



**MINUTES OF THE NORTH EAST SURREY  
COLLEGE OF TECHNOLOGY FURTHER  
EDUCATION CORPORATION HELD ON  
FRIDAY 24<sup>th</sup> MAY 2019 AT 09.00, SKILLS  
PARK BOARD ROOM**

<b>PRESENT*</b>	<b>IN ATTENDANCE</b>
Professor Sam Luke (Chair) Peter Stamps (Vice Chair) Frances Rutter (CEO & Principal) Simon Enoch Chris Muller Lynn Reddick Sally Pritchett Vince Romagnuolo Chris Shortt Jamie Roberts (Teaching Staff Governor) Daksin Chandrasekera (Student Governor).	Cliff Shaw (Deputy Principal, Curriculum) Maria Vetrone (Deputy Principal, Finance & Resources) Dario Stevens (Vice Principal, Planning and Information Systems)  Josephine Carr (Clerk)

\* Attendance at the meeting = 73%

<b>62.18</b>	<b>APOLOGIES FOR ABSENCE</b>
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Apologies for absence were received from the following governors: Maureen Kilminster, Margaret Martin, Liz Lawrence, Graeme Hodge and Cliff Shaw.

<b>63.18</b>	<b>DECLARATION OF INTERESTS</b>
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The Chair reminded Members to declare any interest they may have in any of the items on the agenda. Professor Luke, Peter Stamps and Frances Rutter declared their interest as unremunerated directors of NESCOL Enterprises Ltd, which was a wholly-owned College subsidiary company. 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.

<b>64.18</b>	<b>PREVENT TRAINING</b>
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Rob Greening, Director of Behaviour and Welfare gave a 15-minute presentation entitled "Radicalisation and Prevent Training@. The principal highlights being:

- The new OFSTED framework places even greater emphasis on safeguarding, in particular Radicalisation and Prevent.
- The particular concerns for Surrey are the far right organisations; this should not be underestimated.
- The College does not allow any religious or political speakers to address College staff or students. British values and the democratic process are discussed within tutorials.
- There is a quiet room for staff and students who wish to go and pray.

Governors suggested that a likely threat analysis would be useful.

<b>65.18</b>	<b>MATTERS FOR REPORT</b>
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65.1 The Chair reported on the following matters: -

1. On Monday evening, Frances presented her annual College review together with the principle challenges for the College going forward. The evening was most illuminative and thought provoking. Unfortunately, the number of governors attending was disappointingly low, with only two having proffered their apologies. One of the attendees advised the meeting that he had found the presentation incredibly useful in terms of detail and context. The meeting agreed that another date for the presentation be found before the end of term.

The Principal advised the meeting that the following matters had been confirmed since Monday evening's presentation:

- The Osteopath BSC course had been approved in Ireland
- 4,234 had attended the 2019 Open Evenings compared to 3,271 at the 2018 events
- The Principal has been appointed Chair and member of Gatwick 360 Skills Board
- The Principal has been appointed as the FE representative in the Board of Coast to Capital LEP Board (w.e.f 1 July 2019).
- The College is working with Ansty Bridge in Kingston who work with young learners with developmental needs who are looking to enter technical/vocational education
- The Grange at Bookham and the Nescot Foundations and High Needs team are working closer together
- Discussions with Surrey University regarding progression from Level 5 Nescot apprenticeships to Level 6 at Surrey University have started.

In response to a governor question regarding how the impact/value of the Principal's additional external roles might be measured, the Chairman replied that it considerably increases the impact that Nescot is having outside of the College itself and raises the College profile. For instance, the work regarding the skills gap will be filtered to Directors of Faculties and the Curriculum planning process at an earlier stage. Which in turn fits the OFSTED framework regarding focusing on intent – why are you doing this?

2. One of the most imminent challenges for the College is the impending OFSTED inspection. It is essential that the College is able to demonstrate that its Governance is outstanding and that Governors make a difference for the Nescot students. Nescot Governors contribute in many ways to the College and it is essential that their activity and impact are duly recorded together with Governor training to demonstrate the Governors' understanding of the College. Unfortunately, not all Governors have completed their mandatory online training and/or confirming that they have read Part One of Keeping Children Safe in Education as per the September 2018 requirements.

The Association of Colleges advises that that Governing Bodies will be required to produce evidence of establishing, operating and reviewing its oversight and systems in relation to the following legislation:

- Safeguarding
- Data Protection (GDPR)
- Health & Safety
- Equality and Diversity.

Most FE Colleges ask their Governors to undertake the same mandatory training in these areas as new staff in order that they have an overview of each particular element. Ever mindful of Governors' time, the College will accept evidence of comparable training undertaken in the Governor's professional life (CPD) with regard to Health and Safety, Equality and Diversity.

Josephine has been reminding Governors of any training outstanding via her weekly update and individual emails. The Chairman and CEO/Principal ask that Governors address any outstanding training before the end of the academic year. Governors may grandfather across any professional training in these areas, but this must be evidenced. Confirmation that Governors have read KCSiE Part1 September 2018 (Keeping Children Safe in Education) is a mandatory requirement for all staff and governors within an educational establishment including students under the age of 18. Thank you for your co-operation in this matter.

OFSTED will look at Governor training records as part of their inspection.

3. As is our custom we will spend a few minutes at the end of the meeting reviewing our effectiveness as governors, the quality of the debate and how effectively we have scrutinized the College and held Senior Managers to account.

#### 65.2 Governor Link Visit Reports:

1. Engineering and Motor Vehicle: Simon Enoch. Simon Enoch advised the meeting that he described this department as a "hidden gem". Having completed Year One students are capable of securing employment in an auto centre. However, particularly in Year 2 many students struggle with the English and Maths Grade 4 funding (ESFA) requirement. Many are losing their motivation, though attendance at English and Maths is relatively high. The importance of English and Maths within the workplace should be emphasised; for instance, completing worksheets and time-sheets. Governors were asked to look at GCSE English and Maths papers.
2. Electrical Engineering: Simon Enoch. This is a first class facility and the students and staff engage well. Simon Enoch suggested that these students have sufficient skills to fix some of the College repairs and so gain further experience. The Principal advised that she had originally thought this too but, sadly this is not practical due to insurance, Health & Safety, quality control and supervision by staff off timetable.

With regard to English and maths, The Deputy Principal (Curriculum) had submitted a written response: The College is considering purchased GlobalTech artificial intelligence software to enable staff and students to develop and practice their English and Maths through access to high quality and engaging web-based resources which respond to their ability levels and allows them to progressively build skills and confidence in addition to recording their learning. This is quite a cutting edge approach to the subjects. This also helps to respond positively to OFSTED requirements around the development of English and Maths outside of GCSE and Functional Skills lessons. As yet no staff have come forward with alternative approaches to the teaching of English and Maths.

3. IT: Simon Enoch: The interaction between staff and students and students helping each other during year one is evident. Staff and students in Computing are frustrated that they are not allowed to update the College hardware. Should they be allowed to do so under supervision? There is a marked difference between the environment of the Skills Park and other parts of the College. There are plans to address this disparity.

The success of the department in competitions should be used more extensively as a marketing tool. There are three teams from Western Europe going to Huawei in China and Nescot has a whole team going to China. Advertising international success will attract more and better quality students.

<b>66.18</b>	<b>IT presentation: Mik Meoli Director of IT</b>
<p>The Director of IT gave a PowerPoint presentation detailing his first 100 days in post, in particular where the College is and where it wants to be with regard to IT.</p> <p>The Student Governor advised the meeting that the speed of the College PC's had improved together with the student experience of the service. The IT team are unable to check every PC in the College each week. Staff and students should report problems via the IT helpdesk. There is a five-year replacement plan.</p> <p>The Staff Governor advised the meeting that College staff are appreciative of how overworked the IT Team are but are also appreciative of the tangible improvements in the IT service.</p> <p>The meeting thanked the Director for his insightful presentation and thanked him for combining both fire-fighting and strategic planning during his short time in post.</p>	
<b>67.18</b>	<b>MINUTES</b>
<p>The minutes of the meetings held on 22<sup>nd</sup> March 2019 were approved as a correct record.</p>	
<b>68.18</b>	<b>MATTERS ARISING</b>
<p>The matter relating to safeguarding feedback from the Creative Industries Governor Link visit. The Deputy Principal (Curriculum) advised: @On discussion with the team this appears to be a view expressed by a member of staff relating to the annual reviews for high needs students not being kept up-to-date. Annual review updates require a meeting between tutors, local authority, social services (in some cases), parents/carers and often other agencies. These are annual and updates are scheduled across the year. We are compliant with annual review updates, and they are updated in line with requirements. However, I have advised learner support colleagues that the reviews should also be updated with notes as and when needed outside of the annual review dates. All teaching staff can discuss individual learners with the support team regardless of this at any time and this is often more useful to teachers in helping them to plan learning for these learners as annual reviews are often lengthy and wide ranging documents.</p> <p>The College non-pay staff package will be presented at the July Corporation meeting</p>	
<b>69.18</b>	<b>STUDENT MATTERS</b>
<p>The FE Student Governor advised the meeting that he would defer his presentation until the July meeting.</p>	
<b>70.18</b>	<b>STAFF MATTERS</b>
<p>The staff governor advised that he had no further comments</p>	
<b>71.18</b>	<b>STANDING REPORTS</b>
<p>Governors reviewed the standing agenda item on safeguarding, Prevent and Health &amp; Safety. The Safeguarding report is essentially that which was tabled at the May Curriculum and Quality meeting.</p>	
<b>72.18</b>	<b>STRATEGIC REPORTS: Strategic Plan Scorecard</b>

The Vice Principal (Planning and Information Services) presented the scorecard which had been updated by SMT since the March Corporation meeting. The Vice Principal confirmed that the RAG rating is a group decision. The meeting agreed that the scorecard demonstrates the journey travelled which is of significant importance.

<b>73.18</b>	<b>FINANCE REPORTS</b>
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<b>56.1 Management Accounts January 2019</b>	<p>The Board reviewed the management accounts as at 31 March 2019. The executive summary reports that the forecast to year end shows that the College remains on target for an anticipated operating surplus of £4,000 as presented at the March Corporation meeting. However, this will only be achieved if College staff identify every item of income to be claimed and continue to restrict expenditure wherever possible.</p> <p>Governors were reminded that total income is forecast to be £197,000 less than budget which is counterbalanced by expenditure savings of £201,000 (0.7% of total budget). These include:</p> <ul style="list-style-type: none"> <li>• Pay cost savings of £185,000 (1.2% of total pay budget)</li> <li>• Non-pay savings of £15,000</li> <li>• Commercial services are forecast to generate a smaller loss than budgeted (£19,000 compared to £28,000).</li> <li>• The College receives an average return of 21.8% from its subcontracting and partnership work.</li> <li>• The Open University validation fee of £52,000 which in future years will reduce the more expensive accreditation fees to Kingston University and other institutions as the OU has a different and more cost effective model.</li> </ul> <p>The two principal financial pressures throughout the year to date are:</p> <ol style="list-style-type: none"> <li>1. Under enrolment against curriculum plans to the value of £1.6 M comprising £732,000 lagged 16-18 income, and a shortfall of £900,00 relating to apprentices and self-funded learners.</li> <li>2. Additional pension liabilities at year end of £522,000 arising from an actuarial valuation received in September 2018 after the 2018/19 budget had been set. The meeting noted that this is a balance sheet item as opposed to a cash item.</li> </ol> <p>The 14-point delivery plan was adopted and mitigating action taken, including setting up Nescot Enterprises Ltd for new staff working in commercial services and eligible for a stakeholder pension as opposed to the LGPS scheme.</p> <p>The College budget this year included two inherent risks:</p> <ol style="list-style-type: none"> <li>1. Apprenticeship provision and the lack of non-levy funding from the ESFA.</li> <li>2. The joint venture with ASTM which is contributing a significant net surplus to the College but is not without accompanying operational and reputational risks.</li> </ol> <p>The Corporation noted the management accounts for March 2019 and the continuing potential risks inherent in the current financial forecasts for the year ending 31 July 2019.</p> <p><b>Financial KPIs</b></p>
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Cash days in hand: forecast out-turn at year end is 85 days compared to the budgeted 92. However, March is always the lowest point in the funding cycle together with the placing £1M of the College's cash reserves in a medium risk investment fund which has become a fixed asset and so reduces the College cash reserves on the balance sheet as reported at the March Corporation meeting. The FE sector average is 62 days.

Current ratio: The forecast out-turn is 2.99 compared with a budget of 3.16. The FE sector average is 1.4 whilst insolvency guidance warn that the ratio should not fall any lower than 1.5. The governors confirmed that they were happy with 2.99 particularly given the lowest point in the funding cycle together with £1M invested in a medium risk investment fund in January 2019.

EBITDA as a percentage of income: the forecast out-turn is 10.35% compared to a budget of 8.4%. The FE sector average is 5%. The ESFA grade anything over 10% as outstanding. The Deputy Principal (Finance & Resources) explained that EBITDA is only one measure of profitability and cash generation, and that the operating line (ie after EBITDA) was more important for sustainability and needed to be at 3% or above. The Deputy Principal (Finance & Resources) warned the meeting that, although cash generation was good, growth in the cost base continued to outstrip any growth in income and that the cost base needs to be better controlled, particularly staff costs. She said that the profitability of the College was in decline and that the College needs to be more efficient in running its business in order to be sustainable and to maintain its current ESFA financial grading of outstanding, which could be easily lost.

Borrowing as a percentage of income: 0.21% which is very low for the FE sector.

Staff costs as a percentage of income (excluding subcontracting income): 65% with a target of 61.89%. The Deputy Principal (Finance & Resources) explained that this was at the maximum of the FE Commissioner's recommendation for the staff cost ratio in the sector.

The College's Financial Strategy requires the achievement of a 3% operating surplus, the forecast surplus of £4,000 equated to 0.01%.

Presently the Curriculum contribution is £1.013M which is an average of 40%. The College is looking for an average of 50% contribution to central costs.

Financial Challenges for 2019/20:

- Need to increase student numbers (notwithstanding the 16-18 lag funding) to address the projected £4M income shortfall 2019/20.
- Increase existing commercial activities and ensure they generate a net contribution
- College has fixed costs and is investing in online learning to be cost effective. Therefore, the didactic elements need to be hands-on which are expensive.
- The Teacher Pension Scheme increased employer contributions for 2019/20 are being funded by central government but need to prepare for these in 2020/21.
- The College needs to improve its profitability.



74.23	<p>academic year when Chris Shortt retires. An additional governor who is a chartered accountant or has a corporate financial background was deemed to be a welcome addition to the Board.</p> <p>The Governance QIP was reviewed and the Committee agreed that the 2019/20 Governance QIP should include pertinent actions arising from the self-assessment of Committees 2018-19 and so ensure that the Governance QIP is specific to Nescot (and not merely ensuring adherence to the Code of Good Governance)</p> <p>The meeting discussed actions required in preparation for the OFSTED inspection and to ensure comprehensive governance records going forward. Principal points included:</p> <ul style="list-style-type: none"> <li>• Governor Training – mandatory and specific on-going training</li> <li>• Self-Assessment at Committee level</li> <li>• Creation of a new Governor Information pack</li> <li>• Governance Position Statement which feeds into the College Self-Assessment Report (SAR).</li> <li>• Updating Committee Terms of Reference and Constitutional documents.</li> </ul> <p><b>Growth Committee 29<sup>th</sup> April</b></p> <p>The meeting received an update regarding the commercial activities within the College and their performance and contribution rates to date.</p> <p>A presentation regarding Business Intelligence/dashboard management information using Power Bi, a Microsoft tool, was given to the meeting as an example of what might be possible. No decisions will be made until the new finance system which is being introduced 1<sup>st</sup> August 2019 is up and running.</p> <p>The next Growth committee will be looking at the effectiveness of changes to the new curriculum planning process to demonstrate that what we offer meets not only student demand and employer need (Key Priority 3 and 4) but also supports our KPI of stability and growth (KPI 2).</p>
<b>75.18</b>	<b>Constitutional Documents Review</b>
	The review of the Corporation Instruments and Articles was deferred to the July Corporation Board meeting.
<b>76.18</b>	<b>REPORTS FOR APPROVAL</b>
	<p><b>Settlement Payments (Part A)</b></p> <p>The Director of HR advised the meeting that there were no changes since the last Corporation meeting of 22<sup>nd</sup> March.</p>
<b>77.18</b>	<b>MEETING EVALUATION</b>
	<p>The Chair invited members to review the effectiveness of the Board meeting.</p> <p>Comments included: -</p>

- The increased emphasis on curriculum was welcomed by the Staff Governor.
- Governors would like to see some 3-4year financial planning particularly with regard to TPS. and LGPS pension scheme increases. The Deputy Principal (Finance and Resources) advised that the finance strategy will be updated once the September 2019 enrolment numbers have been confirmed.
- The IT presentation and discussion was illuminating. The College is being transparent regarding past IT mistakes. The IT Link Governor has a follow-up meeting with the IT Director in June.
- Governors liked the way the meeting was allowed to concentrate on the main issues of IT and Finance and reduce the amount of time spent on other agenda items.
- How do mergers fit into the 2-5year strategy?
- The Prevent presentation was enlightening and most useful training.
- The weekly update is most useful.

<b>78.18</b>	<b>DATE OF NEXT MEETING</b>
The next meeting of the board will take place on 19 <sup>th</sup> July at 09.00	
<b>79.18</b>	<b>ANY OTHER BUSINESS</b>
There was no further business and the meeting closed at 11.55	

Actions agreed:

1. Governors suggested that a likely threat analysis would be useful.
2. The College non-pay staff package will be presented at the July Corporation meeting.
3. The review of the Corporation Instruments and Articles was deferred to the July meeting.
4. The Student Governor's presentation on obtaining student feedback was deferred until the July meeting.

Signed



Date ...19<sup>th</sup> July 2019...

**Professor Sam Luke, Chair of the Corporation**

Author	Josephine Carr
Title	NESCOT Corporation Minutes 24 May 2019