

**CHELMSFORD COLLEGE  
BOARD OF THE CORPORATION  
6 December 2019**

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**Minutes**

Minutes of a Meeting of the Board of the Corporation held at the Committee Room, Moulsham Street Campus, Chelmsford on Friday 6 December 2019 at 2.00 pm.

**PRESENT:** Elaine Oddie (Chair)  
Andy Sparks (Principal)  
Jenny Beaumont  
Stuart Hodges  
Susan Hughes  
Janet Maynard  
Amanda Montague  
Sarah Noble (Vice Chair)  
Jaya Patten  
Barbara Vohmann  
Doug Zeeman

**IN ATTENDANCE:** Caroline Williams (Deputy Principal)  
Debs Hurst (Vice Principal, Finance & Corporate Resources)  
Rob Millea (Clerk to the Corporation)  
Joanne Harrington (Assistant Clerk)

**1376. APOLOGIES FOR ABSENCE**

Apologies for Absence were received from Seena Shah (on leave of absence), Christian Norman and Thomas Pipe (Student Governor).

**1377. DECLARATIONS OF INTEREST AND NOTIFY ANY CONFIDENTIAL ITEMS**

The Clerk to the Corporation renewed his declaration that he acts as Company Secretary of Essex Shared Services Limited.

Barbara Vohmann renewed her declaration as an employee of Anglia Ruskin University and her involvement with links between ARU and Writtle University College.

The Vice Principal, Finance & Corporate Resources renewed her declaration as a Member Representative on the Essex LGPS Advisory Board.

The Principal renewed his declaration as a Director and Acting Chair of ACER (dormant company).

The Chair and the Principal renewed their declarations as Directors of Essex Shared Services Limited.

The following **confidential** items were notified:

- Agenda Item 19 – Minutes and Recommendations of the Remuneration section of the Search Governance & Remuneration Meeting held on 5 November 2019. These minutes were provided only to the independent governors and to the Principal.
- Agenda Item 7 – College Strategic Future
- Agenda Item 8 (part) – HR disputes update

### **1378. URGENT BUSINESS**

There were no items of Urgent Business.

### **1379. MINUTES OF THE MEETING HELD ON 27 SEPTEMBER 2019 AND THE SPECIAL BOARD MEETING HELD ON 18 OCTOBER 2019**

The Minutes of the Meeting held on 27 September 2019 and the Special Board Meeting held on 18 October 2019 were **APPROVED** and **SIGNED** by the Chair.

### **1380. MATTERS ARISING**

The Clerk tabled a paper tracking actions arising from the last minutes, which was **NOTED**.

The Principal will arrange a visit from Jules Steele, HMI, as soon as practicable.

All other carry forward matters from the last Minutes are covered in the Principal's Report, the HR Report and in the Finance Report, which are part of this Meeting's Agenda papers.

### **1381. PRINCIPAL'S REPORT**

The Principal presented a written Report for the information of governors, supplemented by a short slide presentation.

#### **Overview**

He referred to the following issues:

- Good start to the academic year
- Challenge of meeting AEB budget as starts currently down on expectations
- Excellent attendance at recent showcase event (highest ever – 460 visitors) – 118 applications have already been made as a result
- Good progress on construction of the new High Needs Building (Dovedale Fountain Lodge)
- College League table position in FE Week NICDEX has declined to 156 out of 171 Colleges (last year 154 out of 183) but noted that it is not clear how many external people pay any attention to it but ESFA do look at the figures. The statistics are based on Learner satisfaction, employer satisfaction, 16-18 progression and Adults into employment
- Strategic blueprint for the future being developed
- Proposals from the three main political parties before the Election next Thursday

### **Enrolment**

This is covered in Minute **1383**. Essentially, the position is positive but there is a considerable challenge in ensuring the Adult Education Budget can be met. 16-18 Learner numbers for 2019/20 are up from last year (by 8), which in itself was the highest ever for the College. The increase in funding announced by Government for 2020/21 should mean that our overall allocation for next year will likely increase, given the good enrolment picture for the current year.

### **Finance**

Finance matters highlighted by the Principal are covered in the Vice Principal's Report – see Minute **1383**. Management remain confident that a surplus of £300K can be achieved for 2019/20.

### **Staffing**

This is covered in Minute **1385**. The Principal stated that it is intended to have a separate HR Risk Register which will be reported to the Search, Governance & Remuneration Committee. Any general HR issues will still feature on the main Risk Register.

The VPFCs stated that HR disputes and grievances cause issues with capacity to manage those matters, when they arise, not the issue itself.

### **Curriculum Issues and Quality Improvement**

- The new Ofsted Inspection Framework is being embedded into College activity
- SAR for 2018/19 prepared on 'new' basis
- Professional Development Day held to explain 'quality of education - intent' as defined in the Framework which will be followed by 'quality of education - implementation' at PDD in January
- Princes Trust – Achieve Programme for learners who need to re-engage with education
- College Improvement Plan reviewed/approved by Quality & Learners Committee on 5 November 2019 – adoption of 6 new priorities
- Lesson observations focusing on learners 'knowing more' and 'doing more' – new model is in place and being used
- New reformed functional skills qualifications – training for teachers
- Watching brief over national developments/progress regarding T Levels noting the first areas to adopt T Levels will be digital (media and ICT) and construction
- Phased introduction of industrial placements
- Embedding of the improvements achieved in the intervention projects last year in engineering and apprenticeships
- Close review over art and design which is deemed at risk

The Principal's Report was **NOTED**.

## **1382. COLLEGE STRATEGIC FUTURE**

*This was deemed to be a Confidential Item and a separate minute has been prepared which is attached to these Minutes.*

## **1383. VICE PRINCIPAL'S REPORT**

### **1383.1 Management Accounts for the three months ended 31 October 2019**

The Vice Principal, Finance & Corporate Resources presented the Management Accounts for the period ended 31 October 2019 for discussion and comment by the Board. These accounts have been reviewed by the two designated Finance Governors (Elaine Oddie and Amanda Montague).

For the year to date, the College is showing an operating surplus of £112K against an original budgeted deficit for the period of £28K, a favourable variance of £140K.

Total income amounted to £4.044 million and total expenditure amounted to £3.965 million. In addition, a release of £33K arose in the period. Income is £27K below budget mainly due to lower achievement in AEB

but the figures to date are phased and should improve. However, the AEB is being closely monitored.

Meanwhile, expenditure is £165K better than budgeted, mainly due to staff costs savings.

Financial Health remains Requires Improvement (confirmed by ESFA by letter in October 2019) and is expected to remain so for this academic year.

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 FRS102 pension adjustments.

The Contribution Statement by Cost Centre was provided to members – this is on a direct cost basis only with no allocation of overheads.

The Financial Health table with detailed calculations of the scoring on the ESFA methodology was provided to members.

Governors **NOTED** the result to date and the risks to achieving the initial £400K surplus for the year, particularly regarding achievement of the Adult Education Budget.

This is discussed further below.

At 31 October 2019, group net assets stood at £15.3 million, including cash of £1.5 million and revalued fixed assets of £30.1 million.

Cash flow has been positive for the year and it is not anticipated that any overdraft will be required in early 2020. There are currently 28 days cash in hand (target 33).

The current ratio stands at 0.38, affected by the fact that the RCF is currently a short term debt, pending implementation of the revised facilities, when the debt will revert to long term.

Pay expenditure as a percentage of income is 62% against target of below 65%. Borrowing as a percentage of income is 24%, well within ESFA tolerances.

All bank covenants are being met.

Debs Hurst informed the Board that she was working on a draft **reforecast of the Budget for 2019/20**.

At present, on a high level basis, it is showing a forecast deficit for the year of £75K against the original budget for the year of a surplus of £400K.

The reforecast is still in progress but the target is still to achieve a substantial surplus, however £300K looks to be the most likely expectation of surplus for the year.

The VPFCS informed the Board that the College is required to submit a new four year financial plan to the ESFA and this is due for submission by 28 February 2020. It is intended that this Plan, incorporating the reforecast, will be considered in detail at the Governors' Development Day on 7 February 2020.

The Plan will be a four year model – two years behind and two years in the future.

The key risks which the College faces in achieving the reforecast are the Adult Education Budget, Apprenticeship income and keeping agency costs for hard to recruit areas as low as possible. It may be necessary to undertake further subcontracting to meet the AEB.

At present, the salary budget looks right – the Board noted the increase in LGPS pension contributions from 1 April 2020. The refinancing costs need to be factored into the Plan.

The Board **APPROVED** the Management Accounts for the period ended 31 October 2019.

### **1383.2 Learner Numbers and Funding for 2019/20**

The College recruited a slightly reduced number of full-time **16-18 students** this year compared to last year, but this was still the second highest number ever recruited by the College. Government has announced a 4.7% increase in funding for 2020/21 as well as additional increases in funding for High Value Courses.

As a result, the College allocation for 2020/21 should be able to be maintained at the same level for 2019/20. Details of the allocation for next year will be available in March 2020.

Recruitment of **19+ students** is behind target (AEB) and the comparative figure this time last year. Efforts are underway by Senior Management to ensure this funding line is maximised, which may include obtaining additional volume early next year. It is acknowledged that this is a risk and is so shown in the Risk Register.

**Apprenticeships** recruitment/starts are in line with expectations and this is monitored on a monthly basis by SMT. It is noted that non-levy employers are being introduced to the service from January 2020 and this is likely to add confusion and further administrative burden when that happens.

Nevertheless, there is reasonable confidence the budgeted income can be achieved.

The Report was **NOTED**.

### **1383.3 Finance & HR KPIs for 2019/20**

The Board **NOTED** the KPIs for 2019/20 as included in the Management Accounts Paper presented by the Vice Principal, Finance & Corporate Resources.

The **Finance KPIs** cover a variety of measures concerning the income & expenditure account and the balance sheet, cash levels and Financial Health. They will be updated once the revised debt financing is in place.

Financial Health is expected to remain Requires Improvement by the end of 2019/20.

The minimum ongoing cash balance is budgeted to be £500K with at least 33 cash days in hand at any one time. The current ratio is likely to be around 0.65, which is the target.

The **HR KPIs** cover staff turnover, absence levels and performance management through achievement by staff of the 5 key expectations in classroom observations.

The Board **APPROVED** the KPIs for 2019/20 as itemised in the Paper.

The Board **NOTED** the current position regarding KPIs as at 30 November 2019.

### **1383.4 Property Update**

The Property Strategy will be presented to the Board at the Budget Working Party in June 2020. A review by Capita on behalf of the ESFA has been completed and it is being reconciled with the College's own data and expectations.

This will include a Report from a Property Surveyor (Anthony Abbott) regarding the long term maintenance costs of the College.

### **1383.5 Local Government Pension Scheme**

The draft valuation from Essex LGPS has been received which shows our contributions will need to rise by £75K per annum as from April 2020 (c.3%). There will be no rise in employee contributions.

The extrapolated assets and liabilities show that the College does not currently have a deficit, but projections for the future show that future service contributions will need to increase from 18.3% to 21.2%. Furthermore, employers will continue to be required to pay ongoing deficit contributions of £78K per annum, unless the fund was over 130% funded.

Deficit contributions could be reduced to £1,000 per annum if security was offered. However, there is no security available as the College campuses have already been pledged to Lloyds Bank and Barclays Bank.

The Fund is concerned that dissolution under the Insolvency Regime would mean that the £11.7 million cessation costs of the College would be charged to all other employers.

The position is being reviewed and the VPFCS will report further at the Development Day in February.

**ACTION: VPFCS**

### **1383.6 Debt Refinancing**

There has been a delay in completing the refinancing of the College's debt and therefore the Facility Letter issued by Barclays needs re-issuing.

The Board **RESOLVED** as follows:

There was produced to the meeting

- 1) A document containing the key terms of the facility as well as terms and conditions (together the Facility Agreement) from Barclays Bank PLC (the Bank) to the Borrower setting out the terms and conditions upon which the bank is prepared to make available to the Borrower a term loan facility (the Facility) in the maximum principal sum of £1,500,000 (one million, five hundred thousand pounds only) and;
- 2) A first legal mortgage in respect of the property known as (Chelmsford College, Princes Road Campus, Princes Road, Chelmsford CM29DE Title Number EX502024).

### **CONSIDERATION OF DOCUMENTATION**

1. The Board of Governors considered the Facility Agreement and Legal Mortgage.

2. With regard to the Legal Mortgage, the Board of Governors noted in particular that:
  - (a) the Legal Mortgage secures the payment of all monies and liabilities at any time due, owing or incurred by the Borrower to Bank from time to time; and
  - (b) the Legal Mortgage contains a statement that the security created pursuant to the Legal Mortgage does not fall within section 124(9) of the Charities Act 2011 as the secured property is held by, or on trust for, the Borrower, which is an exempt charity.
3. The Board of Governors considered in detail the form of the Legal Mortgage and the risk to the Borrower in entering into the Legal Mortgage, namely that if the Borrower were not able to repay the secured facilities when due, this could result in the enforcement of the Legal Mortgage against the Borrower. Whilst these consequences were serious, the Board of Governors considered that the Borrower would be able to meet its obligations when due.
4. The Board of Governors considered whether it was in the best interests of the Borrower to provide the security constituted by the Legal Mortgage to the Bank and to execute and deliver the Legal Mortgage.

#### **IT WAS RESOLVED THAT**

1. That the borrowing by the Borrower of up to the full amount of the Facility on the terms and conditions set out in the Facility Agreement is in the interests of and for the benefit of the Borrower and is most likely to promote the success of the Borrower for the benefit of the members as a whole and that such terms and conditions be and are approved and accepted.
2. That, bearing in mind the Board of Governors' duty to promote the success of the Borrower, the Borrower should enter into the Legal Mortgage, grant the security in favour of the Bank constituted by the Legal Mortgage and perform its obligations and exercise its rights in relation to the Legal Mortgage as to do so would benefit the Borrower.
3. That the Borrower has considered whether it needs to obtain professional independent advice (legal, financial or otherwise), prior

to resolving to enter into the Facility Agreement and the Legal Mortgage and (whether on the basis of such advice or otherwise) it has made its own independent decision to enter into the Facility Agreement and Legal Mortgage and understands the terms, conditions and risks involved.

4. That **Andrew Sparks** and **Deborah Hurst** are authorised to sign the Facility Agreement (as further negotiated by the Bank and the Borrower) on behalf of the Borrower to indicate acceptance of the terms and conditions
5. That **Andrew Sparks** and **Deborah Hurst** are authorised to sign the Legal Mortgage (as further negotiated by the Bank and the Borrower) on behalf of the Borrower to indicate acceptance of the terms and conditions and to witness the affixing of the Borrowers' seal to the Legal Mortgage.
6. That the Bank is authorised to act in all matters concerning the Facility upon instructions from the Borrower signed in accordance with the Bank's mandate for any of the accounts of the Borrower held with the Bank current from time to time.

In addition, the VPFCS advised that, for completeness, it is prudent to re-sign and date the Resolution for Lloyds Bank and, accordingly, the Board also **APPROVED** the following resolution:

## **1. BUSINESS OF THE MEETING**

- 1.1 The Chair explained that the business of the meeting was to approve the College entering into, in good faith and for the purposes of carrying on its business:
  - (a) a committed secured term facility agreement between the College (as borrower) and Lloyds Bank plc (**Lender**) (as lender) (**Facility Agreement**) in respect of a term loan facility of £2,800,000 for the purpose of refinancing an existing facility entered into on 16 June 2011;
  - (b) a Legal Charge over the property at 102 Moulsham Street, Chelmsford, Essex CM2 0JQ; and
  - (c) each other document described in Schedule 1 to which the College is a party,(together **Documents**).

- 1.2 It was noted that, at the time of deciding to commit the College to each Document, the College is solvent and will not become insolvent due to entering into, and performing its obligations under, the Documents.

## **2. PRODUCTION AND CONSIDERATION OF DOCUMENTS**

- 2.1 The latest draft of each Document was produced to the meeting.
- 2.2 It was noted that:
- (a) the Facility Agreement contained the terms and conditions on which the Lender was prepared for the period specified in it to make a facility available to the College;
  - (b) the final amount of the Facility Agreement remains subject to confirmation and agreement with the Lender;
  - (c) the Facility Agreement would be secured by the Legal Charge and will be secured by the existing security granted by the College and its subsidiary companies to the Lender;
  - (d) the Facility Agreement contained covenants with which the College would have to comply for the duration of the facility made available under the Facility Agreement;
  - (e) the Facility Agreement contained warranties and representations which the College would be required to make on entering into the Facility Agreement and on drawdown of the loan;
  - (f) the Facility Agreement provided for an arrangement fee of £10,000 payable on acceptance of the Facility Agreement; and
  - (g) the governors confirmed their full understanding of the effect and implications for the College of those Documents to which the College is to be a party.

## **3. RESOLUTIONS**

- 3.1 Following consideration, including consideration of the terms of the Documents and the transactions contemplated by them, the meeting resolved that the College's entry into of the Documents and the transactions contemplated by them would promote the success of the College because it would allow the College to refinance its existing facilities with the Lender (including the refinance of the existing Revolving Credit Facility with the Lender with Barclays Bank plc) on more advantageous terms and further resolved that:
- (a) the terms of, and the transactions contemplated by, the Documents and any ancillary or related documents:

- (i) be and are approved; and
  - (ii) are in accordance with and do not contravene the constitutional documents of the College or any law or other obligation of the College and, in particular, no limit on the powers of the College or its governors to borrow money would be exceeded by the College entering into or performing its obligations under the Documents,  
and that the College execute or sign (as appropriate) and deliver the Documents and any ancillary or related documents;
- (b) the performance by the College of its obligations under the Documents be and is approved;
  - (c) Deborah Hurst is hereby authorised to accept and sign the Facility Agreement on behalf of the College and deliver this to the Lender and in doing so to agree and approve any amendments made to the Facility Agreement and ancillary or related documents after the holding of this meeting including, without limitation, finalising the amount of the loan;
  - (d) Deborah Hurst and Andrew Sparks are hereby authorised to witness the affixing of the College's seal and to deliver as a deed the Legal Charge and in doing so to agree and approve any amendments made to the Legal Charge and ancillary or related documents after the holding of this meeting;
  - (e) any one of Deborah Hurst and Andrew Sparks are severally hereby authorised on behalf of the College to give all written, telephone or email instructions to the Lender for the purpose of selecting interest bases or interest periods which are to apply under the Facility Agreement from time to time
  - (f) Deborah Hurst and, in the case of any document to be executed as a deed, Deborah Hurst and Andrew Sparks are hereby authorised to witness the affixing of the College's seal and to deliver as a deed any other Document and any document ancillary or related to any Document and in doing so to agree and approve any amendments made to any such Documents and ancillary or related documents after the holding of this meeting;
  - (g) Deborah Hurst is authorised to sign and/or dispatch or deliver all other documents, notices and certificates to be signed and/or dispatched or delivered by the College under or in connection with any Document including any Utilisation Request; and

- (h) Deborah Hurst and Andrew Sparks be severally authorised to do any act, matter or thing, and to sign, execute and deliver any document as they may deem necessary or desirable to be done or executed in connection with the financing to be provided to the College or the Documents, and to approve any amendments (whether or not material) or complete any details in relation to any Document or any other document referred to in these resolutions (including additional parties), that approval being conclusively evidenced by the execution or signature of the relevant document.

## **Schedule 1 Documents**

1. Any Utilisation Request and any Selection Notice (each as defined in the Facility Agreement).
2. Any other Finance Document (as defined in the Facility Agreement).
3. The Legal Charge (as defined in the Facility Agreement)
4. The director's certificate required to be given by the College under the Facility Agreement.
5. Any other document which, under any other Document, is required to be executed or signed by the College.
6. Any document referred to in, or incidental or related to, any Document or the transactions contemplated by any Document.
7. Any document to be entered into at any time for the purpose of amending, varying, novating or supplementing any Document or for the purpose of substituting an entity as a party to, or any entity acceding to, any Document.
8. Any other document that governor or authorised representative executing the same considers (as conclusively evidenced by their execution or signature of that document) necessary or desirable to be executed by the College in connection with any Document.

In response to governor questions, the VPFCS confirmed that the interest rate is variable (% over LIBOR) but the interest rate is fixed for the Lloyds Loan. The VPFCS also confirmed that Barclays hold a legal charge over the Princes Road site and Barclays hold a legal charge over the Moulsham Street site.

The VPFCS indicated that it is proposed that the final documentation with both Banks will in effect from next Wednesday (11 December).

### **ACTION: VPFCS**

## **1384. ANNUAL REPORT & FINANCIAL STATEMENTS 2018/19**

The Vice Principal, Finance & Corporate Services **PRESENTED** the Audited Annual Report and Financial Statements for the year ended 31 July 2019 for the College Group, comprising the College and Dovedale Nursery CIC (the College's wholly owned subsidiary company) and the College's share of the results and the assets and liabilities of Essex Shared Services Limited (joint venture company with South Essex College).

The Accounts of ESS have not yet been formally approved by the ESS Board but this is expected shortly. It is not necessary that this be done before the College Group accounts are signed off as the ESS accounts are not material to the College Group accounts.

The College Group Accounts are unqualified and the regularity audit is also unqualified. KPMG did not identify any material audit adjustments during the audit.

The Board were provided with a copy of the KPMG Audit Highlights Memorandum for information: it had been considered in detail at the Audit Committee Meeting on 19 November 2019.

The Annual Report & Accounts have been reviewed by the Audit Committee and they **RECOMMENDED** that they be approved by the Board. The Chair of the Board has also reviewed the Accounts and made suggested amendments, which have been actioned.

The Board were informed of the changes from the Management Accounts previously reported at the September Board Meeting, which virtually wholly related to pensions accounting, as follows:

Surplus per management accounts	£ 59K
Surplus on disposal of Beacon House	363K
Other adjustments	(17K)
Pension service charges	(502K)
Interest on LGPS pensions	(127K)
Actuarial loss on LGPS Pension Scheme (College)	(163K)
Share of Actuarial deficit on LGPS Pension Scheme, net of deferred tax (ESS)	(27K)
Total Comprehensive Income for the year (deficit)	(414K)

The Board **APPROVED** the Accounts for the Group being prepared on the **Going Concern** basis and in making this judgement, the Board considered

- The College Financial Health for 2018/19 and based on current forecasts for 2019/20 will be Requires Improvement
- A surplus of £300K position in management accounting terms is budgeted for 2019/20
- Cash flow is projected to be positive for the current year and an overdraft facility is not expected to be required for 2019/20, and achievement of the budgeted surplus should increase cash balances at the end of the year to around £1.2million

- Capital expenditure is being curtailed during this year with the main outgoing being the costs of the High Needs facility (joint funded with Essex County Council)
- Student numbers this year are the second highest ever and income from this source should be the same in 2020/21 as for this year.
- Debt of the College has reduced by £3million between July 2018 And July 2019 due to the sale of Beacon House
- The College has successfully re-financed its debt which will reduce its current liabilities and has the benefit of a one year capital repayment holiday with Barclays Bank

The Board **ACKNOWLEDGED** that they were content with the 1% pay rise used in actuarial assumptions rather than 2.4% as suggested by the actuary, having regard to recent past increases and the likely scope for future rises.

It was **AGREED** that this assumption be reviewed at the July 2020 Board Meeting.

The Board **APPROVED** the Audited Financial Statements and Annual Report for the College Group for the year ending 31 July 2019 including, specifically, the Going Concern disclosures in the Annual Report and Financial Statements (summarised above) and **AUTHORISED** the Chair and the Principal (as Accounting Officer) to sign the statements on behalf of the College.

The Board further **APPROVED** the Audited Financial Statements for the year ending 31 July 2019 for Dovedale Nursery CIC and **AUTHORISED** a Director of the Company to sign those statements on behalf of the College.

This resolution constituted the Annual General Meeting of Dovedale Nursery CIC for 2019.

The Board **NOTED** the Essex Shared Services Limited Accounts (joint venture company with South Essex College), which have been audited by KPMG and will be formally approved by the ESS Board shortly.

The Board **APPROVED** and **AUTHORISED** the Chair, or a Director in the case of the subsidiary, to sign, on behalf of the Board, the Letters of Representation requested by KPMG in connection with their audits of the College Group and Dovedale Nursey CIC.

The Board also **NOTED** the Letter of Representation requested by KPMG in connection with their audit of Essex Shared Services Limited.

The Clerk informed the Board that the Public Values of the College and compliance with the Public Benefit test for Charities are covered on pages 13-14 of the Annual Report and this wording was **APPROVED**.

### **1384.1 Teacher's Pension Agency Return**

The certificated return of contributions to the Teachers' Pension Agency for 2018-19, audited by KMPG, external auditors of the College, was **NOTED**.

*The Board adjourned for a short period at about 3.15 pm in order for the Chair and Principal to sign the various Accounts and related documents.*

### **1385. HUMAN RESOURCES REPORT**

The Board **RECEIVED** a Report from the Vice Principal, Finance & Corporate Services on Human Resources matters.

The key points were:

- **Turnover** to date for this academic year annualised is 16.96% (reduced from 23.76%) against over 30% to this date last year and a target for the year of 17%. The AoC benchmark (2017/18) is 18.2%
- Staff recruitment activity continues to be high and staff have been recruited to 26 posts recently. Of particular significance is some recent appointments within Electrical and Construction, plus Extended Learning – there are 14 open vacancies
- There is likely to be a continuing requirement to use agency workers to fill 'hard to recruit' areas (there are 6-7 at present) – agency workers not interested in becoming employees as there is a cost to them of doing this
- Sickness **absence** was higher than target at an average of 6.8 days, mainly attributable to staff with long-term health problems. The target for the year is 5.2 days per person per annum and last year's actual was 6.8 days. The current AoC benchmark is 5.2 days in the Eastern Region
- The College has been very active in **Mental Health and Wellbeing** initiatives including appointing training MHW first aiders, general training for staff, signing up to the AoC MHW Charter and installing a help line for staff. There is also supported supervision in place for staff dealing with complex and challenging learners. Governors will continue to be informed in this area
- There will be an intranet site launched for staff in January 2020 giving information to enable staff to look after themselves
- The recent Pay award and, where relevant, increments have been well received by staff

*Debs Hurst provided an update on three outstanding staff grievances and appeals and one completed Appeal, which are treated as Confidential Items under the Instrument & Articles and a separate minute has been prepared, which is attached to these minutes.*

The Board **RECEIVED** the Report.

### **1386. EQUALITY & DIVERSITY ANNUAL REPORT**

The Annual Report on Equality & Diversity for 2018/19 was **PRESENTED** by the Deputy Principal.

This is a regular Annual Report so that the Board can review learner outcomes from this perspective and provide transparency to Ofsted and other outside agencies.

The Deputy Principal reported that the College continued to make significant progress towards reducing or eliminating key performance gaps between different groups of learners during 2018/19. This is a key focus of Ofsted. Progress continues to be made in reducing performance gaps and there are positive trends. However, there are still some concerns in certain categories and a continuing need to develop E&D in the classroom and other learning environments.

There has been particular success in improving achievement indicators for Looked After Children resulting in pass rates exactly the same as the overall College rate. Governors noted this very pleasing outcome, which compares well nationally.

However, there are retention issues with this group as it is 17pp lower than the non-LAC student population, which reduced the LAC overall achievement rate to 69%.

She further stated that the College is always looking at closing the gap between specific areas of learners where there is still work to be done but nevertheless the Report painted a positive picture.

Key performance highlights:

- Gender performance gap minimal at 1.1% (females higher) virtually the same as last year for 16-18 learners but an increased gap at 19+ (2.5% - males higher) compared to last year
- Small gap between British and other ethnic groups in 16-18 learners (1.1%) and the 19+ group (1.3%) - the gap was in favour of those in ethnic groups. It is noted that the learner numbers in ethnic groups are small

- No success rate gap between learners with declared LDD and those not – LDD performed better
- Gap between Apprenticeships by gender – females outperforming males by 14.3% (last year 26.6%) - females seem to be having a better experience
- No significant gap in attendance rates by gender

Overall, it is the judgement of the College that there is no significant variation in achievement between learners in either age grouping from ethnic heritage backgrounds and the total College population.

### Questions from governors

A decline in female achievement compared to male achievement in 19+ learners was noted and the College responded that no great concerns here although clearly a shift of achievement has arisen.

There remains a significant gap in Apprenticeship achievement rates and this does reflect, to some degree, the different courses done by 19+ males and females and the related retention rates.

The Board **APPROVED** the Annual Report.

### **1387. ANNUAL HEALTH & SAFETY REPORT 2018/19**

The Principal **PRESENTED** the Annual Health & Safety Report 2018/19, prepared by Steve Hope - Head of H&S) for consideration by the Board.

The Report covers the shared service arrangements for Health & Safety between the College and South Essex College. It follows the same format as last year and covers the following areas:

- Management systems in place
- Systems and software
- Risk Management
- Feedback on routine inspections
- Staff training
- External audit
- Analysis of accident/illness statistics/RIDDOR reporting
- Educational visits and work experience
- Food safety

The Board **NOTED** the following key points arising from last year:

- Both campuses have had a satisfactory fire safety audit
- Both campuses subject to formal Health & Safety audits

- Increased reporting of minor accidents due to better education with students and more staff being involved in reporting
- Zero RIDDORS reported (no major events this year)
- Sufficiency of trained first aiders
- Checks of employers' workplaces as this area of work grows

The Estates Improvement Action Plan 2019/20 includes relevant improvement matters relating to Health & Safety and these were documented in the Report.

#### Governor questions and comments

Susan Hughes was informed that there is a subsidiary Risk Register for H&S and anything serious would be escalated to the main Risk Register.

Members liked the Report and how the initiatives and actions have shown real benefits and are making a difference. This comment will be reported back to Steve Hope.

It was **AGREED** to invite Steve Hope to attend the next Audit Committee Meeting in June 2020 to give a Report on H&S matters.

#### **ACTION: CLERK**

Barbara Vohmann commented on the 'spikes' in the figures for Princes Road, which is much to do with the nature of the curriculum offer there (e.g. electrical, carpentry, etc)

Jenny Beaumont sought and received assurance regarding work placements Checks of employer locations are done through the relevant curriculum department and are monitored centrally. The College is satisfied that the curriculum departments are at present coping with this task adequately, but, in the light of the increasing number of such placements (T Level impact), this will be kept under close review.

The Board **APPROVED** the Report for 2018/19.

#### **1388. ITEMS FOR APPROVAL**

The Board **RECEIVED** a number of Reports for consideration and approval. All of these papers had been considered in detail by either the Board or a Committee and were recommended for formal approval by the Board.

The documents had been all uploaded on the Governors' Portal to enable visibility by all Governors.

The Board then formally **APPROVED** the following documents and Reports:

*From the Quality and Learners Committee (5 November 2019)*

Self-Assessment Report 2018/19  
College Improvement Plan 2019/20, subject to two minor amendments  
Annual Safeguarding Report 2018/19  
Academic KPIs for 2019/20

Governors noted that there were no instances of radicalisation in **Safeguarding Report**. Governors were further informed that the 'Missing from Education' category activates monitoring processes and a subsidiary system then applies to establish what the issue is and where the student is to fulfil our safeguarding responsibilities.

Governors were informed that there will be a session for parents on County Lines led by Essex Police on Tuesday evening next at Princes Road at 7pm. Governors are welcome to attend and were asked to inform the Assistant Clerk to assist with arrangements.

Stuart Hodges informed the governors that the newsletter Staysafe (October issue) which specifically covers County lines has been placed on the governors' portal

*From the Audit Committee (19 November 2019)*

Annual Report of the Audit Committee 2018/19 (which was then signed by the Chair of the Committee)  
Annual Data Protection Report 2018/19

Governors were also informed that Scrutton Bland have recently completed an Internal Audit Report on **Data Protection**, which was positive with three low/medium recommendations. It was noted that training of staff is still an issue and there is a new online induction programme in place.

The SAR for 2018/19 will now be loaded on the Ofsted portal.

### **1389. KEY PERFORMANCE INDICATORS**

The Board **RECEIVED** a detailed paper itemising KPIs for the College and current progress and performance, with commentary.

The items RAG rated as RED (behind target) are funding value for Apprenticeships, students making progress on or above their TAG and attendance at Maths & English.

The Report was **RECEIVED**.

### **1390. RISK REGISTER AND DASHBOARD**

The Vice Principal, Finance & Corporate Services provided the updated Risk Register and Dashboard as at November 2019 and Members were directed to the Minutes of the Audit Committee held on 19 November 2019 where a detailed Risk Management Report was received and discussed.

The VP, Finance & Corporate Services pointed out that the current risk status on the Register is that there are 19 key risks noted, made up of 2 RED risks (AEB Funding and HSC intervention), 15 AMBER risks and 2 GREEN risks.

There are five new risks – Health and Social Care intervention, College strategic future, Achievement rates and the 2019/20 Financial Surplus (RED or AMBER) and county lines and increase in drug use in the Local Area (GREEN).

It is recognised that the 2019/20 proposed financial surplus is a stretching target.

The Audit Committee considered the Risk Register in detail at their Meeting on 19 November 2019 as documented in the Committee minutes forming part of item **1391** below.

The Board **NOTED** that specific HR issues will be reported to the Search, Governance & Remuneration Committee and this will be through the maintenance of a separate Risk Register for HR matters. The Board will be informed through the Minutes of the SGR Committee in this regard.

The Board **NOTED** that sub-registers for certain areas (e.g. HR, H&S) are maintained as part of the Risk Register system and these will be noted on the Main Register.

In response to a governor question, the VPFCS said that the new ESFA Report will give more details of learner numbers and contract values and enable quantitative tracking of our FE income to be enhanced.

**ACTION: VPFCS**

The Register has been expanded to show internal and external sources of assurance addressing the particular items in the Risk Register.

The Board **NOTED** the Report.

### **1391. MINUTES OF COMMITTEE MEETINGS**

The Board **RECEIVED** a copy of the unapproved Minutes of the following Committee Meetings which have taken place since the last ordinary Board Meeting on 27 September 2019 and the Special Board Meeting on 18 October 2019, as follows:

- Audit Committee – 19 November 2019
- Search Governance & Remuneration Committee – 5 November 2019 (excluding Confidential Items re Remuneration items)
- Quality & Learners Committee – 5 November 2019

The Board also **RECEIVED** a Report on the Board Development Day held on 18 October 2019.

The Audit Committee **RECOMMENDED** the re-appointment of KPMG as external auditors and regularity auditor of the College for 2019/20 and this was **ENDORSED** by the Board. The VPFCS was asked to provide feedback to KPMG as to their performance.

### **1392. GOVERNANCE MATTERS**

The Clerk **REPORTED** on current Governance Matters for consideration by the Board.

#### *Governors' Development Day 7/2/20*

The Principal indicated some suggested content for the Day and Members will be informed in the New Year.

A number of possible topics were mentioned but it was **AGREED** that the following were mandatory:

- ESFA 4 year Financial Plan (including 2019/20 reforecast)
- College Strategic Future

Other topics mentioned were – Classroom Visits, Lunch with students, Gender pay, Stakeholder Engagement (including T Levels).

It was **AGREED** that the Property Update would be postponed to the Budget Working Party Meeting in June 2020.

**ACTION: PRINCIPAL**

*Reports on Governor Visits*

**Visits undertaken since the last Board Meeting:**

**Sarah Noble** has attended an AoC/ETF Governance Seminar on 1 November 2019 – the Clerk also attended. Copies of the slide presentations from this seminar have been placed on the governors' portal for information.

**Sarah Noble** carried out a visit in connection with Health & Social Care (in intervention) plus Media and Art & Design (half day in each area)

**Sarah Noble, Doug Zeeman** and **Barbara Vohmann** attended a Learner Voice Meeting earlier today

**Barbara Vohmann attended Showcase Events at Moulsham Street and Princes Road**

**Doug Zeeman** had a GDPR Meeting with Mark Emerson and Stuart Hodges

**The Principal** attended the AoC conference last month in Birmingham.

He commented that during the session he attended on the Insolvency Regime, it was recommended that Colleges not use Chair's Action (the Clerk said that email resolutions can be used instead) and to make sure the Finance Director goes on holiday for two consecutive weeks in the summer so that any whistleblowing can take place.

Furthermore, it was suggested that during every Board Meeting that the Principal should leave the Meeting for a time to enable free and open discussion amongst independent governors.

The Clerk expressed disquiet about this idea as the Principal is a governor and is legally entitled to attend a Board Meeting, unless there is a conflict of interest or some unusual reason why the Principal should not be present. In those situations, the Board is required to resolve to exclude the Principal. It would be inconsistent if the Principal left the Meeting and the two staff governors and the student governor should remain in the Meeting.

The Clerk suggested that, if the independent governors wished to have a discussion without the Principal present, the staff and student governors

should also be absent and that the discussion should be outside the Meeting, in effect, an informal discussion.

#### *Review of Committees' Terms of Reference*

Each of the Board's three Committees reviewed their Terms of Reference at their recent Meetings. These Terms of Reference were **APPROVED** by the Board in respect of each Committee for 2019/20.

#### *Re-appointment of Governors*

The terms of office as governors of Doug Zeeman and Barbara Vohmann come to an end on 11 December 2019.

The Search, Governance & Remuneration Committee considered their applications to serve another term as governors of the College and recommended that they be re-appointed.

The Board **APPROVED** the re-appointments of Doug Zeeman and Barbara Vohmann for a four year period in each case, commencing 11 December 2019.

#### *Re-appointment of Chair for 2020/21*

The SG&R Committee considered the question of succession planning for Chair of the Board at their Meeting on 5 November 2019. The Clerk was instructed to prepare a paper on this subject, outlining three options, for consideration by Board Members, and this was circulated by email.

As a result of this process, a quorum of Members responded. Their view was to confirm Elaine Oddie as Chair of the Board for 2020/21, noting that her term of office as a governor ends on 31 July 2021.

The Board acknowledged that the Chair position would have to be reviewed in a year depending on how College Strategic Future develops so that there is continuity which may need to go beyond 31 July 2021.

Governors felt that it was also important that the Chair be sufficiently supported during development of the College's Strategic Future, including, possibly, sharing of the workload. Furthermore, management will need support, maybe from an external person, to ensure that strategic development does not hamper the College's day-to-day operations.

The Board **ENDORSED** this position.

### **1393. ANY OTHER BUSINESS**

There were no items of AOB.

**1394. DATES OF NEXT MEETINGS**

Friday 7 February 2020 at 9.00am at Princes Road (Governors' Development Day)

Friday 27 March 2020 at 2.00pm

Thursday 2 July 2020 at 2.00 pm

There being no further business, the Meeting terminated at 5.10 pm.

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