



**MINUTES OF THE NORTH EAST SURREY
COLLEGE OF TECHNOLOGY FURTHER
EDUCATION CORPORATION HELD ON
SATURDAY 24 MARCH 2018 AT 11.15,
SKILLS PARK BOARD ROOM**

PRESENT*	IN ATTENDANCE
Professor Sam Luke (Chair) Peter Stamps (Vice Chair) Frances Rutter (CE & Principal) Lynn Reddick Margaret Martin Dr Martin West Graeme Hodge (Support Staff Governor) Jamie Roberts (Teaching Staff Governor) Maureen Kilminster Kabir Shaikh Chris Shortt	Cliff Shaw (Deputy Principal) Maria Vetrone (Deputy Principal, Finance & Resources) Donna Patterson (Director of HR) David Round (Clerk to the Corporation)

* Attendance at the meeting = 65%

47.17	MATTERS FOR REPORT
47.1 Chair's report	<p>Mr Kabir Shaikh was welcomed to his first Board meeting. The Chair, on behalf of the Board extended his thanks and best wishes to Fred Carter, Vice Principal (Curriculum) who is moving to become a Principal at a sixth form college in Sussex.</p>
47.2 Governor Link visits	<p>Margaret Martin reported on her visit to the Health and Social Care department. The department had experienced a difficult year with a change in the leadership of the department. The interim Head of Department in the role was respected by staff and was providing good direction. The introduction of the new <i>Cache</i> qualifications, which included a considerable amount of external formal assessment, had led to a decline in success rates. There had been a significant improvement in retention rates this year and considerable work had been put in to prepare students better for the external assessments. It was too early to say whether this had had an impact.</p> <p>The report noted staffs' perceptions about absence of support and praise from senior management and they requested greater of senior leaders. There was a feeling of being undervalued. The area occupied by the department had not been</p>

	<p>refurbished to the standards elsewhere in the College and they looked to see this addressed soon.</p> <p>The feedback from students was that College facilities were good and teaching staff were committed and knowledgeable. The work placements offered by the department were very good and appreciated by students. Students did comment that they would welcome more time and help with assignments. The queues in the catering outlets were mentioned by students as a negative factor.</p> <p>Members of management reported that the area occupied by the Health and Social Care department would receive an investment to upgrade the facilities but this would not be on the scale of the original plan as the cost was £2.5m. At the moment the College needed to preserve cash. Governors requested that this message be communicated clearly and positively to staff (ACTION: FR/MV).</p> <p>Martin West reported back from his visit to the Computing department. He commented that his participation in the SAR validation meeting had helped him to understand the strategic issues affecting the curriculum across the College including the Computing department. At his previous visit there had been issues caused by a high turnover of teaching staff, changes in the leadership of the department and some student dissatisfaction. There had also been quality issues resulting in a block by Edexcel/Pearson. He was pleased to report that the recent external verifier visit from Pearson had gone very well and the department had been given a clean bill of health. The new Head of Department is settling in well and providing effective leadership to the team. New and very well qualified teaching staff (two qualified to PhD level) had been appointed and are settling in well and receiving good support. Rewarding professional development is key to retaining good and well qualified staff. Students are very satisfied in the main although some concerns were expressed about hardware and software available to students.</p>
48.17	APOLOGIES FOR ABSENCE
<p>Apologies for absence were received from Chris Muller, Gloria Ozolua, Sally Pritchett, Emily Hall, Alexandra Cartmell and Kieran Sainsbury.</p>	
49.17	DECLARATION OF INTERESTS
<p>The Chair reminded Members to declare any interest that they may have in any of</p>	

the items on the agenda. Frances Rutter, Professor Luke and Peter Stamps declared their interest as unremunerated directors of NBS. Maureen Kilminster noted her position as the previous Principal of Brooklands College and a trustee of Surrey Lifelong Learning Partnership. Margaret Martin declared her interest as a member of Ewell Rotary Club, a trustee of Age Concern and a member of Surrey Chamber of Commerce. Kabir Shaikh noted that he is a member of the Board of Governors of Bournemouth Arts University.

50.17	MINUTES
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Subject to noting a correction to Mr Kabir Shaikh's name, the minutes of the meeting held on 09 February 2018 were approved as a correct record.

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

38.17 STUDENT MATTERS – Regarding the reports of alleged inappropriate behaviour and harassment of female students and the steps the College could take to provide additional surveillance covering the railway station alleyway, the Deputy Principal reported that the CCTV system was unable to cope with additional camera points. Signage was also very expensive. It was requested that this feedback be provided to the students who were not present today (**ACTION:MV**).

52.17	STUDENT MATTERS
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No student governors were present; no matters had been referred to the Clerk.

53.17	STAFF MATTERS
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Staff governors commented that the matters they wished to raise would be referred to the Staff Consultative Committee.

54.17	SAFEGUARDING, PREVENT AND HEALTH AND SAFETY¹
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This item was deferred.

55.17	STRATEGIC REPORTS
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55.17 Principal's Report	<p>Discussion of part of the Principal's report is redacted for reasons of commercial sensitivity and legal confidentiality.</p> <p>A record of the discussion is lodged in the confidential minute book.</p> <p>The Principal reported on recent events involving the College:-</p>
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¹ Standing item

<p>55.1 Annual Report & Group Financial Statements 2016-2017</p> <p>55.2 Management Letter of the External Auditor and Letter of Representations</p>	<ul style="list-style-type: none"> • NESCOL had recently hosted the Surrey Chambers' International Women's Day event • The College continues to host Chamber of Commerce and other business networking events at the College. • She was engaging closely with Gatwick Diamond • There was a vacancy on the Coast to Capital Board and the opportunities to contribute to the work of LEP were being explored. <p>Following scrutiny by the Finance and General Purposes Committee and Audit Committee and noting that the external auditor had declared the accounts unqualified, the consolidated Group Financial Statements which included the audited accounts of NESCOL Consortium Limited for 2016/17 were approved for signature by the Chair and Principal.</p> <p>The updated management letter of the external auditor was noted. The letter of representations was approved for signature by the Chair and Principal.</p>
<p>56.17</p>	<p>MONITORING REPORTS</p>
<p>56.1 Management Accounts as at January 2018</p>	<p>The Deputy Principal (Finance and Resources) advised governors of the rapidly worsening financial forecast for the year noting that that the year-end forecast was for a deficit of £550k against a budget of £14k surplus. The position had deteriorated from £416k forecast deficit in December 2017. The deterioration in the position reflected a continuing decline in tuition fee income from under-recruitment against curriculum plans, and a reduced forecast for non-levy apprenticeship income. Details of the variances against the budget were highlighted, significantly: -</p> <p>Additional income</p> <ul style="list-style-type: none"> • Additional ESFA growth funding of £540k in adult classroom provision (19+Core) • Additional levy apprenticeship income of £109k • Additional recharges to local authorities for High Needs learners of £109k.

Income Reductions

- Tuition fees for FE, HE and full cost to the value of (£725k)
- Commercial income from the sports grounds (£55k) and the Innovation commercial salon (£53k)
- NBS dividend income of (£75k), relating to capital gains tax liability in Saudi Arabia from the sale of NBS' interest in NCL in August 2017.

Savings in pay expenditure had been made (£310k). Other unplanned expenditure has been incurred i.e.

- £607k of additional subcontracting costs
- £222k of LGPS interest charges
- £86k of additional expenditure incurred from football coaching; College networking groups; and a contribution towards the legal costs of the former Principal of the College.
- £54k Le Raj Academy partnership losses
- £25k of additional external/ agency security services.

It was also noted that the worst case forecast had deteriorated. The best case forecast had improved to a break even position compared to a budget of +£708k; the worst case position was for a deficit of (£750k).

Implementation in full of the College's financial recovery plan could see the College achieve a break-even position, the forecast best case scenario. This was not assured however. Staff recruitment was frozen except for critical posts; all vacancies were referred to SMT for approval. Remaining non pay expenditure budgets were being reviewed and reduced down to year end. There was a ban on non-essential capital expenditure.

In the view of the Deputy Principal (Finance and Resources), there was a reasonable likelihood that a break even outturn could be achieved this year if the financial recovery plan was implemented as defined. This assessment was mainly based on the following key assumptions: -

1. Additional net income of £240k from the recently-approved AEB growth fund bid;
2. £170k over-statement of apprenticeship income shortfall;

3. A release of £90k provision for LGPS additional employer pension contributions
(TOTAL = £500k)

The Principal commented that the College had staffed for growth last year: it had invested in new capacity to support the expansion of the curriculum. The growth had not been realised. There was a concern to ensure stability particularly when an inspection was pending.

Teaching staff utilisation was currently reported as 100%. Governors asked whether the College could accurately assess the break-even point at course delivery level taking into account contribution rates to the running the College. The College confirmed that these data were used in curriculum planning; contribution rate was one of the metrics used as part of the strategic discussions about course viability, although other factors were taken into account.

The Corporation requested that the newly-available segmental analysis be broken down to area level to give greater granularity. The Deputy Principal (Finance and Resources) explained that the production of more granular financial information was increasingly time-consuming and that income and expenditure at course level was not currently possible given the poor functionality of the finance system, which was aging. A financial reporting model was being developed at departmental level and would be presented in the management accounts in due course. A new finance system had been costed but was very expensive to procure and implement (c£750k). Devolved budgets were being piloted in one curriculum area to determine the impact from the ownership of budgets.

The Deputy Principal (Finance and Resources) noted that the balance sheet was being managed and remained very strong, confirmed in ESFA KPIs. The ESFA assessment of financial health continued to place the College in the 'outstanding' category, predominantly because the College did not currently have borrowings. It was noted that some of the financial KPIs were deteriorating, particularly those relating to pay costs, cash generation and profitability.

The area of risk in relation to a key strategic delivery partner (ASTM) was discussed. The identified risk was being

<p>56.2 Key Performance Indicators as at January 2018</p> <p>56.3 Capital expenditure programme 2017-18: Monitoring Report</p>	<p>proactively managed by the College and it was expected to be downgraded from Amber to Green by the end of the month.</p> <p>The January 2018 management accounts were noted.</p> <p>The RAG-rated KPI sheet as at January 2018 was noted. In relation to the indicator for lesson observations for newly-appointed probationer teaching staff it was noted that the Deputy Principal (Curriculum) moderates all observation feedback reports. NESCOL's student attendance rate is above the national average.</p> <p>The College would be looking to develop 'leading' indicators based on the new strategic plan in due course (ACTION: MV).</p> <p>F&GP Committee had reviewed the report on capital expenditure monitoring. It was noted that there was a projected net overspend, after adjustments made for savings, of £136k. A comprehensive review of IT infrastructure had been initiated following the recent difficulties which would necessitate a minimum initial investment of £250k, This was unplanned. Following discussion about potentially using Built Environment students on work placement to undertake some capital refurbishment works, it was reported that all works were formally tendered following the College's procedures.</p>
<p>57.17</p>	<p>COMMITTEE REPORTS</p>
<p>57.1 Curriculum and Quality Committee: Chair's report & minutes of the meeting 12 March 2018</p> <p>57.2 Finance and General Purposes: Chair's report & minutes of the meeting 14 March 2018</p>	<p>In the absence of the Chair of C&Q attention was drawn to the in-year review of the SAR that had been considered by the Committee. The following changes were proposed: -</p> <ul style="list-style-type: none"> • Leadership and management upgraded from 3 to 2 • Apprenticeships judgement upgraded from 3 to 2 • English upgraded from 4 to 3. <p>Following debate, the Committee had supported the changes for approval by the Board. The updated SAR was approved.</p> <p>It was noted that the Committee had discussed how governors and their networks could assist in supporting the recruitment of key staff where it had proven difficult to make appointments.</p> <p>Other matters had been considered for approval by the Corporation on today's agenda.</p>

<p>57.3 Audit Committee: Chair's report & minutes of the meeting 15 March 2018</p> <p>57.4 Search and Governance Committee: Chair's report & minutes of the meeting 08 February 2018</p>	<p>The findings from recent internal audit assignment reports on curriculum planning and staff utilisation had been considered by the Committee. The report on staff utilisation was Green with an opinion of substantial assurance. The report on curriculum planning, which was advisory, had found that the College had a robust process but nonetheless there were areas for development in terms of how planning could support curriculum innovation and growth, the ownership and involvement of curriculum areas in the process and a tightening of definitions of course viability.</p> <p>The Committee had also received substantial reports on the ASTM joint venture and on the recent IT problems at the College. They were considered to be helpful and robust reports. The strategic risk register had also been reviewed in detail and a number of recommendations made.</p> <p>The Chair's report and minutes of Search and Governance Committee from 08 February 2018 were noted.</p>
<p>58.17</p>	<p>REPORTS FOR APPROVAL</p>
<p>58.1 HR Policies & Procedures Overview & Corporation Framework</p>	<p>Following review by F&GP the HR policies and procedures overview was noted. The Corporation's framework for the determination of the pay and conditions of staff was approved.</p>
<p>58.2 Amendment to the College's Financial Regulations</p>	<p>Following review by F&GP the changes to the thresholds for quotations and tenders as detailed in the presented report were approved.</p>
<p>59.17</p>	<p>DATE OF NEXT MEETINGS</p>
<p>To be held on Friday 25 May 2018 (09.00).</p>	
<p>60.17</p>	<p>ANY OTHER BUSINESS</p>
<p>There was no further business and the meeting closed at 13.30.</p>	

61.17

CONFIDENTIAL ITEMS

A record of the discussion of confidential matters is lodged in the confidential minute book.

Signed

Date

Professor Sam Luke, Chair of the Corporation

Author	David Round
Title	NESCOT Corporation Minutes 24 March 2018
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