Total income	28.9	34.9	(6.0)	 £1.3m	Total pay expenditure	(17.0)	(19.7)	2.7	 £0.7m	Total non pay expenditure	(14.6)	(14.9)	0.3	 £0.9m	Total expenditure	(31.6)	(34.6)	3.0	 £1.6m	Operating surplus/ (deficit)	(2.7)	0.3	(3.0)	 £0.3m
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It was noted that despite the impact of the £2.5m provision for GB Training and the £1.5m impact from ASTML the balance sheet remained strong and the financial health grade at year end was forecast as 'Good'.

Regarding the Investment Fund managed by Evelyn (formally known as Smith & Williamson), the Corporation was informed that representatives had attended the Finance & General Purposes Committee to update the Committee on the movement within the College's portfolio and the trends/current uncertainties in the financial market, which had resulted in the value of the portfolio dropping to £4m. The Chief Finance Officer agreed to have regular meetings to discuss market trends and future strategies to maximise the potential returns.

The Corporation sought assurance on the projected year end outturns and were informed that no major variations were anticipated with the exception of the pension contributions which although forecasted as £0.3m could not be confirmed until the end of September.

13.3 Subcontracting Supply Chain Fees and Charging/allocations

In the absence of the Commercial Director the CEO/Principal presented the subcontracting allocations for 2022/23 and explained the background to the Government policy to reduce subcontracting and partnership allocations.

A report detailing the lots and outcomes of the procurement process was received, along with the risks to the College and mitigating actions. The Corporation was informed that the allocations set out in the report had been included in the 2022/23 budget proposals however there were outstanding due diligence checks that needed to be completed prior to the deadline for finalising the allocations on August 9th.

The Corporation challenged the extent of due diligence that was to be carried out in the context of subcontractors who had an Ofsted 'requires improvement' rating. Assurance was given that the outcomes of the checks would highlight the levels of risk and inform the decision on whether to continue. It was noted that the maximum financial loss if it were decided not to proceed was £200k.

The Finance & General Purposes Committee had agreed the allocations on the basis set out above and Corporation approved the Sub-contracting allocations for 22/23 on that basis.

13.4 Subcontracting Policy 2022/23

The Committee received the policy which included details of the managing, monitoring, and review of the sub-contracted provision with the supply chain fees and charging rates.

The Corporation agreed the recommendation of the Finance & General Purposes Committee and approved the Subcontracting Policy for 2022/23.

13.5 Capital Programme 22/23

The Chief Finance Officer presented a draft of the Capital Programme for 2022/23, totalling £2,027k for planned refurbishment and replacement works across the

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	<p>estate which has been recommended for approval by the Finance & General Purposes Committee.</p> <p>The Corporation was informed that works had been approved to the value of £2m out of a total of £3m of projects that had been submitted (because following review by the Executive Leadership Team some of the projects were deferred for consideration in the 2023/24 capital programme).</p> <p>The top eleven projects were detailed in the report totalling £1.4m and there were 56 smaller projects that totalled £0.6m.</p> <p>The Corporation requested that as part of the capital programme signage be reviewed which was confusing and unclear to people who weren't familiar with the layout of the campus. The Chief Finance Officer responded that it was part of the general upkeep of the college and would review and advise on the plans for new signage going forward.</p> <p>Following the (incoming) Chair's tour of the College to view the areas of the proposed capital works for 2022/23 Governors were encouraged to accompany him on a tour, when arranged, so that they could see the extent of the works and appreciate the 'before and after'.</p> <p>The Corporation agreed the recommendation of the Finance & General Purposes Committee and approved the Capital Programme for 2022/23.</p> <p><u>13.6 Settlement payments to College staff</u></p> <p>The Committee received and noted the settlement payments to date.</p> <p><u>13.7 Write-offs</u></p> <p>The Corporation agreed the recommendation of the Finance & General Purposes Committee to approve the write off two items with a value of over £10,000 each as detailed in the report. two items over £10,000, to be actioned for the financial year 2021/22.</p>
85.21	14.0 Budget 2022/23
	<p>The Chief Finance Officer presented a summary of the proposed budget for 2022/23 and offered to provide further details upon request.</p> <p><u>14.1 Curriculum Plan 22/23</u></p> <p>The Deputy Principal presented an update highlighting the following:</p> <ul style="list-style-type: none"> • The curriculum planning process from review of growth to timetabling • Funding body allocation 2022/23 • Curriculum plan headlines • Subcontracting and satellite sites • Curriculum efficiencies


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- Curriculum changes from the previous years – student numbers and courses

The Corporation requested a comparison of the 2022/23 curriculum plan with years prior to the pandemic in order to assess the demographics and ascertain the trajectory.

14.2/14.3 Budget 22/23 Presentation

The headline numbers were:

 Statement of Comprehensive Income	Forecast Out- turn 2021-22* £m	Budget 2022-23 £m	Plan 2023-24 £m
Total income	28.9	30.1	31.4
Total pay expenditure	(17.0)	(19.0)	(19.9)
Total non pay expenditure	(12.1)	(13.0)	(13.5)
Bad Debt (GB Training)	(2.5)	-	-
Total expenditure	(31.6)	(32.0)	(33.4)
Operating surplus/ (deficit)	(2.7)	(1.9)	(1.9)

The total budgeted income was set to increase by £1.2m to £30.1m for 2022/23, the main drivers being; Curriculum increase £1.8m (mainly due to growth in Foundations, Care and Early years, AS4W, Computing and Electrical), Subcontracted increase of £1m (£0.5m ABA and £0.5m of GLA diverted from Satellites), increased numbers for Nestots (where child numbers are budgeted to increase from 65 to 77 income increased by £0.2m. This was offset by a reduction in Satellite provisions totalling (£1.6m)

It was noted that the financial health score was forecast to be 'Outstanding' although it was on the borderline and therefore any adverse movements in income or cost in 2022/23 would move the score back to 'Good'.

The Corporation also received a summary of the opportunities and risks that could influence the 2022/23 outturns. The Corporation requested further details on the mitigating actions in place to minimise the potential of the risks materialising. It was noted that these were detailed in the Strategic Risk Register.

The 3% proposed pay award for Nescot and NEL staff was discussed, and it was noted that although this was not in line with inflation it was comparable to other Colleges in the sector. The AoC had recommended a lower 2.5% award and non-consolidated one off payments for staff on lower wages, but this was considered difficult to administrate. It was emphasized the importance of positive and explanatory communication to the staff. It was further noted that some staff would get an additional pay award depending on their point on the salary scales.

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	<p>The Corporation deliberated the forecast and requested assurance that there would be a focused effort to achieve a zero budget in 2023/24. The CEO/Principal commented that it was not an unreasonable expectation and it could only be achieved through increased income.</p> <p>Having discussed the budget and pay award the Corporation agreed the recommendations of the Finance & General Purposes Committee and approved the budget for 2022/23 and a 3% consolidated pay award for all Nescot and NEL staff.</p>
86.21	15.0 Meeting Evaluation
	<p>The CEO/Principal concluded the meeting with a presentation on the College successes in 2021/22 followed by a presentation to the outgoing Chair describing all the challenges which he had faced and thanking him for his hard work, commitment and support over the years.</p> <p>The Chair then invited the members to evaluate the meeting and the following comments were addressed to the Chair:</p> <ul style="list-style-type: none"> • Great meeting – lots of changes in the last few year – thank you for all you have done • Good meeting – You have helped to generate discussion and accommodated lots of different views. Thank you for being such an open Chair • You are an enabler – thank you • Good meeting – the budget presentation was good • Thank you for your words of encouragement which gave me the confidence to be a Governor on the Board. I enjoyed looking over what we have achieved in the past year – we should all be proud. • Good meeting - best of luck for the future • Great presentation at the end of the meeting – good to end on a positive note. This meeting has generated a lot of healthy discussion and questions • I have seen extraordinary change in the last few years and this has come about through the relationship between the Corporation and the Senior Management Team – that of being a ‘critical friend.’ For the Chair it’s about being a crucial and essential sound board to the Principal. Thanks for all your support behind the scenes, in helping to make this a very different institution. • I agree with everything everybody has said – thank you • I have been struck by the Chair’s degree of courtesy and charm.

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	<ul style="list-style-type: none"> • Thank you Chair for your support – there is another journey ahead with a new set of challenges. Bring on the new academic year • I enjoyed the meeting. Thanks to the Chair. There has been lots of drama in the past few years but you have always been calm and professional and your love for the College has shone through • Thank you for all the good questions and for agreeing the budget! <p>The CEO/Principal responded: ‘Thanks for choosing me and supporting me to build the brilliant team around me.’</p> <p>The (incoming) Chair responded; ‘I was reflecting earlier on our session with the meeting the staff in our drop-in session and expressed a feeling of being overwhelmed by the level of interest by staff. I feel a little overwhelmed in the other meaning of the word. It seems a while ago since the Board kindly accepted my application to become Chair and I have had lots of mixed emotions in the build-up. Today I feel the weight of responsibility of stepping into such massive shoes. Thank you for being so generous with your time and advice. We will have different styles and I would like to think my approach will be more evolution rather than revolution. There are big challenges ahead and I would like to thank you Chair for the solid foundations you have laid.</p> <p>The (outgoing) Chair concluded; ‘This has been a great meeting with good challenge and it is important for us to be critical friends. We have a good business and a strong and capable Governing Body. Thank you all for the time you give, we are all doing this because we love seeing transformation in people. The new Chair will be great and thanks to him for stepping up.’</p>
87.21	Date and Time of the Next Meeting
	The next meeting will be held on Friday 14 th October at 9.30am followed by a strategy review afternoon.

Decisions:

1. Agreed to a two year term of office for Chris Muller, expiring on 31st July 2024
2. Agreed the Financial Statements Audit Strategy 2022
3. Agreed the Internal Audit Plan 2022/23
4. Agreed the Subcontracting policy /Supply Chain fees and charges 2022/23
5. Agreed that the Subcontractor allocations for 2022/23 which had been included in the budget for 2022/23 would be confirmed on 9th August, following the outcomes of due diligence checks

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6. Agreed the Capital Programme 2022/23
7. Agreed the write-offs of two items with a value of over £10,000 each in the 2021/22 financial year
8. Agreed the 2022/23 budget
9. Agreed a 3% consolidated pay award for all Nescot and NEL staff

Actions:

1. Review of Code of Conduct deferred to next meeting
2. Review of Standing Orders deferred to the next meeting
3. Staff Governors to produce a detailed analysis of the feedback from the staff drop-in session
4. Review of Committee Terms of Reference and confirmation of Committee membership and Governor roles for 2022/23 deferred to the next meeting
5. Chief Finance Officer to review College signage and advise Corporation
6. Deputy Principal (Planning & Information) to prepare a comparison of 2022/23 curriculum plan to pre-pandemic plans
7. The Chief Finance Officer to review the condition and upkeep of staff areas
8. Deputy Principal (Planning & Information) to review benchmarking data for Apprenticeships
9. Combined 'Skills Strategy' to be developed for presentation to Corporation by the end of December 2022.