

<b>PRESENT*</b>	<b>IN ATTENDANCE</b>
Professor Sam Luke (Chair) Peter Stamps (Vice Chair) Frances Rutter (CEO & Principal) Margaret Martin Graeme Hodge (Support Staff Governor) Jamie Roberts (Teaching Staff Governor) Chris Shortt Chris Muller Maureen Kilminster Kabir Shaikh Simon Enoch Liz Lawrence	Cliff Shaw (Deputy Principal, Curriculum) Maria Vetrone (Deputy Principal, Finance & Resources) Dario Stevens (Vice Principal, Planning and Information Systems) Donna Patterson (HR Director)  David Round (Clerk to the Corporation)

\* Attendance at the meeting = 72%

<b>32.18</b>	<b>MATTERS FOR REPORT</b>
	<p>The Chair reported on the following matters: -</p> <ul style="list-style-type: none"> <li>• The Curriculum Scrutiny Panel is scheduled to meet next week to review progress on in-year improvements in curriculum quality and development following the SAR validation meetings in November. The Deputy Principal (Curriculum) and directors of faculty will be attending. Thanks were extended to those governors who had agreed to join the panel discussions.</li> <li>• Thanks were also extended to those governors who were attending link governor meetings with curriculum teams over the coming weeks. The meetings helped triangulate the information governors received at Board and committee meetings and also raised the visibility of governors across the College.</li> <li>• It was agreed at the last Board meeting to appoint a governor to provide oversight and assurance for the Board in relation to IT systems at the College. Thanks were extended to Simon Enoch for agreeing to take on this role and he would be reporting in due course.</li> </ul>
<b>33.18</b>	<b>APOLOGIES FOR ABSENCE</b>
	<p>Apologies for absence were received from the following governors: Gloria Ozolua, Lynn Reddick, Sally Pritchett, Daksin Chandrasekera and Felicity Fletcher.</p>
<b>34.18</b>	<b>DECLARATION OF INTERESTS</b>
	<p>The Chair reminded Members to declare any interest they may have in any of the</p>

items on the agenda. Frances Rutter, Professor Luke, Chris Muller and Peter Stamps declared their interest as unremunerated directors of NBS, which it was noted was in the process of being closed. 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. Maureen Kilminster noted her former position as the Principal of a College in Surrey.

**35.18**

**MINUTES**

The minutes of the meetings held on 13 December 2018 were approved as a correct record.

**36.18**

**MATTERS ARISING**

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

**20.18 Matters Arising (70.1 Principal's Report – ESFA minimum standards notice of concern).** The College understood that the ESFA had removed the notice of concern.

**29.18 Board Effectiveness** – reflecting comments in the governors' self-evaluation questionnaire, the Clerk reported that the theme of the Corporation conference on 22 March was employer engagement. The draft programme for the conference was on the agenda for today's meeting.

The College was also continuing a search for an additional governor who was a qualified accountant.

Other matters of discussion and report were as follows: -

- It was also reported that the College was utilising one of its subsidiary companies – NESCOL Enterprises Ltd – to locate a small number of commercial staff. Professional advice was being taken in relation to corporate governance matters, VAT and pensions. Ever-increasing pension liabilities had been identified in previous meetings as an area of concern.
- An update was also given about the feasibility of the College establishing a shop front presence in Epsom town centre.
- An annual capital expenditure of £30k was committed to the improvement of disabled access at the College. Bids received last year were in excess of this sum and priorities were established. It was noted that these were reported to F&GP and the Board. The growth in high needs provision and the opportunities to develop this provision further was noted.

<b>37.18</b>	<b>SAFEGUARDING, PREVENT AND HEALTH AND SAFETY<sup>1</sup></b>
<p>Governors reviewed the standing agenda item report on safeguarding, PREVENT and Health and Safety presented by the Deputy Principal. The number of live and closed cases were noted viz. Red = 5; Amber = 33; Green = 50; Closed = 106. Summary details were given of the most serious cases. In response to questions from governors, the College commented that that it was able to engage effectively with social work teams and other support agencies.</p> <p>Governors commented that they found the report easy to read and understand.</p> <p><b>RESOLVED:</b> that the report on safeguarding be noted.</p>	
<b>38.18</b>	<b>STUDENT MATTERS</b>
<p>There were no matters reported.</p>	
<b>39.18</b>	<b>STAFF MATTERS</b>
<p>Staff governors commented on the large number of phishing emails that were being received into College mailboxes. The Principal commented that SPAM filters had been tightened but that staff needed to be vigilant. The education sector was being targeted in cyberattacks. Governors asked whether backups were now secure and tested. The College confirmed that backups were secured in the Cloud as part of nightly incremental backups.</p>	
<b>40.18</b>	<b>STRATEGIC REPORTS</b>
<b>40.1 Principal's Report</b>	<p>The Principal's report drew governors' attention to the following:</p> <ul style="list-style-type: none"> <li>• There had been a revamp of the arrangements for open evening events to make them more customer friendly and engaging i.e. students' work being displayed, refreshments provided by catering students etc. The feedback had been positive.</li> <li>• The January open evening had generated more visitors than the comparable events last year. Approximately 1 in 7 of all visitors submitted a College application on the evening.</li> <li>• 'Keep warm' activities with applicants were key to maintaining engagement with prospective students and this was a major area of focus for the sales and marketing team in what was a very competitive environment.</li> </ul>

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<sup>1</sup> Standing item

**40.2 Strategic Plan KPIs and Operational Plan**

**40.3 Management Accounts as at December 2018**

- The College was pleased that it had been successful in achieving Open University Centre validation which meant that the College was able to apply to have its higher education courses validated by the OU with effect from September 2019. It represented a big step forward in developing the colleges HE offer.
- The application to offer a BA Business top-up at the Oldham campus was not approved and further work was required prior to a resubmission.
- The launch of a higher apprenticeship for Mammography Associate Practitioners in partnership with the 'InHealth' group who operated the Jarvis Breast Centre in Guildford was a great coup for NESCOL.
- The introduction of the College insolvency regime brought FE colleges and 6<sup>th</sup> form colleges into the same framework that operates for private companies. With effect from April 2019 exceptional funding support was no longer available for colleges that ran into financial difficulty. Under the new arrangement colleges can be placed into insolvency, their assets disposed of to meet debts, and students transferred to other providers. It was too early to say how the new arrangements would work but it was important that governors were aware. A separate report was on the agenda for the meeting.
- The College had met the ESFA recently who noted the College's success in maintaining its financial strength in difficult times for the sector.

An update was also given about the new Rasika restaurant.

**RESOLVED:** that the Principal's report be noted.

Following the approval of the 'NESCOL 2023' strategic plan at the December Board meeting and the agreement of KPIs to monitor the delivery of the strategy, it was noted that the College was developing a balanced scorecard to give governors an appropriate tool to check on progress. A rolling annual operational plan would also be developed (**ACTION: MV/DS**).

The Board reviewed the management accounts as at 31 December 2018. Governors were reminded that the Board had confirmed a 'best case' budget model which forecast a balanced budget. The management accounts showed that the

cost base was increasing faster than income. There were three 'pressure points' in the budget which were

1. Under-enrolment against the curriculum plan (-£1.7m)
2. Additional LGPS charges of £389k from the finalised FRS102 actuarial valuation 2017-18
3. Additional revenue expenditure incurred to recover IT systems after the major IT outage in October 2018

It was noted that the 2018-19 budget included a high level of inherent risk relating to: (1) the sustainable delivery of the College's apprenticeship provision; and (2) the expansion of the joint venture partnership with ASTM.

The Board noted that the management accounts indicated: -

- An operating deficit of £35k (£67k November 2018; £41k October 2018). The forecast had improved by £32k since the last report in November 2018, predominantly because of forecast increases in full cost income and forecast cost savings for examination fees.
- Forecast total income at year end of £28,149k (£28,167k November 2018; £28,337k October 2018) was ahead of budgeted total income with a favourable variance of £186k (£204k November 2018; £374k October 2018). The forecast had deteriorated by £18k since the last report, overall because of a decline in forecast income of the Innovation salon.
- The positive variances in performance included
  - HE tuition fees generated by ASTM of £1m;
  - high needs recharging from local authorities of £404k;
  - 16-18 apprenticeship funding of £212k; and
  - FE tuition fees generated by ASTM of £80k.
- These were offset by reductions in forecast income including
  - 19+ apprenticeship levy and non-levy income of £1.05m;
  - HE tuition fees of £293k;
  - FE tuition fees of £99k;
  - full cost fees of £58k;
  - Innovation income of £21k.
- Forecast total expenditure was above budget by £222k although the situation had shown steady improvement since the November accounts.

- Reductions in pay expenditure had been secured, in part reflecting the reduction in curriculum activity.
- Non-pay expenditure had increased ahead of the budget and was £926k above the budget forecast. There had been a reduction in the over spend since last month because of a reduction of £50k in exam fees paid to awarding bodies.
- The segmental analysis showed that curriculum delivery areas were becoming increasingly unprofitable because of the failure to deliver curriculum plans.

The senior management team had agreed a financial delivery plan to ensure that the financial position was maximised at year end. A 14 point plan was in place including the review of all vacant posts for possible deletion or implementation of more cost-effective arrangements. Non pay expenditure budgets were being reviewed and reduced. All opportunities for commercial income growth were being pursued.

The Deputy Principal (Finance and Resources) summarised the College's financial position as follows: -

1. Key financial ratios at 31 December 2018 forecast to year end were on budget or slightly ahead, although profitability continued to decline;
2. The Balance Sheet remained strong with high solvency and liquidity. Cash balances of £5.6m were ahead of budget;
3. Forecast cash days in hand (97) was ahead of budget and ahead of the sector benchmark; and
4. The College expected to maintain its ESFA 'outstanding' financial health status for the year 2018-19.

Governors asked whether there were opportunities to increase income through the joint venture with ASTM and through the further development of high needs provision. College management commented that higher education work with the Oldham campus was capped by the awarding body. In the longer term it was planned to increase high needs provision but it was resource-intensive and the right resources and facilities needed to be in place. It was also important to ensure that the College retained its broad balance of provision. Proactive treasury management was also an area that was being maximised consistent with prudent investment as per the approved College's treasury management policy. F&GP Committee had oversight of these matters. Concern was expressed about the additional pressure being placed on the

<p><b>40.4 Corporation KPIs</b></p>	<p>College because of the continuing increases in pension liabilities. This would get worse when the significant increases in teacher pension contributions were no longer covered by the government in 2020/21. Staff deployment rates were very high (over 100%) which indicated that there was little scope for major cost efficiencies without structural changes in delivery models. The Principal also noted that apprenticeships was a major focus for the new head of sales and marketing at the College.</p> <p><b>RESOLVED:</b> that the management accounts for December 2018 be noted.</p> <p>The Corporation KPIs as at December 2018 were received noting that retention of students was high as was student attendance for FE students (89%). In response to queries it was explained that the indicator for the percentage of new courses delivered compared to plan was somewhat misleading because it included a number of (shorter) courses that weren't yet due to start. To mitigate risk for these types of courses budgets were not allocated unless viable numbers were enrolled.</p> <p><b>RESOLVED:</b> that the KPIs for December 2018 be noted.</p>
<p><b>40.5 College Insolvency Regime</b></p>	<p>The Board received the DFE guidance on the new College insolvency regime that came into effect at the end of January 2019; the AoC summary paper was also made available to governors. The responsibility of governors to act in the event of serious financial difficulty was noted. It was reported that 60% of colleges were setting deficit budgets.</p> <p><b>RESOLVED:</b> that the reports on the College insolvency regime be noted.</p>
<p><b>41.18</b></p>	<p><b>DEPUTY PRINCIPAL'S CURRICULUM REPORT &amp; ENGLISH AND MATHS UPDATE</b></p>
<p>The Board received the Deputy Principal's curriculum report including the update on English and mathematics.</p> <p>It was noted that:</p> <ul style="list-style-type: none"> <li>• Teachers in most faculties had been observed since September 2018.</li> <li>• The observation scheme now extended to other staff involved in the teaching, learning and assessment process including teaching assistants, tutor demonstrators and progress coaches.</li> <li>• The current lesson observation scheme used a 4 point outcome score viz.</li> </ul>	

**Outcome 1**

Comprehensively meets Nescot standards with no or very few minor development needs identified

**Outcome 2**

Meets the significant majority of Nescot standards with some relatively minor development needs identified

**Outcome 3**

Not yet meeting the majority of Nescot standards with a number of development needs and requiring further support

**Outcome 4**

Has only met a small number / has failed to meet any Nescot standards resulting in a number of significant development needs

- Analysis of the outcomes of lesson observations undertaken showed that 12% had achieved Outcome 1; 67% Outcome 2; 18% Outcome 3; and 3% Outcome 4.
- Ofsted was moving away from graded lesson observations; however, the College needed to have a simple system that gave clarity about the quality of teaching, learning and assessment (TLA) across the institution.
- Any staff who received a '3' or '4' outcome are being re observed the last week or January or first week of February.
- Teaching, learning and assessment are coming through as good overall but there remain some persistent and relatively minor issues, albeit frequent repetition of these represents a potentially systemic failing that needs to be addressed.
- The February CPD day would focus on actions to be taken by directors of faculty to address persistent issues in their areas.
- NESCOL was planning to invest in the 'Iris' system of lesson observation videos which used the lesson observation as an active tool to support improvements in TLA. Video of lessons could be annotated and analysed to provide developmental guidance both to the individual teacher and as a collective improvement resource to the College.
- The system was being used by Reigate College and many schools.
- A project plan would be developed to manage implementation of the system.

Governors commented that the proposed system appeared attractive but wondered how teachers would react to being recorded. There could also be issues about potentially recording students in class and would their permission be required. Governors noted that it was common practice at many universities for lectures to be recorded.

In relation to English and Maths it was noted that although it was too early to form sound judgements on predicted student outcomes in English and maths GCSEs, significant progress was being made to enable higher and earlier achievement in functional skills. A whole-college functional skills campaign leading up to the FS Maths assessments weeks had been initiated and there was strong evidence that improvements in outcomes would be achieved. Attendance rates were up significantly and it was anticipated that the front loading of the assessment would be beneficial.

The Board noted that resit results for GCSE English and Maths were good.

**RESOLVED:** that the Curriculum report be noted.

<b>42.18</b>	<b>SETTLEMENT PAYMENTS</b>
<b>RESOLVED:</b> that the report on recent settlement payments be noted.	
<b>43.18</b>	<b>DRAFT PROGRAMME FOR CORPORATION CONFERENCE 22 MARCH 2019</b>
The Corporation conference programme on 22 March 2019 was noted. The Board meeting would follow the conference.	
<b>44.18</b>	<b>MEETING EVALUATION</b>
The Chair invited members to review the effectiveness of the Board meeting.  Comments made included: -	
<ul style="list-style-type: none"> <li>• The Board may need to allocate time at a future meeting to review the business fundamentals and understand the pressure on the business in the current very difficult operating environment.</li> <li>• The cost base of the College was an area for scrutiny.</li> <li>• The Board may need to allocate time to discuss 'softer' performance measures e.g. how do we keep staff motivated and enthused?</li> <li>• The engagement of governors in discussion of curriculum matters was exemplary.</li> <li>• How do we make managers and staff accountable for delivery of the business imperatives?</li> <li>• Student recruitment needed a clear focus going forward.</li> </ul>	
<b>45.18</b>	<b>DATE OF NEXT MEETING</b>
The next meeting of the board would take place on 22 March 09.00 after the Corporation conference.	
<b>46.18</b>	<b>ANY OTHER BUSINESS</b>
There was no further business and the meeting closed at 11.00	

Signed .....

Date .....

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

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