

**CHELMSFORD COLLEGE  
BOARD OF THE CORPORATION  
30 September 2016**

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Minutes of a Meeting of the Board of the Corporation held at the Moulsham Street Campus, Chelmsford on Friday 30 September 2016 at 2.00 pm.

**PRESENT:** Elaine Oddie (Chair)  
Andy Sparks (Principal)  
Will Dean  
Stuart Hodges  
Steve Houghton  
Susan Hughes  
Janet Maynard  
Sarah Noble (Vice Chair)  
Jonathan Swan  
Barbara Vohmann  
Doug Zeeman

**IN ATTENDANCE:** Caroline Williams (Deputy Principal)  
Mike Tadman (Assistant Principal, People & Services)  
Peter Moore (Deputy Director of Finance)  
Rob Millea (Clerk to the Corporation)  
Joanne Harrington (Assistant Clerk)

**1137. APOLOGIES FOR ABSENCE AND WELCOME TO NEW MEMBERS**

The Chair welcomed Janet Maynard to her first Board Meeting as a newly elected Staff Member (academic). The Clerk confirmed that he had provided induction for Janet on 8 August.

The Board **APPROVED** the appointment of Will Dean (2<sup>nd</sup> year student on Public Services Level 3 Diploma) as a Student Governor with immediate effect until the end of this academic year, subject to him remaining a student of the College. He will join the Quality & Learners Committee.

The Board welcomed Will to the Board and thanked him for putting himself forward to provide the Student Voice on the Board.

Apologies for Absence were received from Amanda Montague, Michael Lager and Debs Hurst (Assistant Principal, Finance & Risk).

### **1138. DECLARATIONS OF INTEREST AND CONFIDENTIAL ITEMS**

The Assistant Principal, Finance & Risk's interest as Director of Finance at South Essex College was noted again and the Clerk to the Corporation notified that he acts as Clerk to South Essex College. Peter Moore notified his interest as Deputy Director of Finance to South Essex College.

Barbara Vohmann renewed her declaration as an employee of Anglia Ruskin University.

No confidential items were notified.

### **1139. URGENT BUSINESS**

There were no items of Urgent Business

### **1140. MINUTES OF MEETING HELD ON 8 JULY 2016**

The Minutes of the Meeting held on 18 July 2016 were **APPROVED** and **SIGNED** by the Chair, subject to renumbering the last two items in the minutes.

### **1141. MATTERS ARISING**

The Clerk tabled a paper tracking actions arising from the last minutes.

No progress has yet been made on making Governor Link Appointments but it is hoped to do this at the Governors' Development Day on 21 October.

All the other items are complete, including the signing of the HE Partnership Agreement with South Essex College, or otherwise feature on this Agenda.

The College Financial Regulations will come to the next Meeting of the Board, following review of them at the next Meeting of the Personnel Finance & General Purposes Committee in November. No substantive changes are anticipated.

A governor asked about Governors' Liability in the light of Area Reviews and the proposed new Insolvency Regime for Colleges. The Clerk responded by referring Governors to the paper he had submitted to the Board in July regarding this subject. He further explained that so long as Governors act within their powers and with due care and attention they

should be indemnified. They should take appropriate advice in respect of their actions as necessary.

He made the point that, although College Boards are sovereign in respect of the College, if the College ignored recommendations made by the Area Review and then the College struck serious financial difficulties, there may be an issue regarding liability.

Furthermore, under the proposed insolvency law, the Governors may be at risk of allowing wrongful trading by the College if it was not in the position to carry on meeting its debts as and when they fall due.

## **1142. PRINCIPAL'S REPORT**

The Principal presented a written Report for the information of governors.

He noted the key priorities for the 2016/17 year as being:

- Area Review
- Quality Improvement to Good
- Financial Recovery

The Area Review hopefully will have a successful outcome for the College.

The College is due to be inspected again by Ofsted in Autumn 2017.

The College must therefore sustain improvement to the quality of Teaching, Learning & Assessment, embedding and developing further the new middle management structure, improve learner study programmes for 16-19 year olds (including English & Maths and Work Experience) and improving learner success and reduction of variability across curriculum areas.

Key issues highlighted:

- General update on the FE sector
- Area Reviews (covered in Confidential Minute **1145**)
- Enrolment for this year is slightly under previous years by 6% (1974 against 2089 at 16-19) but there is now more flexibility so recruitment can continue during the year. A marketing campaign is under way to stimulate further enrolment, which includes a Showcase Saturday this week (Open Day).
- 19+ enrolments substantively changed as 19+ loans are being taken up which replaces funded 19+ provision but numbers looking similar to last year
- Curriculum area enrolment increases

- Change in the funding this year due to the expansion of Advanced Learning loans and the introduction of the Apprenticeship Levy
- Apprenticeship recruitment is good
- Explanation of curriculum changes for 2016/17
- Completion of summer works programme, previously authorised by the Board
- Key changes to the Risk Register- Area Review is now RED. Three new risks included – Leadership & Management focusing on accountability and responsibility being taken by middle managers; 16-18 recruitment & retention and the need to refurbish Princes Road in the next few years. The other three RED risks remain unaltered (Ofsted grade, Maths and English and Rapid improvement)
- It was noted that there has been lower staff turnover thus far this year and that is hoped to continue to provide further stability

Overall there is a positive organisational start to the year but lower enrolments.

2016/17 Strategic Goals were reiterated:

- Quality Improvement to Grade 2 by November 2017
- Financial recovery on to Good (now Satisfactory)
- Successful outcome for the College as a result of the Area Review process

There have been considerable changes in Government following Theresa May becoming Prime Minister along with changes in other key figures in the sector. However, there is stability due to no real change in Government policy.

There is as yet no assessment from Government of changes necessary from the Post-16 Skills Plan by Lord Sainsbury. These will need to be developed.

The College Risk Dartboard shows Rapid Improvement still stuck at RED – this is the big challenge for 2016/17. The Principal observed that we do not anticipate an Ofsted inspection this academic year.

A governor asked about staffing for English & Maths this year given that there were difficulties last year. Replacements were recruited and are still in place so this looks good and represents a positive sign for continuing improvement in English & Maths this year.

A governor asked about the issues the College has at raising achievement at level 2, which remains stubbornly low. The Deputy Principal explained that there are increased contact hours (i.e. more teaching by managers) planned this year to help get achievement up at this level, as well as

evening out variability of staff timetabling and available Assessment Centre time for students.

A governor asked about fire alarms across the College campuses and was assured that there is now full coverage across the College. Regular Health & Safety audits are being undertaken to ensure full operable coverage.

The Report was **RECEIVED**.

### **1143. DRAFT COLLEGE SELF-ASSESSMENT REPORT 2015/16**

The Deputy Principal **PRESENTED** the draft Report for 2015-16 (using data at 21 September). This is subject to change to include all final achievement outcomes which should be available by the end of October but in substance it is fairly final.

The SAR continues to show an overall self-assessed grade 3 – Requires Improvement – but within this overall grade, the College has graded three areas of provision as **grade 2** under the Common Inspection Framework - Adult learning programmes, Apprenticeship programmes and Provision for high needs learners.

The 2015-16 academic year has been a challenging one for the College – Ofsted inspection in November 2015, management reorganisation and financial recovery.

The datapack (a series of appendices in considerable detail in Ofsted style) attached to the Self-Assessment Report is very dense and it was **agreed** that some commentary would be helpful to further enlighten the information in this datapack to make it more understandable. It was noted that there is some cross referencing of the main SAR to the Appendices which helps in interpreting the overall findings.

Governors noted the strengths and weaknesses noted in the Report and the areas that require improvement, which will feature in the College Improvement Plan. The CIP will be presented at the Governors' Development Day on 21 October 2016.

The Clerk **reminded** governors that the GDD will include a presentation/seminar by an external facilitator (Kevin Finnigan) on the theme 'Asking Challenging Questions' to help governors exercise their responsibility to understand the College's performance and how to monitor and scrutiny information provided to them by management.

The key points of the SAR are:

- Grade 2 ratings as noted above
- Provision for 16-19 learners requires further improvement
- Standards of teaching, learning and assessment have been maintained
- Achievement of GCSE English & Maths significantly increased from a low starting point
- Support for students, especially those deemed vulnerable, further increased
- Further improvement needed to curriculum leadership and management
- Level 2 functional skills is poor
- Students are not learning good (and ultimately successful) examination techniques

Apprenticeship achievement needs improvement as achievement dropped last year to 66%. This is below the National Average (which is a year out of date) of 70% and down on 2014/15 College achievement of 74% and the College target of 75%.

Teaching observations statistics are positive although the detailed data doesn't make this fully clear.

Leadership & Management is graded 'Requires Improvement' but the language doesn't really reflect the progress that has been made. A governor observed that it is not easy to understand how you can tell it is better than last year which we think it is.

Governors acknowledged that the College is very good at self-assessing itself – we are accurate, honest and frank. Ofsted commented on this ability at the inspection in November 2015.

A governor noted that the SAR identified of cross College inconsistency in provision and practice, which needs to be addressed urgently.

A governor was concerned with a comment in the Report that governors' monitoring of the College's educational performance is not sufficiently thorough and detailed – it was felt that the progress in this area was considerable and that did not get reflected in the wording, which was quite negative.

The Principal explained that Ofsted take the view that, if achievement requires Improvement (which it does), then it follows that the governors (and senior managers) have not had sufficient influence over the educational performance so that standards rise.

A governor asked how the Board can be confident that the curriculum managers understand the issues in their area and can (and will) take action to improve them in the SAR context.

A governor asked whether, if an area is more than 10% below national rate, that area is subject to intervention and it is happening. It is not clear if we are always adding value so the data tables where this is the case need more explanation/commentary to understand what the situation really is.

A governor asked how confident we are that this year's new student intake will be better at Maths & English. The deputy Principal responded that we undertake diagnostics test as part of the enrolment process so hopefully we have a reasonable feeling that they will achieve but it is difficult to predict.

The question was asked as to why the grade for Personal Development Behaviour and Welfare is not a grade 2 as the Report reads very positively in this area. The Deputy Principal explained that the performance of English & Maths, albeit improved, and the disappointing level 2 were pervasive events which dragged down the grade to grade 3.

It was noted how difficult it is to raise students on Functional Skills from grade E to C in English & Maths.

These points will be incorporated in the final Report.

The Report was **NOTED**. The Report will be further scrutinised by the Quality & Learners Committee on 8 November 2016 and formally approved by the Board at the next Board Meeting on 9 December 2016.

The Board further **NOTED** that the draft Report will be sent to the Area Review panel as part of the dataset for the Area Review by 21 October.

## **1144. FINANCE REPORT**

### **1144.1 Management Accounts outturn for the year to 31 July 2016**

Peter Moore (Deputy Director of Finance) presented the Management Accounts outturn for 2015-16 for discussion and comment by the Board.

For the year just ended, the College (inclusive of its subsidiary companies) is showing an operating surplus of £130,000 against a budgeted surplus of £220,000, an adverse variance of £90,000.

Total income amounted to £15.33 million and total expenditure amounted to £15.20 million.

When release of Revaluation Reserve is added, the total comprehensive surplus for the year is £260,000.

The Accounts were accompanied by a Detailed Commentary explaining the variances from budget. These management accounts do not take into account any adjustments which will result from including FRS17 pension adjustments but they do reflect FRS102 changes, and they are subject to any audit adjustments. Also, final SFA/EFA funding claims need to be agreed and there might be a little improvement in surplus from completion of that exercise.

At 31 July 2016, group net assets stood at £15million, after reflecting the revaluations of land (see **1144.2** below), including cash of £0.6 million and revalued fixed assets of £34million.

The College's Financial Health for 2015/16, based on the SFA's existing methodology, is Satisfactory but under the new SFA methodology should rise to Good in 3026/17 and beyond.

At this stage, cash flow should be positive for the year and no overdraft facility is thought to be necessary at this time in early 2017. This will be closely monitored – the stress time is February/March 2017.

There was a technical breach of the bank covenants last year but the Bank took no action and we need to ensure this does not happen again.

The current ratio stands at 0.6 slightly worse than expectation (0.7). Pay expenditure as a percentage of income is 60% against target of 61%.

The Report was **RECEIVED**.

### **1144.2 Commentary on Financial Accounts position**

The accounting changes under FRS102 were approved by the Board at its last Meeting and are reflected in the draft Financial Accounts for the year just ended. The most significant changes are as a result of revaluing the College's land at Princes Road and Moulsham Street on an existing use basis, and of revaluing the land and buildings at Beacon House on a market value basis.

Together, these **revaluations** have produced a net asset increase of £10.1 million.

The **pension** adjustment to the Income & Expenditure Account is a charge of £0.8 million (service costs and net interest on the defined liability) and the deficit on the balance sheet under FRS102 has risen from £5.23 million to £7.20 million.

The Essex LGPS is now seeking additional security for its pension fund assets as they are no longer guaranteed by government. They have suggested cash deposited in an escrow account, a financial bond or security over one of the College's properties.

The Assistant Principal, Finance & Risk is pursuing this matter with the LGPS and a proposal will come to the next meeting of the Personnel, Finance & General Purposes Committee on 22 November 2016 as the LGPS would like a proposal by February next.

If no security is provided, the effect would be for the Scheme to require deficit repair payments over 10 years rather than 24 years, which will double the existing annual repayments at current values.

The Scheme triennial actuarial valuation is in process and will be known early in 2017.

A governor enquired as to the individual valuations used in the draft accounts for the College properties – these were £5.6 million for Moulsham Street land, £6.7 million for Princes Road land and £2.855 million for Beacon House (virtually equal to book value). It was decided not to use existing use value for Beacon House as the intention is to sell this property in the medium term.

The Commentary was **NOTED**.

### **1144.3 Key Performance Indicators for 2016/17**

The KPIs for the year just ended were provided to the Board showing no significant variations to target.

Suggested KPIs for 2016/17 will be considered by the PGFGP Committee in November alongside performance by the College to that date.

The Report was **NOTED**.

**ACTION: CW**

### **1144.4 Insurance schedule for 2016/17**

The Board **NOTED** the summary insurance schedule for the College for 2016/17 to satisfy themselves as to the safeguarding of the

College' assets. A full review is being carried out. Based on existing cover, the cost is up by £2.7K from last year. Full details have been placed on the Governors' portal.

#### **1145. AREA REVIEW STEERING GROUP**

*This Item was deemed to be a Confidential Item under the Instrument & Articles and a separate Minute has been prepared for this item and is attached to these Minutes.*

#### **1146. KEY PERFORMANCE INDICATORS**

The Academic KPIs will be reviewed and targets for 2016/17 will be discussed at the Quality & Learners Committee Meeting on 8 November 2016 and approved by the Board on 9 December 2016.

Points on last year's outturn were covered under the Principal's Report.

The Board **RECEIVED** the KPI Report and the associated commentary.

**ACTION: CW**

#### **1147. GOVERNANCE MATTERS**

The Clerk **PRESENTED** a Paper with a number of Governance Matters for the information of the Board:

- **Committees' Self-Assessment** - results are being collated and will be considered by each Committee in the Autumn and reported back to the Board in December
- **Allocation of Governor Links** – this is to be addressed at the Governors' Development day on 21 October
- **Student Governor** – appointment made: see Minute **1137**
- **Governors' Self-Assessment Questionnaire** – this has been finalised in conjunction with the Deputy Principal and was distributed to all Members for immediate completion. The results will be reported back to the next Board Meeting. They will inform the final SAR. Members requested that the document be also sent to them electronically.
- **Governors' Development Day** – the Agenda for the Day was circulated to the Board and noted that Learning Walks will be allocated on the Day, depending on timetabling of classes.
- **Compliance against English Colleges' Code of Good Governance** – the Clerk presented the updated compliance

questionnaire for 2015/16 and it was **accepted**. The Board is therefore **confident** the College is in full compliance with the Code.

- **Review of Confidential Papers** – the Clerk reported on his annual review of such papers and did not recommend any change to matters currently classified as confidential. The Board **agreed** with the Clerk’s assessment.

The Clerk was thanked for his Report.

**ACTION: CLERK**

#### **1148. ANY OTHER BUSINESS**

Susan Hughes reported that, in a recent Safeguarding Review Meeting, the question of DBS checks for governors was raised. It is now considered desirable and reflects the change in involvement of governors in the College and provides greater assurance and removes the risk.

The Assistant Principal, People & Resources noted that, although technically compliant at present and there is no legal requirement involved, he felt, in the interests of good practice and to reduce risk, that all Governors should all be subject to DBS checks. It is the case that most Colleges are following the practice of having DBS checks. It was noted that there are times when governors might be ‘unsupervised’ and be with some students.

This was **AGREED** by the Board and will be put in hand immediately at College expense.

There were no other items of Any Other Business.

#### **1149. DATE OF NEXT MEETING**

Friday 9 December 2016 at 2.00 pm

There being no further business, the Meeting terminated at 4.40 pm.

Signed.....Dated.....