

PRESENT*	IN ATTENDANCE
Professor Sam Luke (Chair) Peter Stamps (Vice Chair) Frances Rutter (CE & Principal) Dr Martin West Gloria Ozolua Lynne Reddick Chris Shortt Chris Muller Catherine Biscoe Margaret Martin Graeme Hodge (Support Staff Governor) Jamie Roberts (Teaching Staff Governor) Maureen Kilminster Alexandra Cartmell ¹ (Student Governor - HE) Kieran Sainsbury (Student Governor) - HE	Carol Martin (Deputy Principal) Dario Stevens (Vice Principal, Planning and Information Services) Maria Vetrone (Deputy Principal, Finance & Resources) Donna Patterson (Director of HR) Fred Carter (Vice Principal, Curriculum) David Round (Clerk to the Corporation) Mike Cheetham (RSM) Cliff Shaw (Deputy Principal designate – observer) Joanna Griffiths and Janet Opanuga (DFE FE and Skills Policy Team – observers)

* Attendance at the meeting = 89%

GOVERNOR DEVELOPMENT

Mike Cheetham from RSM, the College's internal auditors, led a presentation on 'Horizon Scan of the FE Landscape: Issues, Risks and Opportunities'. The session was requested in the Governor Development Evaluation and identified as a training need.

The presentation noted the following key themes in the current FE landscape: -

- It is 25 years since the FE & HE Act 1992 that created the current independent FE sector;
- In 1992 there were 500 colleges; there are now 280, falling to 250 following impending mergers;
- There is a picture of declining financial health in FECs;
- There was considerable turbulence in the sector following the introduction of the apprenticeship levy and a 61% fall in apprenticeship starts;

¹ The HE Student Governor share voting powers; only 1 Member has voting powers at any one time.

- As in the university sector, the regulator was concerned about excessive executive pay;
- Concerns about governance was a recurring theme for the sector – in particular, Governing Bodies that did not challenge and hold Principals and senior managers to account;
- Access to reliable data is a perennial problem in colleges; and
- Sub-contracting remains high in the sector and is high risk particularly where the top slice is either very small or very high.

Governors commented the demands on them as unpaid volunteers were increasing with large agendas and many papers to read. Governors might prefer to have shorter papers setting out the key issues; however, balanced against this was the emphasis on governors being diligent and challenging management and therefore colleges often responded by providing large amount of supporting documents and evidence etc. It was suggested that better use could be made of strategic information datasets such as balanced scorecards and delegating authority to committees.

Governors asked DFE representatives about the issue of remuneration for governors. It was noted that college governors in Northern Ireland were remunerated. The principle in the rest of the UK remained that governors were charity trustees and not normally remunerated, except exceptionally upon application.

A governor commented that at his school his auditors produced benchmark reports so that it was possible to measure how he performed against other schools. Mr Cheetham said that benchmark reports for colleges were produced by external audit firms.

The Chair thanked Mr Cheetham for his very stimulating input.

16.17

CHAIR'S REPORT

The Chair welcomed colleagues from the DFE to the meeting. In his report he emphasised: -

- The Board's commitment to excellence in teaching, learning and assessment
- Supporting students to be the best they can be.
- The need to develop a growth 'mindset'
- NESOT to be the 'college of choice' in the community
- Developing staff as members of high-performing teams.

He also noted that this was the last Board meeting to be attended by Carol Martin, Deputy Principal who was moving to another College. On behalf of all governors he

thanked her for her service and contribution to the development NESCOT over the years.

17.17	APOLOGIES FOR ABSENCE
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Apologies for absence were received from Emily Hall (student governor) and Sally Pritchett.

18.17	DECLARATION OF INTERESTS
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The Chair reminded Members to declare any interest that they may have in any of the items on the agenda. Frances Rutter, Professor Luke, Chris Muller and Peter Stamps declared their interest as unremunerated directors of NBS. Maureen Kilminster noted her position as the previous Principal of Brooklands College and a trustee of Surrey Lifelong Learning Partnership. Margaret Martin declared her interest as a member of Ewell Rotary Club, a trustee of Age Concern and a member of Surrey Chamber of Commerce.

19.17	MINUTES
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The minutes of the meeting held on 06 October July 2017 were approved as a correct record.

20.17	MATTERS ARISING
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The matters arising report (Appendix D) from the previous minutes and other items carried forward were received and noted. Other matters of report were: -

07.17 Student Matters – it was reported that progress was being made in increasing the take-up of enrichment activities such as student clubs and societies.

10.1 Principal's report – At the last meeting governors strongly encouraged the College to maximise the publicity benefits of recent student successes; there was a wider discussion about the critical importance of having a fit for purpose website and the effective use of social media. The Principal replied saying that the College website required an overhaul and was to be addressed in the spring. She would report back to the Corporation on this at a future meeting (**ACTION: FR**).

10.4 KPIs – retention strategy for teachers – The Deputy Principal reported about the following steps being taken by the College to retain the best teachers: -

- Thank you Bonus scheme
- Bottom-up approach to the identification of CPD requirements
- Additional investment in the CPD budget

21.17	GOVERNOR LINK VISITS: FEEDBACK
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Governors reported back on recent link visits.

Hair & Beauty (MK) – Achievement rates had dipped compared to previous year.

The formal external assessments have contributed to this. There are issues in recruiting and retaining staff: the Head of Department is currently covering a vacant teaching position which is not sustainable in the longer term.

Students are very positive about their courses, their teachers and the College. They are not, however, so complimentary about the quality of English and Maths teaching and students commented that it was better at school. There were some issues about access to hot water in some of the salon areas. There were opportunities to expand provision particularly in barbering and theatrical make-up; there was also a need to integrate contact management systems within the College.

Construction (LR) – The new Built Environment building had a number of issues in terms of storage space for students' work and working areas. Plastering was a declining area of student recruitment; Brickwork was stable; Carpentry, Plumbing and Electrical were increasing. The attendance of construction students in English was good but poorer in Maths. Tutors found it difficult to convince students of the importance of English and Maths. The profile of construction at the College was skewed toward entry level to level 2; it was noted that development of the new T levels was focused very much on level 3 at the moment.

Motor Vehicle Engineering and Electrical (MW) - Discussions with students showed that students were very enthusiastic about their courses. Motor Vehicles Engineering had improved significantly compared to last year following staffing changes. The increase in student numbers meant that the opportunities for commercial development of the facilities would probably be limited. The valeting centre had been badly planned and was commercially unviable. Thought needed to be given to salvaging what was possible from the original investment and utilising the space in other ways. The use of Electrical pods was impressive and Electrical Engineering students were very positive in their feedback.

Learning Resources Centre (CS) - This was a strong professional support area led by a very dedicated team. There had been significant investment in online resources and the area itself was very pleasant and well managed although there was sometimes challenging student behaviour. The quality improvement plan was robust.

Animal and Land-based (CS) – The team leader was very passionate for her subject area and had lots of ideas for development. This included veterinary science which used to be offered by the College. This would require investment in the science labs. The mooted Visitors Centre would be an excellent strategic investment when funds became available both in curriculum and commercial terms.

Performing Arts (CMu) - Students are positive about their course, prepared for learning and making progress. Staff are clearly very committed to the students. Student behaviour and focus issues are dealt with very quickly. Some students don't attend English and Maths. Governors should be aware that not all part of the College are as salubrious as the Skills Park and there are some areas in Performing Arts that are tired. The facilities for students making notes could be enhanced.

The Principal thanked governors for giving up their time to make link visits and for the quality of the feedback they provide to teams, to SMT and here at the Board. The College is very grateful for their commitment.

22.17

STUDENT MATTERS

Student governors felt that the College could do more to capitalise on successes such as Worldskills to promote the College and encourage participation in the events from other students. The students are very happy to be used for publicity purposes.

23.17

STAFF MATTERS

The professional support staff governor wanted to see the College celebrate student successes more and through this to encourage good student behaviour. The Principal commented that the Student Community Charter set out the commitment of students to success, achievement and having pride in being a member of the NESOT student body. The ID and lanyards requirement was part of this. The College had introduced a Faculty student on the month scheme but it was recognised that internal communications needed to be more focused on these issues.

23.17

SAFEGUARDING, PREVENT AND HEALTH AND SAFETY²

The Director of HR gave an input on aspects of safeguarding and health and safety as it related to her area. It was noted that: -

1. All staff undertake an online health and safety course as part of 'On-boarding'.
2. If staff do not have an up-to-date DBS when starting at the College their line manager does a risk assessment and agrees parameters to their role until such a time that the DBS is completed. As it is now an online process it is normally turned-round quickly.
3. All NESOTS staff undertake new DBS clearance checks every 3 years.
4. The maintenance of the Single Central Record was a legal requirement that was checked by Ofsted. It is maintained in HR.

² Standing item

The Deputy Principal presented the autumn term Safeguarding and PREVENT update report. She drew attention to the increase in the number of referrals at this time of the year – up from 77 in 2015/16 to 164 in 2017/18. There were two PREVENT cases where the approved procedures had been followed. One case was now closed; the other case related to a student who was longer attending and the local authority was being kept informed.

The incidence of bullying had increased as had issues associated with mental health, suicide and self-harm. The College had increased the counselling resource accordingly. Governors asked how NESOCOT compared to other colleges? Statistics from other colleges was not available but anecdotally it was felt that there were common themes across most college although the issues were possibly greater at NESOCOT because of the higher number of students with EHCPs³

There was a discussion about the rise in student behaviour incidents. The Deputy Principal commented there was some evidence that the College was recruiting more students from London boroughs who may have been excluded from school or another college. The College was exploring putting in place data sharing agreements with other colleges and request references. In practice it wasn't always easy to obtain references for all students.

The Safeguarding report was noted.

24.17	STRATEGIC REPORTS
<p>24.1 The Principal's Report</p>	<ul style="list-style-type: none"> • The Principal's report was received noting: - • Cliff Shaw would be taking over from Carol Martin in January as interim Deputy Principal with overall responsibility for curriculum and preparation for Ofsted. • The IT and Estates Directors had recently left their posts. • The College had met its ESFA 16-18 student enrolment target. • HE student recruitment was slightly below target. • Apprenticeship recruitment was ahead of target. • The overall trend in student achievement rates is downwards.

³ Education, Health and Care Plan (EHCP).

24.2 Annual Report & Financial Statements 2016/17

- The comparators for vocational course national benchmarks are based on last years' results as the new benchmarks are not published until March. It is possible that the national averages will fall as a results of the greater use of external assessment on vocational courses.
- Headline (all age) student achievement rates (formerly success rates) are down against the previous year but above the national average.
- 16-18 student achievement rates had also fallen and 0.5% below national average.
- 19+ achievement is also down slightly on last year but well ahead of national average.
- Apprenticeship achievement has dipped significantly and is below national average. The dip reflected difficulties in recruiting assessors in Carpentry and a particular issue with a sub-contractor.
- The new Head of Department for Maths had had a positive impact and Maths GCSE results were significantly up compared to last year and well ahead of the national average for FECs. English results had dipped again but the department did not have a settled leadership team until very late in the academic year.
- 60% of NESCOL's students had A*-C in English and Maths at GCSE compared to 57% average for other GFECs. 50% of students who entered with a grade D did not improve their grade and 15% achieved a lower grade; 15% improved their grade to C.
- NESCOL's grade point movement in English and Maths was below that of other colleges.
- Last year's programme of campus refurbishment had now been completed, albeit late because of asbestos and other issues.
- The College was experiencing some difficulties with its catering partner and these were being addressed.

The Annual Report and Financial Statements for 2016/17 had been reviewed by the Audit Committee on 01 December in terms of

- The Statement of the Responsibilities of the Members of the Corporation.

- The Statement of Corporate Governance and Internal Control.
- The Statement on Regularity, Propriety and Compliance.
- The external audit opinions.

The Finance and General Purposes Committee met on 08 December to review the draft annual financial statements and annual report by the Corporation, and consider whether to recommend the financial statements to the Corporation for final approval. The Deputy Principal advised that because of the delays in obtaining the financial statements from NESCOL Consortium Limited (NCL) in Saudi Arabia and the time required for NESCOL's external auditors to complete their audit of those accounts, it was not possible to put the Group accounts before the Corporation today. After taking advice from the College's external auditors and consulting with ESFA it was recommended that the College accounts be considered for approval but not be signed at this stage, pending the availability of consolidated Group accounts including the activities of NCL. When the draft consolidated Group accounts were available it would be necessary for Audit and F&GP Committees to meet to review the statements prior to their submission to the Corporation for approval. It was not yet known when this would take place.

The Corporation noted that the draft financial statements for the *UK College* reported: -

- An operating surplus of £106k compared to a budget of £41k (equal to 0.4% of total income).
- Income growth of 14% had been achieved in 2016/17 attributable to growth funding in 19+ apprenticeships, higher take-up of Advanced Learning Loans, increased funding from local authorities for High Needs students and a donation from the College Osteopathy partner in Italy.
- Expenditure had also increased by 14% predominantly due to an increased staffing costs including uncontrollable pension scheme cost increased, sub-contractor costs; and depreciation charges following the investment in the campus refurbishment programme.
- The pension liability in the LGPS was £8.1m

**24.3
Management
Letter of the
External
Auditors**

- The College remains assessed by the ESFA as having outstanding financial health; its forecasting systems have been assessed as robust.
- Reference was made to the sector norms and guidance issued by the FE Commission and the Chief Executive of the ESFA. It was noted that staff costs as a proportion of total income increased significantly from 60% to 68% in 2016/17 and are above national benchmark; they are predicted to fall in line with the benchmark next year.

Governors discussed the proportionately higher expenditure on staffing. The answer wasn't necessarily to reduce staffing but to use unused capacity to grow revenues.

Governors asked whether all courses were profitable and what is the process to take decisions about the viability and, if necessary, closure of unviable courses. It was reported that a target was set for contribution rates for all courses and as part of curriculum planning decisions are made by SMT about their future viability.

RESOLVED: that Corporation approval be given to the of the draft *UK College* Annual Report and Financial Statements for 2016/17 and that, when available, the Consolidated Group Accounts incorporating the draft *UK College* would be considered by the Audit and Finance and General Purposes Committees and a recommendation made to the Corporation at a future meeting.

The College's external auditors had submitted their management letter in relation to the *UK College* only, recognising the fact that accounts from NCL were unavailable at the time of the audit. For this reason, the management letter reported:

'Most recent communication suggests that signed NCL accounts are likely to be received in mid-December. However, as present, there is no firm commitment regarding receipt of accounts and therefore a distinct possibility that timelines may not be met. The consolidation of NCL is likely to have a material impact on the financial statements for the year ended 31 July 2017. As such, if

<p>24.4 Letter of Representations</p>	<p>figures are not included in the financial statements before the filing deadline, we expect to issue a qualification to our final audit opinion.'</p>
<p>24.5 Regularity Questionnaire</p>	<p>The management letter of the external auditors was noted.</p> <p>The letter of representations to be signed by the Chair of the Corporation and the Principal was noted.</p>
<p>24.5 Annual Report of the Audit Committee</p>	<p>Governors' attention was drawn to the Regularity Questionnaire that had been reviewed by the Audit Committee and signed by the Chair and Principal.</p> <p>The Chair of the Audit Committee presented the Annual Report of the Audit Committee to the Board. The report highlighted the outcome of the internal audit assignments undertaken during the year drawing attention to the 'substantial assurance' opinion given in respect of 1) Key Financial Controls, Financial Planning; 2) Budget Setting and Monitoring; 3) Governance and Risk Management. Audits in 4) Estates Management and 5) Learner Number Systems had provided 'reasonable assurance'. Internal auditors had commented that a statement of 'reasonable assurance' for Learner Number systems was considered good in the sector currently. Health and Safety had received 'partial assurance'; follow-up actions had addressed all of the recommendations. Whilst the audit was advisory only, the audit of commercial activities had identified areas requiring significant improvement. All recommendations had been accepted by the College and the auditors noted that the College had made 'good progress' in addressing recommendations. The report also noted the statement on data quality.</p> <p>The Corporation noted the conclusion and opinion given in the Annual Report of the Audit Committee:</p> <p>'The Committee is satisfied that issues arising from the audits carried out by the internal auditors and the external auditors / reporting accountants have been subject to the appropriate management response and that the necessary actions have been taken or will be taken.</p> <p>The Committee is not aware of any significant issues arising up to the date of the preparation of this report. The</p>

**24.6 Internal
Audit Annual
Report**

**24.7
Management
Accounts
October 2017**

Committee believes that it has operated effectively and has acted in accordance with its terms of reference.

Based on the information presented to it and subject to issues identified by the internal auditors and the external auditors being addressed, the Audit Committee is able to give substantial assurance about the: -

adequacy and effectiveness of the College's audit arrangements, its framework of governance, risk management and control and its processes for securing economy, efficiency and effectiveness.

The Committee is of the view that the Governing Body has satisfactorily discharged its responsibilities as set out in the annual financial statements.'

The annual report of the College's internal auditors was received and noted.

The management accounts as of the 31 October 2017 were received noting that the College was significantly behind the budget in terms of operating surplus. The 'best case' forecast was for an outturn position of £20k surplus; the 'likely case', a deficit of £180k; and the worst case position forecast a £830k deficit. There had been income growth following successful bids to ESFA for adult classroom provision (£540k). There was additional non-pay expenditure to support the delivery of this bid of £432k with established partners. The causes of the projected overspend included £222k unbudgeted pension interest charges and additional security service costs. Cash balances remained strong and the balance sheet was healthy. The automated financial health grade remained 'outstanding'.

Governors commented as follows: -

- Had the College factored in additional costs associated with complying with GDPR? Many organisations were looking to employ compliance officers.
- Growth seemed to be achieved largely through sub-contracting rather than direct in-house provision. Did governors need to be concerned about this?

In response to these questions the College commented that a project plan had been prepared to comply with GDPR and that

<p>24.8 Corporation Key Performance Indicators and Proposed Targets</p>	<p>arrangements were in place to identify a compliance officer from within existing resources.</p> <p>It was also noted F&GP and C&Q received regular reports on sub-contracting covering curriculum quality indicators. Sub-contracted provision consisted of courses that were strategically important to the College with established partners and where there wasn't sufficient internal capacity. It was helpful that there was a mixed economy in terms of provision so that the College could respond quickly to opportunities and offer programmes to meet need in the community. Due diligence processes were robust and the recent joint venture with ASTM was part of a wider strategy to embed former sub-contracted provision into the core offer.</p> <p>Dr Martin West left the meeting at this point (12.00 noon).</p> <p>Reference was made to the discussions at F&GP Committee regarding a review of metrics to move from 'lagging indicators to 'leading' indicators. The Committee was considering a review of these metrics.</p>
<p>24.9 Property Reports</p>	<p>The Corporation approved the targets as presented. The KPIs were noted.</p>
<p>24.10 ESFA Financial Assessment</p>	<p>It was reported that there was a £41k forecast underspend on the 2016/17 capital programme; in the current year, there was a forecast overspend of £145k on a £4.3m programme. The reasons for the overspend had been discussed at F&GP and the Property Strategy Group.</p>
<p>24.11 Strategic Risk Register</p>	<p>The assessment of the College's financial health was noted. The College continued to be assessed as having 'outstanding' financial health.</p> <p>The College's strategic risks were set-out in a detailed paper noting that the Audit Committee had recommended that the chairs of Finance and General Purposes Committee and Curriculum and Quality Committee comment on any risks that related to their terms of reference. Curriculum and Quality noted the feedback from the October QAA report and the Quality Improvement Action plan for higher education programmes including the use of intensive care processes where necessary and the monitoring of interventions to reduce the HE non-completion rate. At C&Q it was reported that the KPIs were improved and new indicators for higher education</p>

<p>24.12 Strategic Plan 2018-2023 update</p>	<p>quality had been incorporated into the C&Q KPI reports. SMT are reviewing HE quality indicators fortnightly. A full time Director of Higher Education post had been established replacing the previous 2 day per week role. Interviews would be taking place in the New Year.</p> <p>Members of F&GP referred to the critical commercial activities report that had been considered at F&GP and Audit Committee. A lead officer was responsible for following-up on the recommendations and delivering to the agreed action plan. The Growth Committee was looking closely at how commercial projects could developed and it reported regularly to F&GP. A consultant to support the committee had been appointed.</p> <p>It was noted that work on the update of the strategic plan was ongoing and on target. Two governors would be invited to join a discussion with SMT in the New Year on the priorities in the plan before it is taken to the Corporation for further review.</p>
<p>25.17</p>	<p>CURRICULUM REPORTS</p>
<p>25.1 Self-Assessment Report</p>	<p>Following discussion at the committee meeting held on 29 November 2017 and participation from governors in the SAR validation panels it was the recommendation of the Curriculum & Quality Committee that the College Self-Assessment report be approved.</p> <p>RESOLVED: that the College Self-Assessment Report for 2016/17 be approved.</p>
<p>25.2 Employer Engagement</p>	<p>The report on the College’s engagement with employers was noted.</p>
<p>25.3 English and Maths Report</p>	<p>It was noted that the report on English and Maths had been considered at C&Q.</p>
<p>25.4 HE Quality Report</p>	<p>Following scrutiny at C&Q the Corporation noted the report on higher education quality and the actions outlined in the Quality Improvement Action Plan.</p> <p>As recommended by C&Q at its meeting held on 29 November is was</p>

<p>26.1 Sub-contracting Supply Chain, Fees and Charging Policy 2017/18</p> <p>26.2 College Tuition Fees Policy 2018/19</p> <p>26.3 Joint Venture with ASTM</p> <p>26.4 Report of the Chair and Minutes of F&GP Committee held on 08 December 2017.</p> <p>26.5 Growth Committee minutes, 06 November 2017</p>	<p>Following review at the meeting of F&GP Committee held on 08 December it was RESOLVED that the Sub-contracting Supply Chain, Fees and Charging Policy 2017/18 be approved.</p> <p>Following review at the meeting of F&GP Committee held on 08 December it was RESOLVED that the College Tuition Fees Policy for 2018/19 be approved.</p> <p>Following consideration at the meeting of the F&GP Committee held on 08 December the Corporation noted the progress with the implementation of the joint venture with Academic of Science, Technology and Management (ASTM). Details of the Service-level agreement were made available.</p> <p>It was noted that Margaret Martin attended the meeting. The minutes of F&GP of 08 December 2017 were noted.</p> <p>The minutes of the Growth Committee from its meeting held on 06 November were received and noted. The consultant supporting the Committee was progressing the priority actions to support the College’s commercial activities.</p> <p>Following a question from the Chair of the Audit Committee, the Corporation was advised that an update report on progress would be considered at the Corporation in approximately three months’ time (ACTION: FR).</p>
<p>27.17</p>	<p>AUDIT COMMITTEE</p>
<p>27.1 Report of the Chair & Minutes of the Meeting 01 Dec 2017</p>	<p>The minutes of Audit Committee held on 01 December 2017 were received and noted. A paper would be brought to the next meeting of the Corporation regarding the Committee’s recommendation to appoint the College’s external auditors following a re-tendering exercise (ACTION: MV).</p>
<p>27.2 Commercial Activities Audit Report</p>	<p>Details of the advisory report of the internal auditors on the College’s commercial activities was presented for information.</p>

28.17	GOVERNANCE AND RELATED REPORTS
28.1 FE Commissioner's and ESFA Letters to the Sector	The termly letter of the FE Commissioner and the letter sent to Chairs of Governors from the ESFA Chief Executive were noted.
28.2 Report of the Chair and Minutes of the Meeting of the Search and Governance Committee, 30 Nov 2017	The minutes of the Search and Governance Committee held on 30 November 2017 were noted.
28.3 Annual Report of the Search and Governance Committee	The Annual report of the Search and Governance Committee for 2016/17 was noted.
28.4 Board Evaluation Report	The Board evaluation report for 2016/17 was noted.
28.5 Governors' Expenses Policy	This Governors' expenses policy report was deferred.
29.17	FUTURE MEETINGS AND EVENTS
The Chair requested that a new date be found to replace the meeting scheduled for 02 February (ACTION: DR)	
30.17	ANY OTHER BUSINESS
There was no further business and the meeting ended at 12.30	
31.17	CONFIDENTIAL ITEMS
College staff and Staff and Student Governors withdrew for the confidential items.	

Signed Date

Professor Sam Luke, Chair of the Corporation

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