

**CHELMSFORD COLLEGE  
BOARD OF THE CORPORATION  
7 July 2022**

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**Minutes**

Minutes of a Meeting of the Board of the Corporation held in the Committee Room, Moulsham Street Campus, Chelmsford and via MS Teams on Thursday 7 July 2022 at 2.00 pm.

**PRESENT:**

|  |   |
|--|---|
| Amanda Montague (Chair)                            |   |
| Andy Sparks (Principal)                            |   |
| Jenny Beaumont                                     | * |
| Trevor Bolton (Vice Chair)                         |   |
| Janet Church (Staff Governor)                      |   |
| Richard Davidson                                   |   |
| Susan Hughes                                       | * |
| Peter Mckerchar                                    |   |
| Nedas Laurinavicius (Staff Governor) (till 5.00pm) |   |
| Sarah Noble  |   |
| Christian Norman                                   | * |
| Jaya Patten  |   |
| Alan Pitcher                                       |   |
| Paddy Reilly                                       | * |
| Doug Zeeman  |   |

**IN ATTENDANCE:**

|   |   |
|---|---|
| Debs Hurst (Deputy Principal, Finance & Corporate Services) |   |
| Debbie Garroway (Vice Principal, Curriculum & Quality)      |   |
| Rob Millea (Clerk to the Corporation)                       |   |
| Joanne Harrington (Assistant Clerk)                         |   |
| Fiona Chalk (Interim Clerk designate)                       | * |
| Phoebe Fuhr (Executive Assistant – Observer)                |   |

\*Denotes attended through MS Teams – all other attendees present in person

***The Board received a Powerpoint presentation from Chelmsford City Council, regarding their plans to refurbish Dovedale Sports Centre, which the College uses with the Council under a shared usage arrangement. The College has committed to contribute £300K to the refurbishment, payable in six instalments of £50K over the next six years.***

***The College is the owner of the building, with the refurbishment project being funded by the Council, with the College merely being a contributor.***

***Presented by Jon Lyons on behalf of CCC - Project Manager***

Jon gave an outline of the scheme:

- Backed by the Council
- Benefits to learners and the community
- Projected costs (see below)
- Joint Use Agreement will continue
- Risks and the potential to defer for one year due to inflationary pressures

Total budget of £1.5million of which the College will contribute £300K and the Council the balance. The budget includes fees and a 10% contingency allowance. The Council and the College will continue to seek grant funding opportunities to contribute towards the overall capital cost.

The proposed timeline to construction and completion is as follows:

- Planning Oct 22
- Procurement Oct – Dec 22
- Gateway Jan 23
- Works Summer 23
- Completion Feb 24

Consultations have already taken place between the Council and the College on the possible design features and future sharing of usage between the two parties.

#### Questions from governors

Ned Laurinavicius – will there be a need to hire other space for public services students during construction in autumn 2023 and for examinations GCSE – this was acknowledged by the Principal

Ned Laurinavicius – is there a concern about design risks and aspects like asbestos – agreed, this will emerge as planning/design continues

Richard Davidson – will the project achieve net zero by 2030? – this is the intention, and it will be factored into the design function: it could be a cost constraint but need to avoid a retro fit later. Richard said the College needs to reduce our carbon footprint in the future

DPFCS said that capital funding from T Level development will help in purchasing new equipment for the facility

Peter McKerchar – asked who is paying for the current design work. DPFCS said that up to Gateway stage the CCC will meet the costs not the College

Trevor Bolton wanted to know the risk to the College financially and when would any 'loss' arise to the College – DPFCS said that the Gateway stage will give clarity as to financial viability as at that point further information on the costs of any risks will be known and a judgement can be made as to whether the contingency will be required.

### **1559. APOLOGIES FOR ABSENCE AND WELCOME TO NEW GOVERNOR & OBSERVER**

Apologies for Absence were received from Barbara Vohmann and Presley Devenny (Student Governor).

The Board noted that Susan Hughes' leave of absence from the Board ends formally on 31 July 2022.

The Chair welcomed Peter McKerchar, who was appointed to the Board on 11 April 2022 by email resolution, to his first Meeting. Appointment and induction procedures have all been completed for Peter.

She also welcomed Fiona Chalk, interim Clerk and Alan Pitcher, who is attending this Meeting as an Observer – he is a potential new governor. The Chair asked the Board to approve his appointment – this is minuted under Governance matters – minute **1574**.

### **1560. DECLARATIONS OF INTEREST AND CONFIDENTIAL ITEMS**

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

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

The Principal and Jaya Patten declared their interests as Directors of Essex Shared Services Limited.

Christian Norman declared his interest as an employee of Essex County Council – Adult Learning.

Trevor Bolton declared his interest as non -executive Chair of Navitas UK Holdings Limited, which company runs a number of embedded Colleges within universities offering mainly foundation level courses (Access equivalent).

The following **confidential items** were notified: Agenda Item 17 relating to Project Future and Remuneration of Senior Post Holders, together with the unapproved Minutes of the Search, Governance & Remuneration Committee held on 17 May 2022.

### **1561. URGENT BUSINESS**

There were a number of items of Urgent Business.

#### *Appointment of new Principal*

The Principal informed the Meeting that David Warnes, currently Deputy Principal of Ealing, Hammersmith and West London College, has been appointed as the new Principal of Chelmsford College and will take office on 3 October 2022. This was **APPROVED** by the Board by email resolution on 9 June 2022.

Appointment procedures are being completed. The current Principal will step down on 2<sup>nd</sup> October 2022.

#### *Institute of Technology*

A Draft agreement with SEC has been received in order to establish the IoT. It has not yet been signed off by the DfE. As a result, the College will receive capital monies to refurbish the LRC at Princes Road of £320K and the College will be committed to an increase in students from 68 to 123 over next three years.

The Board **AUTHORISED** the Principal and DPFCS to sign the agreement when it has been finalised between all parties.

In response to Peter McKerchar, the DPFCS said that the DfE will monitor achievement of the target student numbers and there is a risk of clawback of funding if the target is not achieved.

#### *Lloyds Bank Covenant*

The DPFCS reported that, following extensive discussions with Lloyds and provision to them of the College CFFR, they have proposed via email a new suite of covenants for the future. These proposals will remove the current threat of the College failing to meet its current covenant and the loan being required to be classed wholly as a current liability in the College's accounts.

The College has received confirmation that Lloyds will not test the current covenant as at 31 July 2022 removing the above threat at that date (effectively a waiver). New loan documentation will be required and is

planned to be signed during the Autumn term, once the College has procured a valuation of the Moulsham Street campus, which is a condition of the proposals (Lloyds loan is secured over this campus).

There will be a cost for the valuation and for the cost of making the relevant updates to the loan documentation.

This issue is currently regarded as a RED risk but these new proposals mean that it is now an AMBER risk – the Board **AGREED**.

The External auditor has been consulted about the proposals, in particular, the position at 31 July 2022 and is content that not testing the covenant at that date means that the loan will remain classified as a long term liability in the College balance sheet, save for the instalments normally payable in the 2022/23 year.

The Board **AGREED** that this was an excellent outcome and recognised the supportive approach being adopted by the Bank.

#### *Dovedale Sports Hall refurbishment*

Following the presentation and discussion on the above project before the Meeting, but recorded above, the Board reaffirmed their commitment to the Project in principle with a financial cost of £300K payable in equal instalments, beginning in 2023/24.

The Project will only be activated once the Gateway point has been reached, estimated to be in January 2023, following completion of planning and procurement.

The works will be carried out in the summer of 2023 and completed in early 2024.

### **1562. MINUTES OF THE BOARD MEETING HELD ON 25 MARCH 2022 AND THE SPECIAL BOARD MEETING HELD ON 30 MARCH 2022**

The Minutes of the Board Meeting held on 25 March 2022 and of the Special Board Meeting held on 30 March 2022 were **APPROVED** and **SIGNED** by the Chair.

### **1563. MATTERS ARISING**

The Clerk tabled a paper tracking actions arising from the last Meeting of the Board.

The Board **NOTED** the following:

- The Lloyds Debt Service Covenant is covered in minute **1561** above
- The Gender Pay Report was submitted to Government before the deadline of 30 March 2022

All other items appear elsewhere in the Agenda.

## **1564. PRINCIPAL'S REPORT**

The Principal presented a written Report for the information of governors, focusing on the following topics:

### **Overview**

A very difficult year in learning to live with COVID but staff have performed well with the result that most learners have completed their programmes of study. However, they have found completing assessments and examinations has proved to be a huge challenge for many learners, who have not experienced that for over two years.

Recruitment trends for 2022/23 are in line with the last normal year (2019/20) and 2250 learners (or slightly more) are expected to be recruited.

The FE Commissioner team and the ESFA visited the College on 27 June 2022 to validate and agree the final version of Project Future (see confidential minutes)

The College's sub-contracting provider have failed to deliver their contract. Therefore, alternative arrangements have been made to attempt to make up the shortfall and remove the threat of a clawback of AEB funding. The Board approved the revised arrangements by email on 27 June 2022. This is also covered in the minute on Subcontracting Arrangements.

### **Ofsted**

A new Inspection Handbook is expected in August and this will include enhanced provisions requiring judgements to be made on how the College contributes to meeting skills needs. The details of the impact of this change were included in the Report.

There is a new aspect to inspections – there will be an extra nominee to demonstrate how the College meets skills needs and accordingly stakeholder engagement meetings will have to be organised.

The Principal reported that an inspection by Ofsted of the Nursery took place last week and Outstanding status was confirmed. The previous inspection was eight years ago. The Ofsted inspectors were very complimentary towards the Nursery team. The Board were delighted and asked that their congratulations be passed on to the Nursery staff.

### **Recruitment of new Principal**

This is covered under minute **1561** above.

The Principal said that 'Keep in touch' days have been organised over the summer with the incoming Principal.

The new Principal will welcome and address staff at the start of the new academic year and will attend the first Board Meeting of the new academic year on 23 September 2022.

### **Learner Numbers, Funding & Finance**

The Board were informed that it is still aiming to achieve a break even position for this year but there are challenges from increasing costs of agency costs and not achieving the AEB budget.

For 2022/23, the Budget is indicating a surplus of £700K before LGPS adjustments (see minute **1568.5**).

A pay award proposal of varying percentage amounts depending on the current levels of pay of staff with enhanced amounts for lower paid staff is included in the Budget and was **APPROVED** by the Board (see Minute **1567**).

College core 16-18 income for 2022/23 will increase by around £1.8million due to strong recruitment in 2021/22 and an 8.4% increase in the national base rate for these learners.

It is the case, however, that the College will have a commitment to deliver 7.4% more teaching hours (up from 540 hours to 580 hours).

The ESFA have said that they will return to publishing full official national data for provider performance for 2021/22, but without trend data for classroom provision.

For 2021/22, the College still expects to meet the 97% tolerance level for Adult Education Budget income, thus avoiding any cash clawback, but this is dependent, as noted above, on the new sub-contractors meeting the allocations given to them. Current progress in this regard is good and it is expected that the new sub-contractors will meet their allocations.

In addition, Apprenticeships have remained stable this year despite uncertainty and should meet the forecast of £1.05 million.

### **Curriculum Development**

See Minute **1572** relating to approval of the Curriculum Plan for 2022/23.

The two major developments for next year are the roll out of T Levels and associated transition programmes and the development, and planning of the Institute of Technology, subject to its establishment being signed off over the summer.

In addition, there are some new apprenticeship standards being developed to enhance this offer.

A Head of Business Unit is being recruited at present so that the new commercial income activity can start in 2022/23 – it is not intended to do more than cover costs in year one.

### **Risk Dartboard**

The current iteration of the College Risk Dartboard, taken from the College Risk Register was provided to the Board. This had been discussed in detail by the Audit Committee at its Meeting on 21 June 2022 and is documented in the Minutes of that Meeting (see minute **1575**).

The four RED risks are

- Functional Skills intervention plan
- Lloyds Bank Covenants waiver on 31 July 2022
- Business & Leisure Department intervention plan
- T Level Capacity

In the light of the resolution of the covenant issue, this risk reduces to AMBER.

### **Summer works and Major Projects**

This is covered under the Finance Report (minute **1568.3**).

### **Other matters**

- Staff survey has been recently completed with 80% response rate – this will be discussed in detail at the Governors' Development Day in October (see Any Other Business) – an overview summary was provided



- Staff turnover still high at 22% but it has fallen slightly since the last Meeting
- Self-assessment process has commenced
- Showcase event, Student Award ceremony and annual Progression Fair – all very successful, especially the Award ceremony
- Professional Development Week took place last week
- Completion of a Marketing Strategy to implement Project Future, IoT development and T Levels

The Report was **RECEIVED**.

### **1565. PROJECT FUTURE**

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

### **1566. HUMAN RESOURCES REPORT**

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

The key points were:

- **Turnover** to date for this academic year annualised is 22.38% (14.79% last year) against a target for the year of 18%. The overall trend has slightly decreased from the last Report but remains below the AoC benchmark in the Eastern Region of 14.8% in 2019/20.
- Since the last Report, 16 appointments to vacant positions have been made.
- **Sickness absence** is averaging 5.42 days in the 12 months to June 2022 (last year to 31 July: 5.7 days) against AoC benchmark in the Eastern Region of 5.4 days and the College's KPI target of 5.2 days. The rate is affected by several long term absences and the short term absence rate is only 3.5 days.
- **Employment relations** are good with the unions and staff generally. There are no current employment grievances or actions.

A Staff Wellbeing Survey has been completed (17/6/22) and the detailed results will be reported/discussed at the October 2022 Governors' Development Day. The Report provided a summary overview of key points made by staff. The response rate was 80% compared to 73% last year.

The Report informed governors of the continuing College's Wellbeing initiatives to further meet the commitments made under the AoC Mental Health Charter and generally in the interest of staff.

The DPFCS advised that the training programme for middle managers has been successfully rolled out this year and the Report noted areas covered enabling middle managers to strengthen their communication channels and team working abilities.

The Report covered pay issues including incremental pay progression, the pay structure for Dovedale Nursery to ensure it remains competitive, the impact of the NMW to ensure appropriate pay differentials exist and the conditions of employment for LSAs.

The Report was **RECEIVED**.

### **1567. PAY AWARD 2022/23**

The Deputy Principal, Finance & Corporate Resources tabled a paper proposing to the Board that a pay increase will be offered for staff for the financial year 2022/23, effective from 1 September 2022.

The DPFCS also reported that there have been pay increases to a number of staff due to the increase from 1 April 2022 in the National Minimum Wage. In addition, it has been necessary to preserve differentials in pay due to the rise in the NMW.

The Principal advised that there have been national discussions between AoC and unions regarding pay bargaining. AoC have recommended a 2.5% rise for FEC staff, with enhancements for the lower paid. The cost to the College of implementing this recommendation in full would be almost £500K.

The Paper proposed increases with a stronger focus to support those staff where the cost of living increases are more severe. The proposal was therefore 3% to staff earning up to £25K, 2.5% for staff earning between £25K and £40K and 1.5% for staff earning above £40K.

The cost of this proposal in a full year is £266K and for 2022/23 it will be £244K which is within the budget allocation for a pay award of £250K.

The pay levels for the Principal and the other two Senior PostHolders are covered in the confidential minutes.

The Board **APPROVED** the tiered pay increase for staff described above from 1 September 2022.

**ACTION: DPFCS**

## **1568. FINANCE REPORT**

### **1568.1 Management Accounts for the ten months to 31 May 2022**

The Deputy Principal, Finance & Corporate Services presented the Management Accounts for the ten months ended 31 May 2022 for discussion and comment by the Board.

For the period, the College is showing an operating deficit of £530K against a revised forecast of break even to that date, an unfavourable variance of £530K.

The accounts reflect phasing of income over the whole year so that actuals are reported against 10/12ths of the full year forecast.

This is primarily due to income from AEB being £491K short of forecast, but this is likely to be rectified by 31 July 2022. There has also been overspending on agency staff, which has been required to cover several teaching vacancies. There are however savings on other operating expenditure and additional income from Apprenticeships.

Total income amounted to £13.168 million and total expenditure amounted to £13.698 million.

The Accounts were accompanied by a detailed commentary explaining the variances from budget. These management accounts do not consider any adjustments which will result from including year end FRS102 pension adjustments, either costs or any increase/decrease in the actuarial valuation.

The Management Accounts to 30 April 2022 had been reviewed by the Budget Working Party, which met on 21 June 2022.

The May Accounts included an analysis of trade debtors which totalled £128K, which are all considered recoverable, save for a small number of Nursery debts which are unlikely to be collected. The main debt is £50K due from JTL (£38K for current year work and £12K for past years). Students are being signed off on achievement which will enable the debtor to settle the amounts owing and this is expected within the next six weeks.

It was noted that £45K represents debts in respect of Dovedale Nursery which are not yet due for payment. Of the balance (£78k), some may not be recovered but there is a provision to cover the College's exposure.

At 31 May 2022, group net assets stood at £13.954 million, including cash of £1.411 million and revalued fixed assets of £30.298 million.

The College's Financial Health for 2021/22 to date, based on ESFA methodology, is Inadequate due to deterioration in the EBITDA measure compared to last month. It is anticipated to move back to Requires Improvement by 31 July 2022. The forecast for the year to 31 July 2023 is that it will improve to Good.

The bank covenants with Barclays are currently being met, but the Lloyds covenant is not and this is expected to remain non-compliant at 31 July 2022.

This non-compliance issue is currently being addressed and has been resolved – see Urgent Business, minute **1561**.

### **1568.2 Financial Forecast to 31 July 2022**

A revised forecast has been prepared by the DPFCS, based on the actual position at 31 May 2022.

The revised forecast shows a worst case and best case scenario for the outturn at 31 July 2022, respectively a loss for the year of £269K or a break even position.

To assist achieving a break even position, a freeze has been placed on expenditure until after 1 August 2022. Tight control is being exercised on agency spending and every effort is being made to ensure achievement within the 97% tolerance of the AEB budget. Management are confident that the break even position is the most likely outturn.

The anticipated cash balance at year end is expected to be around £1.1million.

The forecast includes no adjustments for pension accounting.

The Board **APPROVED** the Management Accounts and Report to 31 May 2022 and **NOTED** the estimated Financial Outturn for the year ended 31 July 2022.

### **1568.3 Capital Expenditure and Estates Programme 2022/23**

The Deputy Principal, Finance & Corporate Services **PRESENTED** a Report on the programme of Capital Works proposed for 2022/23, itemising each specific major element.

Fuller explanations of the planned Capex for next year are included in the Budget Working Party Committee Minutes, noting the contributions from external sources (JTL for plumbing workshop and ESFA/DfE for Institute of Technology capital works and T Level equipment) and are not repeated here.

The major capital work to be funded by the College next year is the construction of a lift at the new Construction Centre. There will be some minor summer works carried out over the next few weeks.

It is proposed to report the actual capex outturn for 2021/22 to the Board Meeting in September with an update on plans for 2022/23.

The DPFCS explained that the capex programme over the next couple of years is being capped at £350K in order to produce cash savings as part of the strategy for Project Future.

The Board **APPROVED** the Capital Budget for 2022/23.

The DPFCS reported a bid of circa £180K from Skills Development Fund for IT hub and development at MS has been approved by Government in principle. The Board will be updated in September 2022.

Peter McKerchar commented that, in restricting capex to around £350K, the College is effectively trading on its assets and this is not a sustainable long term strategy. The DPFCS acknowledged the position and indicated that the College is continually seeking grant finance from external sources to limit the spending by the College from its own cash reserves. It is the intention that improved cash resources, which are forecasted, will relieve this pressure on restricting capex from the College's own resources.

The DPFCS said that the College is intending to utilise operating leases for the future to provide equipment and other kit. There is an ongoing annual cost for such leases and the new PS&R Committee will be informed of the total cost of such leases over the period of the terms of the respective lease agreements, as this does constitute an ongoing commitment to the College.

**ACTION:DPFCS**

#### **1568.4 LGPS Actuarial Assumptions**

The DPFCS reported that the College has not yet received the LGPS assumptions for the year ended 31 July 2022 – this is due next week.

The DPFCS suggested that the College accept the actuary's assumptions this year given market uncertainty and salary/mortality projections.

This was **AGREED** by the Board.

### **1568.5 ESFA CFFR and Commentary (including 2021/22 Budget and draft Forecast for 2022/23)**

The Deputy Principal, Finance & Corporate Services presented the ESFA College Financial Forecasting Return (CFFR) for the College, in the form required by the ESFA and which must be approved by the Board and submitted to the ESFA by 31 July 2021.

The CFFR incorporates the expected outturn for 2021/22, the Budget for 2022/23 and the Forecast for 2023/24.

The Board noted the expected outturn for 2021/22 (see minute **1493.2** above).

The Board then considered the **Budget for 2022/23** and noted the scrutiny already provided to the draft Budget by the Budget Working Party (which most governors attended) on 21 June 2022, as recorded in the Notes of that Meeting (see minute **1500**). This includes a detailed Commentary of the elements of the Budget and the relevant risks and sensitivities and will be sent to governors, when completed.

The Board reviewed the Budget following the Working Party Meeting which shows a projected surplus of £700K, before LGPS adjustments.

Because the lagged 16-18 learner funding is expected to increase by £1.8million next year and assuming conservative increases in other income streams, plus a variable pay award and inflationary rises in other costs, a forecast surplus of around £700K is forecasted.

The Board examined the cash flow forecast prepared through to 31 July 2023, noting that, at this stage, there is not expected to be a need for short term overdraft/financing facilities between February and April 2023.

As regards 2023/24, a surplus of £1million is forecasted.

Accordingly, College Financial Health at 31 July 2023 and 31 July 2024 is expected to rise to Good.

Key risks in the forecast:

- Income projections are not as predicted for Tuition Catch Up Funds
- Inability to grow AEB delivery

- Surge in COVID 19 infections affecting commercial income levels and adding to compliance costs
- Inflation
- Student recruitment rising causing pressure on staff to deliver to greater numbers of students
- Student recruitment failing to grow

The Board **APPROVED** the Budget for the year ended 31 July 2023 and **APPROVED** submission of the CFFR, incorporating the draft Forecast for 2023/24 to the ESFA by 31 July 2022, noting that the CFFR will be signed by the Principal as Accounting Officer.

### **1568.6 Learner Numbers and Financial Implications 2022/23**

This is covered in the Principal's Report and the minutes of the Budget Working Party held on 21 June 2022, amplified by key financial information shown in the written papers presented to the Board

### **1568.7 2022/23 Proposed KPIs**

The Board **AGREED** a suite of Finance KPIs for 2022/23:

#### *Finance*

- Overall Financial Health and points score
- EBITDA – education specific
- Borrowings as a % of College income
- Adjusted current ratio
- Pay expenditure as a % of income (benchmark 65%)
- Adjusted Cash days in hand
- Cash & cash equivalents and short-term investments
- ESFA debt service cover
- Barclays and Lloyds debt service cover

The Board noted high % of pay to turnover 67.5 set as KPI for 2022/23 (sector appears to be around 67% and sixth form colleges around 70%) which has been exceeded with 74% being the current actual and 69% the likely year end outturn.

The College target for 2022/23 is 65%, which should be achievable given the increase in income which is expected at a greater proportion than the rise in pay costs.

In summary, the KPIs for 2022/23 shown in the CFFR are:

- Adjusted current ratio 0.76
- EBITDA as % of income – education specific 10.18%
- Borrowing as a % of adjusted income 14.02%

Achievement of these targets will give rise to Financial Health Grade of GOOD

*HR*

KPIs for HR matters will be brought forward to the September Board Meeting.

**ACTION: DPFCS**

## **1569.RISK MANAGEMENT**

The DPFCS presented this Report, the contents of which were discussed with the Audit Committee on 21 June 2022 (see minute **1575**).

### **1569.1 Risk Register and Dartboard**

This is covered in the Principal's Report as to the current risks. The Board was provided with a copy of the current Risk Register. The two documents were discussed by the Audit Committee at their Meeting on 21 June 2022 and were amended following that Meeting.

There are four RED risks as noted in the Principal's Report.

The covenant risk has now reduced – see Urgent Business.

Sarah Noble enquired, given the progress made, whether Engineering intervention can move to a GREEN risk. The DPFCS felt that it remains on the 'watch list' and therefore it should, for the time being, remain as an AMBER risk.

It was noted that the potential reclassification of Colleges by the Office for National Statistics may impact on borrowing and debt management in the future.

The position was **NOTED**.

### **1569.2 Internal Audit Plan 2022/23**

The Board **APPROVED** the Plan for the 2022/23 year as presented by Scrutton Bland, following discussion with the DPFCS and the Audit Committee.

- Maths and English attendance
- Mental Health and Wellbeing (health check)



- Safeguarding and Prevent
- Wider tutorial programme – information provided to students (health check)
- Learner Records funding assurance (compliance with ESFA requirements to support external audit testing)
- Subcontracting Review (ESFA requirement, if provision exceeds £100K)

The proposed financial audits at Essex Shared Services Limited have not yet been decided by the ESS Board but the College is intending to request an audit on Budgetary Control at ESS.

The number of audit days is 15 (as last year) and the cost is anticipated to be in the order of £20,000.

### **1569.3 Bank Covenants**

This is covered elsewhere in these Minutes – in particular, the non-compliance with the Lloyds debt service covenant is addressed under Urgent Business.

### **1569.4 Risk Management Policy**

On the recommendation of the Audit Committee, the Board **APPROVED** the amended Risk Management Policy. Details of changes made are noted in the Minutes of the Audit Committee held on 21 June 2022.

## **1570. SUB-CONTRACTING ARRANGEMENTS 2021/22 and 2022/23**

*2021/22*

The Board **NOTED** the changes to the **RECEIVED** a briefing from the Principal on the College's Subcontracting Plans for 2021/22, due to the inability of Qube Learning to fulfil their contract in full. A new provider (The Skills Network) has been engaged and they have been able to make up the shortfall arising due to Qube.

It is also the case that Learning Curve have met their sub-contracting target for this year.

The Board **APPROVED** this arrangement by email resolution on 23 June 2022. The resolution covered authority for provision with The Skills Network of between £50K and £100K in this year.

The learners are in the Health & Social Care area.

2022/23

The College will subcontract in the same way as before in line with its Subcontracting Fees & Charging Policy, which is presented for review. Only minor changes were required from last year.

This Policy is a contractual requirement of the ESFA before any subcontracting work can be agreed. The Internal Auditors review subcontracting controls every year in accordance with ESFA funding requirements.

The Principal reported that plans for sub-contracting activity for 2022/23 are not yet formalised but, subject to performance in 2021/22, it is likely to be with Learning Curve and The Skills Network, the two new providers this year.

There will be some carry over on the 2021/22 work into next year. The Board will be kept informed of developments and asked to approve next year's provision as soon as negotiations are complete. It was recognised that arrangements and contracts should be made earlier in the year to avoid a repetition of the late problems this year with the intended provider.

This may be by email or at the Board Meeting in September 2022.

The Principal reminded the Board that the management fee payable to the College for sub-contracting varies from 15% to 20% - it is usually 15%.

The Chair asked if the College could focus on local skills needs and targeted provision in future sub-contracting, which was agreed.

The Board **APPROVED** the Subcontracting Fees & Charging Policy for 2022/23 and **APPROVED** the approach to deliver Sub-Contracting for 2022/23.

**ACTION:PRINCIPAL**

### **1571. FEES POLICY 2022/23**

The Board **REVIEWED** the Draft Fees Policy for 2022/23, which is required each year by the ESFA. There are only minor changes from last year.

The Principal introduced this item and commented that the Policy is fully compliant with HE and FE funding guidance and it is a **contractual requirement from the ESFA**. It also sets out ways in which the College can assist students where fees might prevent them from accessing provision, through, for example, fee remission.

The Policy sets out how fees will be set not the individual fees per course, which are devolved to the Curriculum Area Managers involved, subject to approval by the relevant Director of Curriculum.

Governors noted that the Policy makes clear that it does not apply to Dovedale Nursery.

The Board **APPROVED** the Fees Policy for 2022/23.

### **1572. CURRICULUM PLAN 2022/23**

The Vice Principal, Curriculum & Quality **PRESENTED** the draft Plan for consideration and approval by the Board, having been presented and discussed at the Quality & Learners Committee on 1 May 2022.

The Plan refers to the College Strategic Priorities and outlines in detail the **areas of change for 2022-23**, including new courses and qualifications. The Plan also looked forward to the succeeding two academic years to outline objectives and initiatives.

The Board were referred to the Minutes of the Q&L Committee for further detail.

Governors noted the following key points:

- Sustainability is important, and the College will ensure they are engaged in this area
- Sexual harassment is a big issue now and it must be embedded throughout the curriculum reinforcing culture and attitudes

The VPC&Q said that there is a real challenge with the loss of BTECs and their replacement with T Levels, which are not a direct replacement and not universally suitable for all students. Government officers seem to be fixated on this issue and completely stubborn. Lobbying by the AoC and others is seeking to have this situation revised.

#### Governor questions

Richard Davidson – would be useful to see a table of courses being added and those being removed.

Sarah Noble – could be a real issue if the College does not recruit sufficiently to T Levels – as noted above, Government is being lobbied about the retention of some BTEC qualifications. Richard Davidson asked if sending further letters to Government would be warranted – the Principal said yes. Most Colleges believe only 30% of likely students will want to study T Levels.

Sarah Noble – how is the College tackling branding and marketing of new T Levels – a new post of T Level Manager is currently being recruited.

Christian Norman noted his concern regarding the BTEC/T Level issue as he believed there could be a significant impact on skills gaps and some HEs will not accept T Levels. He felt the sector is being forced into this position.

The Board **APPROVED** the Curriculum Plan 2021/22 (Version 2) incorporating COVID-19 issues.

The Vice-Principal indicated that the Plan would need some further revision to encompass continuing changes such as sustainability, HE application support and cost analysis/benefit considerations.

### **1573. COLLEGE IMPROVEMENT PLAN UPDATE 2021/22**

The VP, Q&L **PRESENTED** a detailed written update of the CIP showing progress for this year to May 2022 against the six College priorities.

There were 25 actions in the Plan, of which 16 are GREEN and 9 AMBER, with no RED actions. The Q&L Committee discussed progress at their Meeting on 17 May and further progress has been made since that date.

The Report summarised the key features of the progress made:

- Robust Safeguarding procedures
- Attendance remains challenging at 80% (1pp lower than last reported)
- Projected achievement for 19+ is 90%, in line with last year
- Predicted achievement for 16-19 learners is 84%, slightly down on last year
- Intervention Plans have been positive in Engineering, Apprenticeships and Media but not as positive in Business, Functional Skills Maths and Electrical
- 77% of teachers have met all 5KEs – once optimised, it rises to 93%
- 87% of teachers have displayed good and well sequenced planning
- T Level planning proceeding well
- Increased focus on tutorial programme for adults

- Lost learning during pandemic have required significant intervention with individual learners (use of tuition fund) and has affected attendance
- Improving digital pedagogy
- Engagement with employers and stakeholders is being prioritised further
- Significant focus on wellbeing for both students and staff

The Report also noted the next steps to ensure continued progress, which include maximising achievement, robust and imaginative curriculum planning, finalising the Learner Digital Guide, developing the Business Unit and Institute of Technology and implementing the curriculum elements of Project Future.

Sarah Noble queried the gradings for some of the intervention areas. The VPC&Q confirmed that Engineering, Media and Apprenticeships have improved – overall 50% of the intervention areas have improved.

The Board **NOTED** the current position of progress against the Plan.

#### **1574. GOVERNANCE MATTERS**

The Clerk **REPORTED** on a number of Governance matters:

##### *Governor Recruitment*

Following the appointment of Peter McKerchar on 11 April 2022, the Board is fully populated.

He will join the new PS&R Committee and will be linked with Business Development as part of the Governor Champions programme.

The Search Committee interviewed a potential new governor – Alan Pitcher – on 21 June 2022. He is a serving officer with Essex Police and had expressed an interest in joining the Board. The Committee support his application to join.

In order to facilitate his appointment, the Board **APPROVED** an increase in the determined Membership of the Board from 16 to 17 being one additional independent governor (up to 13).

##### ***Alan Pitcher then left the Meeting.***

On the recommendation of the Search Committee, the Board **APPROVED** the appointment of Alan Pitcher as an independent governor of the College for a four-year term, with effect from 7 July 2022.

He will join the Audit Committee and will be linked to the Moulsham Street curriculum area as part of the Governor Champions programme.

Induction will be provided for Alan shortly.

### ***Alan Pitcher then returned to the Meeting.***

The Board **NOTED** that Presley Devenny concludes her term of office as a Student Governor on 31 July 2022 and she was thanked for her service to the Board. A new student governor candidate will be proposed to the Board at the September 2022 Meeting.

### *Board Self-Assessment Questionnaire*

The 2021/22 Governance Self-Assessment Questionnaire was circulated to all Governors by the Clerk and responses requested by the end of July. It follows the same format as last year but without an additional series of questions pertaining to the COVID-19 pandemic, as this is not considered necessary. A Report will be prepared for the September Board Meeting.

### *Governor Re-Appointments*

On the recommendation of the Search Committee (Meeting 17/5/22), the Board **APPROVED** the re-appointments of the following governors:

- Jenny Beaumont for four years from 1/9/22
- Christian Norman for four years from 6/7/22

Jenny will remain on the Audit Committee and Christian will remain on the Quality & Learners Committee. Christian has also agreed to join the Audit Committee.

The Board noted that Jaya Patten's term of office expires on 4 July 2023 and the Search Committee will consider his re-appointment in November 2022 for approval, if desired, by the Board in March 2023.

### *Board & Committee Memberships*

A Schedule of Memberships for 2022/23, which includes the new PS&R Committee, was **NOTED**.

### *Board & Committee Schedules of Business for 2022/23 including proposed Meeting Dates for 2022/23*

The Board **APPROVED** the Schedules of Business and Meeting Dates for 2022/23.

### *Governor Champions*

The Board **NOTED** the proposed list of Governor Champions from 1 August 2022, which includes newly appointed governors.

Thirteen visits by Governor Champions have taken place in-year.

A review of the scheme will be carried out at the Governors' Development Day on 14 October. To assist that review, governors have been asked to complete forms commenting on their visits to date, and their return is requested by 1 September 2022 to the Assistant Clerk.

The GDD will include a refresher training for governors in undertaking Learner Walks.

### *Establishment of Policy Sustainability & Resources Committee*

On the recommendation of the Search Committee, the Board **APPROVED** the detailed proposals for the establishment of this new Committee which were summarised in a paper for the Board, prepared by the Clerk.

These covered

- Terms of Reference for the Committee
- Committee Membership
- Schedule of Business for 2022/23
- List of Meeting Dates for 2022/23

In addition, the Board **AGREED** the following further proposals

- Trevor Bolton and Richard Davidson will transfer from the Audit Committee to the PS&R Committee
- The determined Membership of both the Audit Committee and the PS&R Committee will be eight governors

### *Skills Matrix*

At the request of the Search Committee, an audit of the Skills Matrix, including newly appointed governors, has been carried out and this was **NOTED**.

### *Clerking Arrangements 2022/23*

The Clerk will retire on 31 August 2022 and the Board **APPROVED** the appointment of an interim Clerk, Fiona Chalk, for the period from 1 September 2022 until 31 December 2022.

A recruitment process for a new permanent clerk will be undertaken once the new Principal is in post with a view to making an appointment from 1 January 2023.

### *College Governance Documents*

The Clerk **ADVISED** the Board that the College Governance Documents and Protocols had been reviewed and approved in July 2019 and no immediate changes were considered necessary at that time. The only major change since that date has been the establishment of the new PS&R Committee.

The Clerk recommended that the new Clerk be tasked with the following during 2022/23:

- General revision of the College Governance Protocols
- Review and revision of the Board Self-Assessment Questionnaire
- Establish a Committee Self-Assessment Questionnaire for the new PS&R Committee
- Review/revise the Committee Self-Assessment Questionnaire for the other Committees of the Board to ensure all are consistent and fit for purpose

The Board **APPROVED** this approach.

### *External Board Reviews*

The Clerk explained to the Board the requirement for the future that Boards undertake an external independent Board Review on a three yearly cycle, with the first such review to take place by 2023/24. This is a requirement of the DfE and it is enshrined also in the AoC Code.

The Clerk directed the Board to the guidance recently issued (20/5/22) by the DfE, which has been placed on the governors' portal. This will involve a considerable cost to the College. The Board SAQ would continue, at least in the years when there is no independent review, but there is merit in it being done every year.

The Clerk made the point that some of the content of the College Board SAQ is unlikely to be the same as an independent Board review, since the College SAQ focuses on policy and strategy and not solely on governance processes.



The Clerk advised that it may be desirable to undertake the first review in 2023/24 and not next year. This was **AGREED**.

The reasons for this advice were as follows:

- Appointment of new Principal
- Appointment of new Clerk
- Revised AoC Code of Good Governance (first year in 2022/23)
- Review/revision of College Governance Protocols (as noted above)
- First year of Project Future
- Establishment of new PS&R Committee

The Clerk's view was that a review in 2022/23 would be an unwelcome distraction during a period of considerable change.

#### *Appointment of Senior PostHolder*

The Board **APPROVED** the appointment of Debbie Garroway as a senior PostHolder of the College, following successful completion of her probationary period, under the provisions of Article 9 (d) of the Instrument & Articles of Government. This was recommended by the Search Committee at their Meeting held on 17 May 2022.

The Board was reminded that the appointments of Senior PostHolders, the Principal and the Clerk are all non-delegable functions of the Board.

### **1575. MINUTES OF COMMITTEE MEETINGS**

The Board **RECEIVED** copies of the unapproved Minutes of the following Committee Meetings which have taken place since the last Meeting of the Board:

- |                                |              |
|--------------------------------|--------------|
| • Quality & Learners Committee | 17 May 2022  |
| • Audit Committee              | 21 June 2022 |

The Board also **RECEIVED** copies of Notes of the Budget Working Party Meeting held on 21 June 2022.

### **1576. KEY PERFORMANCE INDICATORS**

The Board **NOTED** progress, with commentary and executive summary of areas of concern, against agreed KPIs for the year ended 31 July 2022.

The areas of concern are:

- Achievement of the 2021/22 AEB to avoid any clawback of funds in early 2023
- Attendance below target
- Female retention
- Financial Health Inadequate at 31 May 2022

It is expected that the AEB shortfall will be within the 3% tolerance of the allocation and that Financial Health will be Requires Improvement at 31 July 2022.

In response to Richard Davidson, the FEC benchmark for pay costs as a %age of turnover is 65% - the actual to date is 74% due to high agency costs. It is expected to outturn at 69% for the year. The DPFCS believed that it will reduce to near the benchmark next year due to the increase in income being proportionately higher than the increase likely in payroll costs.

The Principal said that there is an ongoing challenge in recruitment of staff to non-academic posts compared to academic posts.

### **1577. ANY OTHER BUSINESS**

The Principal suggested the following items for the Governors' Development Day on 14 October 2022:

- Learning Walks
- Refresher training on the above
- Staff Survey discussion
- Governor Champions Review
- Report on IoT from Angela O'Donoghue

There were no other items of AOB.

### **1578. MINUTES OF SEARCH, GOVERNANCE & REMUENRATION COMMITTEE (17 May 2022)**

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

### **1579. DATES OF NEXT MEETINGS**

Friday 23 September 2022 at 2.00 pm.  
Friday 9 December 2022 at 2.00 pm.

A Governors' Development Day is due to be held on Friday 14 October 2022.

There being no further business, the Meeting terminated at 5.20 pm.

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