



**MINUTES OF THE NORTH EAST SURREY  
COLLEGE OF TECHNOLOGY FURTHER  
EDUCATION CORPORATION held on  
Thursday 12<sup>th</sup> December 2019 AT 09.00, in  
the Skills Park Boardroom**

PRESENT*	IN ATTENDANCE
Professor Sam Luke (Chair) Lynn Reddick (Vice Chair) Peter Stamps Frances Rutter (CEO & Principal) Graeme Hodge (Support Staff Governor) Jamie Roberts (Teaching Staff Governor) Daksin Chandrasekera (FE Student Governor) Simon Enoch Maureen Kilminster Margaret Martin Chris Muller Vince Romagnuolo	Cliff Shaw (Deputy Principal, Curriculum) Maria Vetrone (Deputy Principal, Finance and Resources) Dario Stevens (Vice Principal, Planning and Information Systems) Donna Patterson (HR Director)  Josephine Carr (Clerk to the Corporation)

\* Attendance at the meeting = 75%

20.19	Chair's Report
<p>The Chair welcomed everyone on election morning; an exciting day charting the course for this country for the next 5 years. The Chair reported on the following matters: -</p> <ol style="list-style-type: none"> <li>1. With regret, I wish to advise you that Sally Pritchett has resigned as a Governor with effect from 31st December 2019. Sally joined the Board in June 2017; sadly, her business commitments and the demands of a teenage family no longer permit Sally to devote sufficient time to her role as a Nescot Governor. Unfortunately, Sally is unable to attend this meeting, but I have written to her thanking her for her time and commitment to Nescot for the last 2.5 years. I may ask her to continue in an ex-officio capacity for the Growth Committee.</li> <li>2. I would like to welcome Ben Alway who is the HE Student Governor for 2019-20, who has yet to arrive. Welcome to Daksin and thank you for attending, the governors welcome and value your input.</li> <li>3. The principal focus for this Board meeting is to review and approve the Group Financial Statements and Annual Report 2018-19 and the College SAR.</li> <li>4. I would like to thank all of the Governors who attended the recent Governor Link Visit Day. The afternoon evaluation session with Governors and staff was most illuminating and I recommend that Governors read the evaluation paper. We must continue beating the Nescot Drum and sharing its successes. Governors are most welcome to visit the College whenever they wish. The collective feedback was useful providing different perspectives.</li> <li>5. As this is the last meeting of the Autumn Term I would like to thank Governors for their input into the challenge sessions together with all their combined and various contributions to the governance of the College.</li> <li>6. On behalf of the Corporation, I would like to thank the staff for their contribution to a positive and vibrant first term, the staff governors for their invaluable contribution and their mentoring of the student governors, and to Daksin and Ben for providing the student perspective during Board discussions.</li> <li>7. Thank you to Frances and SMT for keeping the College moving forward in an increasingly challenging FE and HE landscape. The College will continue to build upon recently agreed marketing and business development strategies.</li> <li>8. In conclusion, I would like to wish everyone in the College a peaceful Christmas and Happy New Year and look forward to working with you in 2020 whatever new challenges may arise. I was at</li> </ol>	

Bristol University yesterday and the University Board recognised the struggles that the FE sector is currently facing.

9. 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.

**21.19**      **APOLOGIES FOR ABSENCE**

Apologies for absence were received from the following governors: Sally Pritchett, Liz Lawrence, Lee Widdows and Ben Alway.

**22.19**      **DECLARATION OF INTERESTS**

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. Lynn Reddick declared her interest as the Director of Learning at a specialist provider in Surrey. 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. Maureen Kilminster noted her former position as the Principal of a College in Surrey.

**23.19**      **APPOINTMENT OF NEW GOVERNOR**

The Search and Governance Committee met in November and recommended to the December Corporation meeting that Lee Widdows be appointed as a Governor and become a member of Curriculum and Quality Committee, effectively replacing Kabir Shaikh with her HE experience.

The Clerk advised the meeting that Lee Widdows is unwell and has tendered her apologies for the meeting. Lee Widdows is the Associate Director of Fashion at the University for the Arts (UCA) Epsom. Lee is a local Epsom resident and has a marketing and education background. The Chair of Search and Governance advised the meeting that Lee had been interviewed by the Committee who had unanimously recommended her appointment to the December Corporation meeting.

The Corporation formally accepted the recommendation of the November Search and Governance Committee and appointed Lee Widdows as a Governor and member of the Curriculum and Quality Committee.

**24.19**      **MINUTES and matters arising**

The minutes of the meetings held on 11<sup>th</sup> October 2019 were approved as a correct record and signed by the Chair

The Chair advised the meeting that he does not like the Governor VLE and recommended the use Microsoft Teams which is part of the Microsoft suite of programmes and thus would not incur any additional fee. The Clerk was requested to discuss the use of Microsoft Teams with the Director of IT.

The Chair advised the meeting that the Clerk and Principal were reviewing the College Articles and Instruments and the Standing Orders which would be considered by the Corporation in 2020.

**25.19**      **Safeguarding, Prevent and Health and Safety Report (Standing Items)**

The Deputy Principal (Curriculum) presented the report, which was an updated version of the report tabled at the November Curriculum and Quality Committee. The Deputy Principal advised the meeting to note the "My reporting" generates more precise data than previous systems. The spike in referrals

during December reflects the anxiety surrounding Christmas and College being closed for three weeks.

A Governor asked the Deputy Principal (Curriculum) if there was anything more the College might offer regarding mental health training. The Deputy Principal (Curriculum) advised the meeting that all College Safeguarding Officers and First Aiders had received specific mental health training. Mental Health is also included in the fortnightly staff CPD sessions.

For learners, progress coaches cover mental health issues in tutorials. A Mental Health Week programme raises awareness for learners and advises them of how to access support.

The Chair suggested the introduction of Mental Health champions in order to raise awareness and remove any associated stigma.

The meeting unanimously concurred that preventative measures are vital.

The monthly Safeguarding KPIs should enable the College to identify the impact of safeguarding training. However, the meeting should remember that an increase is not necessarily a bad thing; the important point is assurance that if referrals are increasing, the College is addressing these. Reporting has improved considerably with MyConcern and disciplinary incidents are now excluded.

The Deputy Principal (Curriculum) confirmed that 21% of referrals relate to mental health (p6) and that "Wellbeing" includes finances and homelessness.

The Chair advised the meeting that it should ensure that the College is doing everything possible to support its students and staff and requested that the Deputy Principal (Curriculum) present a paper collating all the work currently being undertaken within the College to support mental health concerns.

In response to a member question, the Deputy Principal (Curriculum) confirmed that new referrals identified as green category were of light concern and were monitored through the tutor system. The priority for the College is the red category referrals.

The Deputy Principal (Curriculum) advised the meeting that safeguarding staff know who the teachers for students who have reported suicidal thoughts and are able to track that these students are present in the classrooms during the College day. These students are discretely identified on ProMonitor.

<b>26.19</b>	<b>STUDENT MATTERS</b>
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The Support Staff Governor and the Clerk met with the HE and FE Student Governors yesterday and this was most helpful. The two student governors then met to discuss their feedback for the Corporation meeting.

1. The FE Student Governor reported that the 2019/20 sport enrichment programme was very varied and appreciated by the students and that the increased participation rates reflect this. It is a good way to meet students from other courses within the College.
2. Student-teacher communication appears to vary. In Travel and Tourism (the FE Student Governor's department) students have 1-2-1 weekly meetings with their performance coach and programme leader. However, at the recent Student Representatives meeting it was reported that the sports, animal management, apprenticeships and osteopathy students do not have weekly meetings. The meeting agreed that teachers should ask their students how they are managing/feeling once a week.

The Deputy Principal (Curriculum) confirmed that all 16-19 year old students have timetabled weekly tutorials. However, older students do not necessarily have weekly tutorials.

3. Students have reported that they like the improvements within the HE area, Starbucks and the Gym refurbishment. They also welcome the introduction of vegan options in refectory.

4. The LRC new user-friendly database is great.

5. Students appreciate the increased security in the car park.

The Chair thanked the FE Student Governor for his comments and for bringing the student perspective to the Board meeting.

The Staff Governor advised the meeting that the HE Student Governors was unable to attend the meeting because of car engine failure and sent his deepest apologies.

<b>27.19</b>	<b>STAFF MATTERS</b>
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The Teaching Staff Governor reported that this term's safeguarding training was very useful and was being utilised. Staff particularly appreciated the session regarding staff's own resilience. The Support Staff Governor reported that some support staff were disappointed that they do not have equivalent safeguarding sessions. The Deputy Principal (Curriculum) advised the meeting that all College staff are welcome to attend these sessions.

The Support Staff Governor advised the meeting that the "lock down safety test" went well. This first test was undertaken during the autumn half-term admin week when students were not present to ensure that staff were aware of the actions to be taken. The Support Staff Governor advised that there were some 25 students using the LRC during the first test.

The second test will be undertaken during a term-time teaching week. This will require careful management as the College wishes to prevent/avoid messages on social media stating that Nescot is in lock-down. Furthermore, many of the high needs students may be distressed by this test.

<b>28.19</b>	<b>STRATEGY REPORTS</b>
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<b>28.1 Principal's update</b>	
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The Principal introduced her report and advised the meeting that the College was still awaiting a response from the QAA. The Principal has written to the CEO of Pearson to request a timely resolution regarding their investigation of the anonymous complaint and a review of the student cap currently in place at the ASTM Centres. The Principal will update governors when more information is available.

The Staff Support Governor asked what were the possible implications of the new provision at John Ruskin campus for Nescot. The Principal confirmed that the South Orbital College Group had been awarded £800K by the Coast to Capital LEP for the building of a high-tech centre at John Ruskin. However, this will take some time to be completed and able to deliver courses. The South Orbital Group are currently targeting the Croydon area and the corridor towards the Crawley area; i.e. focussing on a north-south corridor for student recruitment.

<b>28.2 College Self-</b>	
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The Deputy Principal (Curriculum) tabled the College Self-Assessment Report 2018-19 and advised whilst this is an internal document, the OFSTED inspectors will see it. The

**Assessment  
Report  
2018/19.**

November Curriculum and Quality Committee discussed the report in detail. The meeting agreed that a glossary of acronyms used would be useful.

P7 Overall Achievement rates 2018/19 have increased by 2.4% to 87.4% (national average = 85.9%). The 16-18 achievement rates improved by 2.1% to 80.6%. However, further improvement is needed compared with the national average of 82.8%. The adult (over 19) overall achievement rate of 89.9% is above the national of 89.1% and increased by 1.6% together with increased adult student numbers in 2018-19.

As evidenced in Table 2 the 16-18 functional skills achievement rates of 63.3% (national average 63.6%) impact upon the overall achievement rates for 16-18 year olds. The meeting noted that the 16-18 functional skills achievement rates had improved and the Deputy Principal (Curriculum) envisaged that this should continue with the use of Century Tech intuitive software and better timetabling of English and Maths for 16-18 students.

The Deputy Principal (Curriculum) advised the meeting that the Functional Skills qualifications have been revised for 2019/20 that he will table a report to the March Curriculum and Quality Committee.

The Deputy Principal (Curriculum) advised the meeting that whilst there are no national averages for Long Course achievements (which exclude Functional Skills and GCSEs) these represent the College's core provision of 84.9%, the target for 2019/20 is 89%.

GCSE High Grades (P9)

The Chair of Curriculum and Quality Committee noted that all the Nescot GCSE high grade results exceeded the national averages and continued the College's upward trend. The Deputy Principal noted that this was the second year of the new GCSE specification and that teachers were now targeting more challenging questions for Nescot students in addition to standard questions.

P9. Other indicators The meeting noted the High Needs achievement rates had dropped by 1.8% to 92.4% and asked whether there were additional ways to support these students with English and Maths and High Needs. The Deputy Principal advised the meeting that Level 3 High Needs students must study either Functional Skills or GCSE English and Maths as part of their funding arrangements. The Deputy Principal believes that the College support for this group of students is effective.

The Deputy Principal noted that the achievement rates for "Looked-after Learners" has increased by 8.7%. The number of students within this category varies year on year and is often a challenging group, many of whom have attended a variety of schools and colleges before attending Nescot.

Apprenticeship Achievement Rates

The College has introduced significant changes regarding the operation and management of in-house apprenticeships and it is hoped that improvements in achievement rates will be evidenced in 2019/20. There is a challenge with the final year

electrical apprentices and staff shortages. The College is looking to ensure the both the timeliness and qualification achievement for this cohort of apprentices.

The Subcontractor Apprenticeship Achievement rates have declined for 16-18 years because of quality issues identified during 2018-19 with a provider. The remaining students with this Subcontractor have been brought into College in order to be better prepared to achieve their qualifications in a timely manner.

College Assessment of Performance, headline grades and judgements.

The Chair of Curriculum and Quality Committee advised the meeting that the November Curriculum and Quality Committee had discussed these in detail. The Overall effectiveness grades are those of the new OFSTED framework (September 2019). The internal judgements are those areas which ELT believe will be helpful for the College to consider.

The OFSTED inspectors will make their assessment based upon their view of what they see, in particular whether students are positive, eager to learner and respectful of teachers and that the College has robust systems to support these.

The Deputy Principal advised the meeting that student behaviour had been significantly better in 2018-19 than in previous years. This is the result of the zero-tolerance behaviour but also indirectly linked to the ongoing investment in the NESCOL Campus facilities and resources. The enrichment programme is adding a further perspective.

The College is listening to what students say. The Student Representative meeting this year was very focused and acknowledged that the College is responding to the Student voice.

High Needs provision is adjudged to be outstanding despite the dip in achievement rates. The Deputy Principal is happy to defend this position because the dip was caused by the retention issue with a small number of student's which skewed the annual data.

The College has plans in place to increase all achievement rates within the College in 2019-20.

The Deputy Principal advised the meeting that the achievement rates of apprenticeships 2018-19 may be a risk to the College achieving an overall Good if inspected during 2019-20. There is a potential challenge that College Leadership and Management were slow to approve changes. The Deputy Principal is collating data to demonstrate the discussions and proposals which the College has considered to address the achievement rates of Apprenticeships.

In-house apprenticeship achievement rates are improving but not quickly enough. The College is improving information channels for assessors by giving them access to ProMonitor which will then enable them to improve their tracking of apprentices.

<b>29.19</b>	<b>Compliance Reports</b>
<p><b>29.1 Annual Report and Financial Statements of NEScot Group 2018/19</b></p>	<p>The Deputy Principal (Finance and Resources) presented the Final Draft Financial Statements and advised the meeting that these had been discussed at length at the Finance and General Purposes Committee of 6<sup>th</sup> December and the Audit Committee of 9<sup>th</sup> December.</p> <p>The Financial statements have been externally audited and given an unqualified opinion (External Auditor’s Management Letter).</p> <p>The College Group returned an operating surplus of £269K against a balanced budget for 2018/19. An anticipated surplus of £86K was reported to the July Corporation Board. The year-end surplus included additional ASTM fee income and High Needs income as well as lower than expected LGPS costs. The Deputy Principal (Finance and Resources) reminded the Board that the surplus represented 1% of the College’s income and that the College financial strategy target looks for 3%.</p> <p>The ESFA KPIs compare the College targets 2018-19, actual results 2018-19 and the national benchmark. The Deputy Principal (Finance and Resources) advised the meeting that the College had not met its KPI targets of Cash days in Hand (92) and the Current Ratio (3.16) because of the transfer of £1M from cash reserves to a medium risk long-term investment fund; the Finance and General Purpose’s Committee had requested that a note be added to the KPI table to acknowledge this.</p> <p>The Staff Governor (Teaching) asked for more information regarding the investment fund. The Deputy Principal advised that the College had invested £1M in a mixed medium risk portfolio fund with Smith and Williamson. The return on the fund is RPI + 3% (compared to bank interest of 0.3%). Any interest generated is re-invested in the fund.</p> <p>The Deputy Principal (Finance and Resources) confirmed that the ESFA financial health grade for 2018-19 is outstanding.</p> <p>All Internal College Financial KPIs were achieved save for the generation of 3% of income surplus. The December Finance and General Purposes Committee debated this target at length and agreed that it should be maintained.</p> <p>The Deputy Principal (Finance and Resources) advised that the HE Academic achievement text on P12 had been revised further to discussion at the December Audit Committee.</p> <p><u>Treasury Policy (p19)</u>: The College did not achieve its return target of £84,165, generating £64K (76% of the target). However, this figure excludes the return of £33k generated from £1M invested in in the medium-risk investment fund in January 2019.</p> <p>The College currently holds £5.64M cash reserves and £1M in the medium-risk investment fund.</p> <p>The Deputy Principal (Finance and Resources) confirmed that the External Auditors, MHA MacIntyre Hudson, will sign Section 7 “Independent Reporting Accountant’s Assurance Report on Regularity” once the Report has been approved by the</p>

<p><b>29.2 Management Letter of the External Auditors</b></p>	<p>Corporation and duly signed by the Principal and Chair of Governors before submitting the document to the ESFA.</p> <p><u>The detailed financial statements and detailed notes (p47 onwards).</u> In response to a Governor question, the Deputy Principal (Finance and Resources) confirmed that the 2018 deficit of £800K reflects the accounting for the sale of the College's interest in its Saudi venture and that there was no impact on cash reserves.</p> <p>The College maintains a strong balance sheet and this will be discussed during the October 2019 Management Accounts item.</p> <p>The Chair of Governors thanked the Deputy Principal (Finance and Resources) and ELT for a very good document which has followed due process and challenge and is now ready to be signed off.</p> <p>The Corporation approved the Annual Report and Financial Statements of the NESCOLT Group 2018-19. The Chair and Principal to sign the three copies at the end of the meeting.</p> <p>The Deputy Principal (Finance and Resources) introduced the Management Letter of the External Auditors advising the meeting that the conclusions of the External Auditors were listed in the coversheet and that the external auditors had issued an unqualified opinion for both the financial statements and for regularity. The Management Letter was discussed at the December Finance and General Purposes and Audit Committees.</p> <p>The External Auditors have raised 2 recommendations and both have been accepted by the College:</p> <ol style="list-style-type: none"> <li>1. Nescot Enterprises Ltd: no depreciation has been charged on the company's fixed assets. The College has agreed to apply the calculated depreciation charge of £442.</li> <li>2. Determining the status of an historic loan of £58K from Nescot Trust to Nescot College. There is no paperwork supporting this loan which is estimated to be some 10 years old. It is proposed that the loan be written off.</li> </ol> <p>The meeting noted that the external auditors had not identified the historic loan in previous years.</p>
<p><b>29.3 Post-16 Audit Code of Practice Regularity Questionnaire</b></p>	<p>The Deputy Principal (Finance and Resources) advised the meeting that the ESFA requires the questionnaire to be approved by the Corporation and signed by the Chair. The Questionnaire had been discussed at the December meetings of the Finance and General Purposes and Audit Committee with both Committees recommending its acceptance to the December Corporation meeting. The College's return was reviewed by the External Auditor as part of their annual audit procedures. There are no issues arising from their review, which is confirmed in the External Auditor's Management Letter 2018-19.</p> <p>The Corporation accepted the College's Regularity self-assessment 2018-19.</p>

<p><b>29.4 Settlement Payments</b></p>	<p>The Director of HR confirmed that the settlement payments had not changed since the Corporation meeting of 11<sup>th</sup> October. The Corporation noted the Settlement Payments report.</p>
<p><b>29.5 Annual Audit Committee Report</b></p>	<p>The meeting was advised that Maureen Kilminster had resigned as Chair and as a Member of the Audit Committee. The December Committee was not quorate because of the ill-health of another member of the Committee. However, the Chair of the Finance and General Purposes Committee had also attended the December Audit Committee Meeting, together with the Staff Governor as an Observer and thus the meeting debated and challenged the papers.</p> <p>Governors spoke with the Internal and External Auditors before the meeting commenced. The External Auditors Management letter reflects the great effort by the Finance Team and gives confidence to the Governors that the College is in control of its finances.</p> <p>The Audit Committee discussed the letter from the Office for Students regarding the ILR return and questioned whether there were sufficient resources in the Finance Team to ensure that the ILR submissions are 99.9% accurate. The Vice Principal advised that this is a curriculum issue as opposed to a finance issue regarding how module achievements are recorded and ensuring that all courses/programme staff are recording their achievements in a timely manner.</p> <p>There was also a lack of clarity and guidance regarding the coding of non-standard provision (Icon and ASTM) which has now been resolved and follows a more standard year provision pattern.</p> <p>The Staff Governor (Teaching) left the meeting at 10.26</p>
<p><b>29.6 Internal Audit Annual Report</b></p>	<p>The Audit Committee members reported that the Audit Committee has been satisfied with the Internal Audit Reports for 2018-19 and the College's responses to the reports and subsequent tracking of matters outstanding. Of the 30 Internal Audit recommendations raised in 2016/17, 28 have been fully implemented. The remaining two relate to the audit of commercial activities and relate to SWOT analysis and end of year reporting which the College is making progress in implementing. The 54 recommendations raised in 2017-18 have all been implemented.</p> <p>The Annual Internal Audit report summarises the 2018-19 standard programmed audit assignments:</p> <ul style="list-style-type: none"> <li>• Student Journey</li> <li>• Risk Management and Governance</li> <li>• Key Financial Controls</li> <li>• Learner Number Systems</li> <li>• Follow-up</li> </ul> <p>Together with additional IT and sub-contracting work undertaken by specialist members of the Audit Firm, RSM.</p>

<p><b>29.7 Sub-contracting Supply Chain, Fees and Charging Policy 2019/20.</b></p>	<p>The Internal Audit programmed work generated 15 recommendations, three of which were High Priority relating to Learner Number Systems.</p> <p>The Internal Auditors have issued the second highest audit opinion for 2018-19:  <i>“The organisation has an adequate and effective framework for risk management and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal controls to ensure that it remains adequate and effective.”</i></p> <p>The December Audit Committee reviewed the College’s detailed follow-up schedule with management responses; this schedule is not tabled at Corporation meetings. The College follow-up schedule is also verified by the Internal Auditors.</p> <p>The Deputy Principal (Finance and Resources) advised that the Sub-contracting Supply Chain, Fees and Charging Policy confirms the College’s charging policy and how the sub-contracting provision supplements Nescot’s in-house provision. This policy was discussed at the December Finance and General Purposes Committee who recommended its approval to the December Corporation meeting.</p> <p>The Deputy Principal (Finance and Resources) informed the meeting that the auditors have advised that the 2020/21 policy should be considered at the July 2020.</p> <p>The Corporation approved the Sub-contracting Supply Chain, Fees and Charging Policy 2019-20.</p>
<p><b>29.8 College Tuition Fees Policy 2020/21</b></p>	<p>The Deputy Principal (Finance and Resources) presented the College Tuition Fees Policy 2020-21 advising the meeting that it had been discussed at the November Curriculum and Quality Committee that the ASTM fees had been agreed at the November ASTM Board meeting and the policy was recommended to the Corporation by the December Finance and General Purposes Committee.</p> <p>The Deputy Principal (Finance and Resources) confirmed that the 2020/21 policy included minor changes regarding the clarification and referencing of Office for Students. Both final and tracked versions of the policy were available.</p> <p>The Corporation approved the College Tuition Fees Policy 2020-21.</p>
<p><b>29.9 HE Assurance Statement</b></p>	<p>The Clerk advised that the meeting that the Office for Students no longer requires written Governor assurance that the quality of provision, achievements and the Nescot student experience for HE students is good as it had for the first two years of its existence.</p>
<p><b>29.10 Health &amp; Safety Policy Statement</b></p>	<p>The Deputy Principal (Finance and Resources) tabled the College Statement of Health &amp; Safety at Work 2019 signed by the Principal which had been discussed, together with the Safety Manager’s Report November 2019, at the December Audit Committee meeting.</p> <p>The Corporation noted the comments of the Statement in meeting the College’s statutory duty of care to its students, staff and visitors.</p>

<p><b>29.11 Registration fee Office for Students 2019/10</b></p>	<p><u>Late payment of the Office for Students Registration fee 2019/20.</u></p> <p>The Chair informed the meeting that the Director of Competition and Registration for the Office for Students had requested that the College’s late payment of the 2019-20 registration fee be tabled at the December Corporation meeting and that the minute be submitted to the Office for Students. My letter of 7<sup>th</sup> November to the Office for Students is included in the meeting papers.</p> <p>The payment was delayed by the Office for Students firewall preventing the establishment of a direct debit payment for 1<sup>st</sup> August. When the problem was identified by the Office for Students on 8<sup>th</sup> August a manual payment was generated and paid on 13<sup>th</sup> August. This was unfortunate, but the direct debit regarding to 2020/21 fee will be generated and paid.</p> <p>The Clerk was asked to send the minute to the Office for Students.</p>
<p><b>30.10</b></p>	<p><b>Finance Matters</b></p>
<p><b>30.1 Management Accounts October 2019</b></p>	<p>The Deputy Principal (Finance and Resources) presented her October Management Accounts presentation together with coversheet and accounts</p> <p>As at 31<sup>st</sup> October the College was significantly behind budget (2019-20). The forecast operating deficit of £785K as at 31<sup>st</sup> October 2019 represents a best case position comprising expenditure savings of £107K and an adverse income variance of £829K.</p> <p>There are 4 financial pressure points:</p> <ol style="list-style-type: none"> <li>1. £1.07M ASTM income shortfall (offset by non-pay savings of £495K and staff expenditure of £126K). This is principally due to delay in the approval by the OU of the BA Top up programme (originally scheduled to commence in January 2020) and student cohorts delayed starts because of the Pearson investigation. This results in a negative net impact of £445K.</li> <li>2. £660K efficient pay cost target: £132K has been identified and a further £228K will be generated resulting in a forecast shortfall at 31<sup>st</sup> July 2020 of £300K.</li> <li>3. Under-enrolment against Curriculum for Full Cost programmes (self-paying learners) of £323K. There are currently no identifiable cost savings together with teaching provision required for the 200 additional 16-18 year-olds (which also impacts upon pressure point 2).</li> <li>4. LGPS actuarial valuation received in September 2019 (for 2018-19) resulting in a negative net impact of £136K. The Deputy Principal confirmed that this is a non-cash item.</li> </ol> <p>The Deputy Principal (Finance and Resources) confirmed that the key inherent risks relating to the achievement of the £660K staff savings and the expansion of the ASTM partnership result in a 62% risk of not delivering a balanced budget in 2019/20. The red quadrant of the pie chart (25%) relates specifically to ASTM and the pay cost savings target.</p>

ELT have agreed mitigating actions with a budget risk register and the implementation of a 4 point financial delivery plan which was discussed in detail at the December Finance and General Purposes Committee:

1. Increased sales and marketing activity in high impact areas (levy apprenticeship and full cost courses);
2. Review of staff recruitment for all non-mission-critical posts to reduce total pay expenditure;
3. Review of non-pay expenditure, acknowledging that reviews in previous years has resulted in minimal amounts remaining.
4. Review of cash management to increase returns through diverting further cash into higher risk investment funds.

#### Management Accounts KPIs as at 31<sup>st</sup> October 2019

Cash days in hand = 76 compared to the annual target of 97. Forecasting a year end amber position of 88. The FE sector average is 65

Current ratio = 5.39 compared to the annual target of 3.43. The year-end outturn is forecast as 3.08. The FE sector average is 1.1

EBITDA whilst the College is behind its own target, the College's financial health as assessed by the ESFA is currently outstanding and forecast to be outstanding at year-end.

Budget v forecast outturn projects a £785K operating deficit which equates to 2.8% of income which is behind the College target of 3% operating surplus of total income.

#### Overview:

- High Needs income is currently forecast in excess of budget but the College needs to ensure that it balances the additional income with quality.
- A shortfall is forecast for the Osteopath clinic of £25K.
- Pay costs are forecast to be overspent by £224K together with additional LGPS charges of £136K. This is predominantly due to the lagged funding for additional 16-18 learners in 2019-29.
- Total non-pay is forecast to be underspent by £467K and this is predominantly associated with ASTM and reduced student numbers.
- Total Expenditure savings of £107K forecast representing 0.4% of the total budget.

The Deputy Principal (Finance and Resources) presented a series of graphics depicting the different budget case scenarios and forecasts and advised the meeting that the most likely position if no interventions are made during the remainder of the financial year is a £1.285M deficit.

The Segment analysis shows the forecast £785k operating deficit:

Curriculum generating an additional operating surplus of £142K (forecast surplus of £6.936M) which includes accrued income for additional lagged funding for 16-18 students enrolled in September 2019.

Subcontractors and Partners forecasting a shortfall in operating surplus of £445K which is principally the reduced student numbers for ASTM

This then results in a shortfall of operating surplus for the College Curriculum of 303K.

Commercial activity is currently on target to make the budgeted operating deficit of £37K.

Support which, effectively includes all items not included in the above 3 segments and includes depreciation and learning support costs, is forecasting a shortfall in budgeted operating surplus of £482K.

The College Balance Sheet remains strong:

Non-Current assets include a £347K favourable variance generated by additional capital expenditure.

Cash forecast includes a £830K adverse variance against budget caused by the forecast deficit.

Net current assets forecast includes the £830K cash variance forecasting 1:3.08 (1:3.16 target). The sector average is 1:1.

The deferred benefit obligations (LGSP) deficit has increased by £2.1M as a result of the actuarial valuation 2019 (received in September 2019). This impacts upon the total net assets forecasting an adverse deficit of £2.94M (LGSP and budget operating deficit forecasts).

The College Group cash reserves are forecast to be £6.7M by year end which is most favourable compared to the majority of the FE sector and reflects an increase of £1M during 2019-20.

The Deputy Principal (Finance and Resources) confirmed that the College financial performance in extremely challenging circumstances is good save for not achieving a 3% operating surplus.

The College is performing well against the sector benchmarks. The priority is to reduce the forecast operating deficit for 2019-20.

The Chair thanked the Deputy Principal (Finance and Resources) and the Finance Team for their hard work and valuable input.

The Chair reminded the meeting that a principal challenge for the College is that the cost base and resulting cost of service is too high. There have been initial discussions regarding this; ELT is now recommending an in-depth review of the College's business model.

A discussion ensued including the following points:

- All agreed that the cost base is too high and not sustainable in the medium and long term.

- Cash reserves should not be allowed to dwindle; but provide the College with time to undertake an in-depth review and implement change.
- There is little left to cut within the existing business model.
- The review should also look to maintain and further improve student achievement rates.
- The Nescot brand and reputation must be protected
- No compromise should be made regarding the quality of provision.
- How radical should the review be? The College is a people-based industry with no single panacea.
- A new business model may take 5 years to develop and implement.
- The review itself will take 6-9 months and interim action re 2020/21 provision may be required.
- Band width is an issue for ELT. There is a risk of management fatigue balancing everyday operational and strategic workloads.
- External help will be needed to support ELT. A strategic project fund will need to be established.
- The external help should support operational duties to enable ELT to concentrate on the review of the business model as ELT have the inherent knowledge of the College.
- Governor oversight of the process with monthly monitoring. A joint working group was suggested.
- The College does not want to lose good staff.
- The College wants to avoid constant battles regarding finance; e.g. the £660K staff efficiency saving target was crafted before the additional 210 16-18 students were enrolled in September 2019 generating just under £1M additional funding albeit lagged until 2020/21.
- The College is looking for increased student numbers in 2020/21
- The segmented analysis with the ASTM contribution hides the true deficit position of the College and this must be addressed together with reliance on ASTM to balance the budget.
- The College has been aware of these challenges for 2-3 years and has made significant adjustments to date. However, it is difficult to implement change because of the curriculum planning process. The review will have minimal impact upon the 2020/21 provision.
- The Chichester Group is currently reviewing their provision and underlying cost base.
- The College needs to prepare students to be “better ready for work”. Co-design and co-delivery with employers actively working together is the way forward.

The Corporation agreed that the Principal should present a paper to the February Corporation meeting to agree the terms of reference for the proposed Review. The meeting agreed that there were no sacrosanct areas within the College.

The Chair recommended that the College should continue to strive for a balanced budget in 2019-20. However, this may not be possible particularly with the review. The College may have to agree a deficit position in 2019-20 in order to invest in the

<p><b>30.2 Corporation KPIs targets</b></p> <p><b>30.3 October 2019 KPIs Scorecard</b></p> <p><b>30.4 ESFA Assessment of Financial Status and Financial dashboard</b></p>	<p>future. The two processes will run alongside each other; the review of the College cost base and provision and managing the challenges of the 2019-20 budget.</p> <p>The Chair tasked the Principal to write paper outline the scope of the project to be presented at the February Corporation meeting. The Chair confirmed that all College programmes must be reviewed.</p> <p>The Vice Principal presented the proposed Corporation KPIs for 2019-20 together with the actual KPIS for 2018-19. The Corporation approved the proposed KPIs for 2019-20 and confirmed that there were no amendments.</p> <p>The Vice Principal introduced the October KPIs highlighting that retention remains high at 95% and that the census date of the 14<sup>th</sup> October had passed.</p> <p>16-18 FE students exceeded target numbers with the ILR recording 1,744. This figure will be the basis for the allocation of ESFA funding for 2020/21 (210 additional students).</p> <p>The Nescot average class size is 17.7. The FE Commissioner recommended target is 16.</p> <p>Whilst work placement rates appear low, the majority of work placements are scheduled for the Spring and Summer terms. The October 2019 figures are higher than October 2018.</p> <p>Apprenticeship achievement data for October 2019 is not currently available as ProAchieve relies on extracting from the ILR data whose systems have just changed and there are bugs in their system.</p> <p>The Corporation noted the October 2019 Corporation KPIs.</p> <p>The Deputy Principal (Finance and Resources) informed to the meeting that the ESFA has confirmed in a letter dated 23<sup>rd</sup> October 2019 that the College's financial health grade is outstanding for 2018-19 and is currently outstanding for 2019-20 based upon College financial planning submissions to the ESFA. The Deputy Principal reminded the meeting that only 20% of FE College's financial health was adjudged as outstanding in 2017-18.</p> <p>The ESFA Dashboard is primarily aimed at providing Governors with an overview of the College's financial performance with that of the FE sector as a whole.</p> <p>Cash reserves reduced as planned 2015-16 to 2017-18 as the College continued to invest in its estate and infrastructure. The cash reserves are now forecast to increase.</p> <p>The effectiveness of College forecasting indicates that the College forecasts are accurate and neither over-optimistic nor pessimistic. The Deputy Principal (Finance and Resources) confirmed that the College staff costs as a percentage of College income remained below the sector average and had been reducing since 2016-17.</p>
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### 30.5 Strategic Risk

The meeting noted that the dashboard suggests that no other colleges appear to have identified the “silver bullet of a low cost base and high quality provision.” Nescot is reviewing itself from a position of strength compared to the sector average.

The Deputy Principal (Finance and Resources) introduced the College Strategic Risk Register advising that this had been discussed at length at the December Audit Committee. The Risk Register as at 6<sup>th</sup> December comprises of 23 strategic risks; 5 are deemed significant and 6 high. A3 size paper copies of the Risk Register were circulated amongst the members.

The Deputy Principal’s coversheet provides an overview of the 5 significant risks and the Risk Register contains mitigating actions and updates highlighted in yellow.

*Risk 2: Failure of key information systems and loss of data and/or a loss of accommodation for long periods of time in event of a disaster or serious outage may result in loss of business continuity, financial loss or damage to reputation.*

The Director of IT advises that the biggest threat to the College IT systems is currently insider threat and data breach. A matrix of current IT threats analysis is included in the Deputy Principal’s coversheet.

The Deputy Principal (Finance and Resources) advised the meeting that the College has procured an offsite cloud back-up and would be able to recover data within a maximum of two weeks. A debate ensued regarding whether a two week period was acceptable. The Vice Principal advised the members that key College systems would be recovered as a priority, (some within a day) and that recovery would be dependent upon the type of incident.

The Vice Principal advised that the Director of IT is developing a more detailed recovery plan which identifies constituent systems and their interdependencies and a resultant priority order for recovery.

The meeting acknowledged that the College IT infrastructure was in a considerably better position than in October 2018. The College now needs to balance the risk of recovering systems and associate costs of recovery.

The Vice Principal confirmed that IT pen tests are undertaken and regular phishing emails are sent to staff (dummy emails). All new members of staff undertake cyber security training.

*2<sup>nd</sup> Significant risk: Risk 4 Failure to achieve ESFA funding body, devolved AEB, full cost HE, High Needs and Apprenticeship recruitment targets may lead to significant reduction in funding....* The Deputy Principal (Finance and Resources) reminded the meeting of the loss of £4M for 2019-20 as a result of under recruitment in September 2018.

*3<sup>rd</sup> Significant risk: Risk 16 Failure to develop and implement effective and robust business plans for international business, especially EU business in the light of Brexit.....* The Deputy Principal (Finance and Resources) advised the meeting that if the UK leaves the EU without an agreement, the income of £600K with the

International College of Osteopathy Medicine in Italy will be at significant risk as Italian students will lose their current EU fee status in the UK.

4<sup>th</sup> Significant risk: Risk 20 Adverse changes in government policy and the external economic environment. The risk is further heightened with the December General Election.

5<sup>th</sup> Significant risk: Risk 22 *Failure to properly manage the Government's reform of Apprenticeship provision and funding.* Following the loss of £1M non-levy funding allocation in 2019-20, the College Sales Team is focussing on engaging with levy-paying employers.

The Deputy Principal (Finance and Resources) advised the meeting that Risk 10, Ineffective financial management may lead to the failure to meet financial targets..., has increased from acceptable to high as agreed by ELT and discussed at the December Finance and General Purposes and Audit Committee further to the introduction of the new ESFA financial model and the 28<sup>th</sup> February 2020 submission deadlines.

Members were invited to contact the Deputy Principal (Finance and Resources) if they had any specific comments or questions regarding the College risk register.

**31.19                      REPORTS FROM CORPORATION COMMITTEES REPORT**

**Finance and General Purposes 6<sup>th</sup> December**

The Chair of Finance and General Purposes advised the meeting that the principal business of the December Committee meeting were the Annual Report and Financial Statements for 2018-19. The minutes of the December Committee meeting are included in the Corporation papers.

**Curriculum and Quality Committee 13<sup>th</sup> November**

The Chair advised the meeting that the Committee had discussed the draft College Self-Assessment Report (SAR) 2018-19 in considerable detail before recommending its acceptance to the December Corporation.

The Committee also recommended that Governors who are not members of the Curriculum and Quality Committee should attend one Curriculum and Quality Committee meeting per annum. The rationale for this being that this Committee oversee the course business of the College, its curriculum provision. Non-members of the Committee are invited to present their feedback regarding governor visits to departments which may then be discussed in greater detail before tabling at a Corporation Board.

**Audit Committee 9<sup>th</sup> December:**

The Audit Committee reported that a further IT penetration test is required, and that the College is considering asking IT students to test systems and identify problems. The students would be given a small remuneration for their time.

The Chair of Audit has resigned from the Committee and therefore, new members with financial experience are required as a matter of urgency. The Principal and Clerk are looking for new governors with financial experience. The Chair of Finance and General Purposes agreed to ask some of his colleagues and associates.

**Search and Governance Committee 8 February**

The Chair reported that the November Committee considered:

- The application of Lee Widdows.
- How to promote better student governor attendance especially at Curriculum and Quality Committee.
- The initial responses to the Governor Self-assessment questionnaire.
- Governor membership report and the need for a new governor with financial experience.

**Growth Committee 25<sup>th</sup> November Committee 25<sup>th</sup> November**

The Chair advised the meeting that the Marketing Manager, John Spring presented the draft College Marketing Strategy at the November meeting. John’s paper may be accessed on the Governors VLE (WebLearn) in the Growth Committee file dated 25<sup>th</sup> November. The 3 major challenges for the Marketing Department were discussed alongside the improvements made during the last 18 months:

1. Lack of a CRM system which will hold marketing back. The Gym and Innovations are also struggling with an absence of CRM in the retention of existing customers.
2. The main College website is not particularly mobile friendly. In order to reduce expenditure, the College has decided to retain the current website content management system (Modex). However, Modex is not used greatly by web developers and so the choice of alternative web developers is slightly constrained. Key priorities are the functionality of the website and the ability to sell courses when people land on it. It is proposed that the online prospectus will be hosted on the main College website when the site has been redeveloped.
3. Absence of live recruitment or sales data. The Marketing Department are working with the Vice Principal to access live data.

The meeting also considered the options and constraints relating to the Rasika restaurant space.

Whilst minutes of the monthly ASTM Board meetings are available to Governors, ASTM will be included as a standing item for the Growth Committee who will then feed through any pertinent matters to Finance and General Purposes and the Corporation. It is likely that the CEO of ASTM will be invited to the February Corporation meeting.

<b>32.19</b>	<b>GOVERNANCE MATTERS</b>
32.1	The Clerk has recently received additional responses and will table a report at the February Corporation meeting.
<b>33.19</b>	<b>MEETING EVALUATION</b>

The Chair invited members to review the effectiveness of the Corporation Board meeting.

Comments included:

- Positive and exciting that the College has agreed a thorough review for 2021/22 provision. It has recognized the problem and is looking to resolve it. Standing still is not an option.
- College HR remains resilient. There has been some staff turnover in the department.
- There is no one size fits all for curriculum delivery.
- There was a considerable amount of information for governors to absorb. It is helpful to know that Audit and Finance and General Purpose considered the papers in great detail.
- Daksin happy with improvements and quality of information for decision making and believes that the student voice is being heard and responded to.
- ELT and SMT are working extremely hard in challenging times.
- It is exciting and challenging for ELT but they do need some clear head space
- Vocational studies need teacher-pupil contact and it is importance to maintain the quality of teaching and learning in the College.
- The College needs new governors with financial experience.
- Every governor has contributed to the meeting and the quality of information tabled is good and transparent.
- The in-depth review is exciting but should not disrupt the running of the College and staff expectations will need to be managed.

The Principal also assured the meeting that ELT work well together and that they are the right people to undertake this task going forwards. The Chair concurred with the Principal and advised the meeting that the College is facing its challenges head-on and governors must hold managers to account even more than ever and must get used to being in uncomfortable and challenging situations.

In this way Nescot will continue to build upon its burgeoning reputation to become the College of Choice, grow its offer and be the first choice for staff and students and employers.

The Chair thanked governors both internal and external for their support and commitment to the College.

<b>60.18</b>	<b>DATE OF NEXT MEETING</b>
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The next meeting of the board would take place on 7<sup>th</sup> February 2020 at 09.00  
The Corporation Conference and Board Meeting on Friday 27<sup>th</sup> March 2020.

<b>61.18</b>	<b>ANY OTHER BUSINESS</b>
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The Principal and Deputy Principal (Curriculum) advised the meeting that the Enrichment programme was growing from strength to strength. A College basketball team played at Epsom & Ewell High School and won. The team is no looking for further fixtures.

The Chair requested that Daniel Ollivierre, the Enrichment Programme Co-ordinator, attend the February Corporation Meeting to provide an overview of the Enrichment Programme.

Decisions made:

1. The Corporation accepted the Search and Governance Committee recommendation that Lee Widdows be appointed as a NESCOL Governor and a member of Curriculum and Quality Committee.
2. The Corporation approved the Annual Report and Financial Statements of NESCOL Group 2018-19.
3. The Corporation accepted the College's Regularity self-assessment questionnaire 2018-19.
4. The Corporation approved the Sub-contracting Supply Chain, Fees and Charging Policy 2019-20.
5. The Board approved the College Fee Policy 2020/21.
6. The Corporation approved the proposed KPIs for 2019-20.

Action agreed:

1. Clerk to discuss the use of Microsoft Teams with the Director of IT with a view to replacing the Governor VLE.
2. The Deputy Principal (Curriculum) will present a paper collating all the work currently being undertaken within the College to support mental health concerns.
3. The Corporation agreed that the Principal should present a paper to the February Corporation meeting to agree the terms of reference for the proposed fundamental Review of the entire operating model and cost base.
4. The Chair requested that Daniel Ollivierre, the Enrichment Programme Co-coordinator, attend the February Corporation Meeting to provide an overview of the Enrichment Programme.

Signed



Date ...7<sup>th</sup> February 2020...

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

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