

**MINUTES
Board Meeting**

FRIDAY 22 MARCH 2024 AT 14.00

Committee Room, Princes' Road and via MS Teams

Members: Amanda Montague (Chair), Trevor Bolton (Vice Chair), Jan Church, Lola Cole, Rachael Cornwall, Richard Davidson, Sarah Noble, Christian Norman, Jaya Patten, Alan Pitcher, Paddy Reilly, Jon Selvage, Kaiffe Turner, David Warnes (CEO).

College Officers: Debbie Garroway, Sarah Hamilton, Debs Hurst, Mark Emerson, and Jo Styles.

Director of Governance: Ra Hamilton-Burns

External Review Advisor: Martin McNeill

An item marked in **GREEN** on the right-hand column has been pre-scrutinised and is being recommended by a sub-committee. This delegation is designed to allow the Board to focus on key strategic issues on the agenda whilst still ensuring that they have sight of information and ultimate decision-making power.

1.	<p>Apologies for absence Apologies were received from Alan Pitcher. Lola Cole did not attend.</p> <p>Paddy Reilly attended via Teams.</p> <p>Amanda Montague informed the Board that Jenny Beaumont had tendered her resignation to David Warnes on 13 March 2024. She also reminded the Board that this would be Sarah Noble's last meeting, but this would be discussed at the end.</p> <p>She welcomed Martin McNeill, who was attending this afternoon's Board meeting as an observer for the external Board review.</p>	
2.	<p>Declarations of interest and to notify any confidential items There will be a confidential session at the end of the meeting and all staff members will withdraw.</p>	
3.	<p>Minutes of the prior meetings To approve the minutes of the meeting held on:</p> <p>AGREED: THE BOARD AGREED THAT THE MINUTES OF THE MEETING OF 15 DECEMBER 2023 WERE A TRUE AND ACCURATE RECORD</p> <p>AGREED: THE BOARD AGREED THAT THE MINUTES OF THE MEETING OF 2 FEBRUARY 2024 WERE A TRUE AND ACCURATE RECORD</p>	
4.	<p>Matters arising / actions All items had been completed.</p> <p>6. Principal's Report</p> <ul style="list-style-type: none"> • RHB/DW to include reviewing the strategic plan at the February 2, 2024, Board Development Day – complete <p>11. Finance Report</p>	

	<ul style="list-style-type: none"> DH to circulate the ESFA finance record to Board members - complete <p>12 - Draft financial statements</p> <ul style="list-style-type: none"> DH to update Gifts and hospitality policy to include giving of gifts and hospitality not just receipt of them - complete <p>14 Curriculum Intent Strategy 2024-25</p> <ul style="list-style-type: none"> RHB/DW to ensure that this is included as a session at the Development day and continues to be monitored at Q&L Committee – complete 	
	STRATEGIC ISSUES	
6	<p>6.i Employer skills update – this was taken before Item 5 to allow Sarah Hamilton to leave the meeting early.</p> <p>Sarah Hamilton presented her paper and summarised how the College is meeting local skills needs, the LSIP and the College’s employer engagement in strategic events. Post-Ofsted she will work with departments to address the granular detail of the gaps.</p> <p>David Warnes thanked Sarah Hamilton for her work during Ofsted including supporting arrangements for the 32 stakeholder meetings. The Board echoed these thanks and recognised that the stakeholder scrutiny committee which has only recently been convened has supported the work with employers.</p> <p><i>Sarah Hamilton left the room at 14.10.</i></p> <p>6.ii Accountability statement</p> <p>David Warnes gave an update to the Board on the main aspects of the Accountability Statement required by the Skills and Post-16 Education Act, due to be uploaded to the DfE by the 30 June. The report has not changed a great deal since last year’s report and includes:</p> <ul style="list-style-type: none"> The priority areas aligned to the Local Skills Improvement Plan The main actions arising from these priorities The new requirements for the Local Needs Duty The Commitment Statement from the collective Boards from the Essex Colleges agreed with the triumvirate of seven Essex Colleges in January 2024. This will now appear in each college’s accountability statement The action plan will be scrutinised by the stakeholder scrutiny committee <p>AGREED: THE BOARD AGREED THE ANNUAL ACCOUNTABILITY STATEMENT FOR 2024-25</p>	
5.	<p>Principal’s Report</p> <p>The new five-year strategic plan has been approved and circulated both internally and externally, and the report provided a summary of progress against the eight strategic objectives. David Warnes invited feedback on the layout mapping activity to these objectives.</p> <p>The report identified the following key risks and challenges:</p>	

- Attendance and potential impact on achievement
- Attracting and retaining a high-quality teaching / management workforce

The report identifies the following opportunities:

- Significant additional investment from external sources in capital and revenue projects that will enhance learner experience and position the College well

Governors mentioned that the report outlined opportunities for extra revenue and asked if those were the items included in the paper or if there were additional possible avenues. David Warnes explained that the contributions from the eight partners detailed were those opportunities. The Board was gratified to see the World Skills engagement as this is a hugely positive initiative. Chelmsford College has 29 applicants which makes it the second highest college in the East of England. These applicants come from across the board and the College will help teachers to tap into free training for coaching on resilience, dealing with pressure. If the students get through the first stages, this support will be extended to them.

Project Future report

The FEC's spring monitoring meeting covered the Q2 updates for both the curriculum and financial aspects of the College's performance. Areas covered in discussions included:

- The continued delay in getting the external auditors sign off on the annual report and accounts
- The going concern issues relating to the bank covenant conditions on the College loan agreement
- Revised budget forecasts and progress towards Project Future targets
- The in-year increases in income from Apprenticeship and 16-18 recruitment
- The challenges presented to the curriculum planning process by the defunding of qualifications

The key risks and opportunities from the above were discussed and a number of supportive actions were agreed, including:

- Completion of the Curriculum Efficiency & Financial Sustainability Support (CEFSS) reviewing apprenticeship provision
- Agreement to submit a further extension request to the ESFA for the submission of the annual report and accounts
- A review of element 2 funding rules to clarify the position regarding clawback for high needs students
- Clarification from the ESFA/FEC on renegotiating the Lloyds loan and whether this falls outside of the financial rules governing reclassified colleges.

The College has almost completed the Curriculum Efficiency and Financial sustainability report with a little to finish on apprenticeships. There was a good discussion with the FEC on accountancy issues. Shelagh Legrave has

confirmed that she will attend the College on 15 May to open the renewable energy centre.

The [CEFSS](#) (curriculum efficiency and financial sustainability support) process was a one-off process but this has been embedded as an efficiency audit to maximise efficiency of staffing. This will be an area of focus for next year and suggestions will be brought back to the Board. This will maximise class sizes, staff utilisation etc.

Governors asked about monitoring the cost of the contribution from each department. There used to be such a system, and this has not been replicated since the pandemic but it will be brought into the new budgeting system. The Board suggested that the strategy can be built around this. Apprenticeship provision will be a key part of this as it does not make a contribution and is subsidised by other areas. Governors recognise that Health and Social Care is an LSIP priority but struggles to make a contribution.

The Board suggested that staff might be incentivised, and this is being considered. The collective agreement is old but will determine discussions with the unions. Governors reflected that it is difficult to find the funds to support such an incentive system – other benefits such as time, recognition programmes or hair and beauty vouchers will be considered. Debs Hurst said that David Warnes is looking at a ‘wisdom council’ to garner feedback from the staff to inform future planning. There is a huge gap between teaching hours in different colleges. She reminded colleagues that the funding will plateau for the next few years, and it is likely there will be little extra in terms of public funding. There was discussion about the SME funding changes and it is likely that healthcare and childcare may have a small increase.

Governors thanked David Warnes for circulating the Adult Skills Fund information which outlined the changes which will increase opportunities. Mark Emerson said they are removing prior attainment from many of the criteria. If you meet residency status you will receive part or full-funding. David Warnes is considering a strategic awayday for future curriculum planning.

Governors asked for an update on the College’s position against the ASB target to date. The allocation is £861k for AEB forecast is lower than that at 97% against a target of 110%. The College is considering the cost/benefit analysis of putting in interventions to achieve the target. The subcontractors have met targets and the under reach is the College’s own online learning. The senior team and wider groups are monitoring this budget closely.

Richard Davidson commented that the ability to deliver is fine but demand still needs to be increased. The College has recently taken a marketing stand at the shopping centre and leaflet drops have been undertaken. The Board recognised that there is a lot of competition locally. The College is continuing working to build a relationship with Job Centre Plus. Governors recognised that some potential learners are having to use their time to earn income and don’t have the time to attend college. David Warnes reminded Governors that the College’s reputation is a provider to 16-18 rather than to adults so they need to educate potential learners that there is a strong adult offer both to local and national adults and the course is available 24/7.

Risk Management Report

Risk Register and Dartboard – *these were being recommended by the Audit Committee*

Debs Hurst explained that risks are discussed at all key meetings and the risk register is updated regularly. The risk register was presented to the Audit Committee on 5 March 2024 and has since been updated to reflect:

1. The outcome of the Ofsted visit
2. In-year income projection
3. Attendance
4. Resignation of External Auditors

There were eight risks in the red area on the Risk Dartboard of which one had been fully mitigated. The remaining seven were:

- Staff costs are higher than benchmark – this is being monitored
- Inflation and energy costs are higher
- Learner attendance has increased from amber to red
- Staff recruitment – this is improving
- Going concern – material uncertainty due to the loan covenant
- Delay to the signing of the accounts
- Resignation of the external auditors.

The increased regulation within the FE sector and the resultant effect on the ability of Price Bailey to deliver a quality service has led the firm to withdraw from the sector and resign the account with Chelmsford College.

Debs Hurst asked the Board if they consider that the risks summarise the College's position appropriately.

Governors asked why the bank covenants are amber but the going concern is red. The College has breached its bank covenants but will either need to get a waiver or renegotiate the bank covenants to 2027 which will result in a cost. The Going Concern related to 2022/3 accounts and at close of year the College was a Going Concern. The Auditors look forward 12 months and have listed a material uncertainty as they can't guarantee that the DfE will provide the funding as anticipated.

Debs Hurst reminded the Board that the College cannot apply to the DfE for refinancing of the Barclays' Loan of £984k until the end of June but, as they are the only source of a loan since the reclassification of colleges, it is very likely that the DfE will supply the finance. The Board has a reserves policy to create a pot of funding of £3m with 40 days cash in hand. If the DfE then insists that the College uses the funds built up to support Project Future they will be forcing the Board to breach its own policy. Amanda Montague said that she had mentioned this to David Hughes and the FEC had indicated that the DfE is extremely likely to take on the loan.

The Board noted that this limitation meant that it was unable to demonstrate prudent stewardship of the College's assets as they would wish by seeking assurance as soon as possible, and this uncertainty is hampering its ability to safeguard the College's assets. It was suggested that the Chair might write a letter to the DfE outlining the Board's concerns

Action: It was agreed that the legionella should be taken off the Risk register.

Attendance is a constant area of intense focus and work continues with middle managers to improve it. A text messaging system is being considered for rollout for learners and apprentices at employers. Governors suggested that the College might look at solutions being used by the NHS. Campus officers are also encouraging learners who are not attending classes even when at College.

Christian Norman said that at City College the barriers at entry points garnered data of who was on site and the College was then able to model who was not at lessons or those who were on site who should not be. The registers will then highlight those in the building but not in class which allows targeted focus. Staff governors said that this had been in use in the study centre but had allowed learners to abuse the system. The new system used logins to PCs.

The Committee noted the report.

PROGRESS REPORTS AND UPDATES

8 Finance Report

- a. Management Accounts January 2024
- b. Budget 2023-4 –re forecast

The management accounts as at 3 January 2024 show an improvement on the 31 December 2023 accounts. The year to date (ytd) adverse variance is £121k.

This consists of:

- Income £19k behind ytd budget
- Payroll £13k favourable to ytd budget
- Other operating expenditure £275k adverse to ytd budget across all operating areas.
 - Depreciation, interest and LGPS £160k favourable to budget – although depreciation is currently estimated due to delay to year end roll over of accounting system.

The high-level financial forecast for 2023/24 shows that income increases will be offset with increased costs, including the pay increase, pension increases and inflation. The expectation is that total comprehensive income of £315k is still achievable. Debs Hurst will be doing a full forecast for the CFFR for the FE Commissioners' team.

Debs Hurst recommended that the College renegotiates the covenants with Lloyds in order that the loan be protected going forward as the terms are favourable.

AGREED: THE BOARD AGREED THAT THE COLLEGE APPROACHES LLOYDS BANK TO RENEGOTIATE THE BANK COVENANT.

Governors asked if the agency costs are higher than this time last year. Over the last four years the College has averaged £1.1m in agency costs and these are in the same areas.

	<p>The Board said that the College is yet to achieve the sector benchmark for staff costs although the target of 65% is accepted against the current ratio of 68%. It was recognised that this was a stringent target given the recent recommended pay rise. Governors noted that the difference between 65% and 68% would equate to around £0.5m.</p>	
6.	<p>Draft financial statements</p> <p>i. Annual report of the Audit Committee to the Board. This had been approved as per the delegation to the Chair of Audit at the 2 February 2024 Board meeting and the report is recommended to the Board for approval.</p> <p>ii. Draft Annual Report & Financial Statements 2022-23, inc:</p> <ul style="list-style-type: none"> • Report of the Governing Body • Statement of regularity, propriety, and compliance • Statement of responsibilities of the members of the Governing Body • Management letter • Independent Auditor’s report <p>iii. Dovedale nurseries annual report & financial statements to include management letter AGREED: The Board accepted the Dovedale Nurseries annual accounts which had been signed by a meeting of the Dovedale Nurseries</p> <p>iv. ESS annual report & financial statements – these were to note but have been subsequently changed.</p> <p>v. Annual report of the internal auditors</p> <p>Debs Hurst informed the Board that the numbers in the annual accounts have changes as of 14.05pm today in an email from Price Bailey.</p> <p>The impact is total comprehensive income from £108k to £52k. There are also changes due to actuarial review of LGPS of Essex Shared Services.</p> <p>The delay initially to the production of the annual accounts was due to a delay to the funding audit report from Mazars due to a technical error at the DfE which prevented them running the DSATs report to verify</p> <ul style="list-style-type: none"> • £170k of funding errors for 2022/23 which was rectified before R14. • £97 for 21/22 <p>Governors were gratified to note that the delay had not been a result of the College’s actions. It was clarified that there was no financial impact from this delay however it has resulted in considerable extra workload on Debs Hurst. The delay also resulted in Price Bailey having extra time to scrutinise the ARA and this, in turn, resulted in £13.5k in additional fees.</p> <p>These errors are not substantial and Debs Hurst commended Mark Emerson and his team on their work which resulted in this outcome.</p>	

	<p>AGREED: THE BOARD RECONFIRMED ITS DELEGATION TO CHAIR AND VICE CHAIR TO SCRUTINISE, AGREE AND SIGN THE FINAL ANNUAL STATEMENTS FOR 2022/23.</p> <p>The College will now need to go to tender for an external audit service and this may result in a delay for the regularity and external audit</p> <p>Governors commented that the Essex Shared Services position needs to be resolved as soon as possible. DH said consultation is now closed, staff TUPE to Chelmsford have been identified. There will be two vacancies and the College has gone out to recruit to one for an immediate start.</p>	
7.	<p>Quality & Learners' Matters</p> <p>Ofsted feedback – this was a confidential item given as a verbal update only.</p>	
8.	<p>Estates update</p> <p>Debs Hurst reported that there would be a presentation from Peter Marsh and there will be separate meeting 18 April 13.00-15.00 and all members of the Board are invited to attend.</p> <p>Governors were asked to advise the Director of Governance if they would like to be included in the workshop taking place on 18 April.</p> <p>Governors said that only 28% of the space is deemed fit for purpose so focus must be on improving this.</p>	
CONSENT AGENDA – RECOMMENDATIONS FROM COMMITTEES		
9.	<p>Committee minutes</p> <ul style="list-style-type: none"> i.Extraordinary Search – 30/1/24 (taken to 2/2/24) ii.Quality and learners' committee – 13/2/24 iii.PSR – 27/2/24 iv.Audit – 5/3/24 	
10.	<p>Recommendations from Committees</p> <p>Ra Hamilton-Burns reminded members that all of the documents had all been scrutinised and are recommended by Committees. Under the consent agenda protocol, they were proposed to be agreed 'en bloc'.</p> <ul style="list-style-type: none"> c. Extraordinary Search – 30/1/24 Recommendations had been made and ratified at 2 February 2024 Development Day meeting d. Quality and Learners' committee – 13/2/24 There was no recommendation to note e. PSR – 27/2/24 HR report including: Gender pay report Risk management report and risk register - Item 7 above Sustainability strategy AGREED. The BOARD AGREED THE GENDER PAY GAP REPORT 	

	<p>AGREED: THE BOARD AGREED THE RISK MANAGEMENT REPORT AND RISK REGISTER</p> <p>AGREED: THE BOARD AGREED THE SUSTAINABILITY STRATEGY</p> <p>f. Audit – 5/3/24 Going concern statement - verbal Appointment internal Auditors for 2023/24 - verbal</p> <p>AGREED: THE BOARD AGREED THE APPOINTMENT OF THE INTERNAL AUDITORS FOR 2023/24</p> <p>AGREED: THE BOARD AGREED THE FOLLOWING DOCUMENTS RECOMMENDED BY THE COMMITTEES:</p> <ul style="list-style-type: none"> • GENDER PAY REPORT • RISK MANAGEMENT REPORT AND RISK REGISTER • SUSTAINABILITY STRATEGY • GOING CONCERN STATEMENT • APPOINTMENT INTERNAL AUDITORS FOR 2023/24 	
11.	<p>Any other business</p> <p>Amanda Montague thanked Sarah Noble for her exceptional contribution during her ten years as a governor at the College and for her leadership of the Quality and Learners’ Committee. She expressed the appreciation of the Board for the generous sharing of expertise and time which had been so supportive of the College and its learners.</p> <p>The Chair noted that a bouquet and thanks had also been sent to Jenny Beaumont who had sent thanks and her best wishes to the College.</p> <p>Governors commented that the preparation for the Ofsted inspection had offered the Board an enormous amount about the College. It was commented that it would be good to continue this level of information and engagement going forward.</p> <p>Amanda Montague also asked governors for feedback about their participation on the Board and if they feel appreciated. She would welcome feedback on how the contribution of governors might be recognised. Members said that it is challenging to keep up-to-speed and they want to ensure that the value of their contribution can be collated and the impact measured. This, in turn, might make recruiting governors easier. Governors supported this and said that it would help to retain board members if their contribution is reviewed in one-to-one meetings. It is important that they understand if their contribution and impact is what is needed by the College.</p>	
12.	<p>Date of Next Meeting 4 July 2024</p> <p>External Board members joined a confidential Part B meeting.</p>	

Chair approved