

Board Meeting

WEDNESDAY 26 JUNE 2024 AT 14.00
Committee Room, Princes' Road, Chelmsford and via MS Teams™

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

College Officers: Debbie Garroway, Debs Hurst,

Director of Governance: Ra Hamilton-Burns

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. Items in **RED** are confidential

1.	<p>Apologies for absence Apologies were received from Rachael Cornwall, Paddy Reilly, and Alan Pitcher. Lola Cole did not attend.</p> <p>Christian Norman attended via Teams.</p> <p>Amanda Montague welcomed Sarah Atkinson, David Holmes, and David Peace to their first Board meeting.</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> <p>Ra Hamilton-Burns declared that she has been appointed as an external board member of SERCO Skills and Training Services.</p>	
3.	<p>Minutes of the prior meetings Members reviewed and approved the minutes of the Board meeting held on 22 March 2024. It was noted that there was a financial impact of the delay of the audit as Price Bailey charged an additional £17k of fees.</p> <p>AGREED: THE BOARD AGREED THAT THE MINUTES OF THE MEETING OF 22 MARCH 2024 WERE A TRUE AND ACCURATE RECORD</p> <p>Confidential minutes of this meeting were approved in the part B session.</p>	
4.	<p>Matters arising / actions The one action to remove legionella from the risk register had been completed.</p>	
	STRATEGIC ISSUES	
5.	<p>Principal's Report The new five-year strategic plan has been approved and circulated both internally and externally, and this report provides a summary of progress against the eight</p>	

strategic objectives. There were appendices for sub-strategies and a summary of capital works taking place and ongoing over the summer.

The report identified the following key risks and challenges:

- Attracting and retaining a high-quality teaching / management workforce
- Ensuring that capital projects continue to use external grants, minimising the use of the college's own cash
- Ensuring the integration of ESS staff and the dissolution of ESS Ltd is effective and on time
- Swift actions to improve the quality of Apprenticeships

The report identified the following opportunities:

- Implementing the strategies that align to the overall strategic plan
- Building the reputation of the college through publicity and PR
- Opportunities to develop the curriculum as a result of the capital investments made

Subcontractors:

Following a public procurement exercise, 13 subcontractors submitted an expression of interest to deliver 21% of the College's Adults Skills Fund in 2024-25. This represents a 3% drop in the overall total of subcontracting, in line with the ESFA expectations. The subcontractors will be scored and passed finally to SMT and contracts will be issued to the winning partners by 31 July 2024. It is likely that Learning Curve and the Skills Network will be successful.

Table 1:

Partner	Contract value	% of total ASF
Blackburn Gold	£225,000*	20.5% of the total ASF allocation
Constructive Futures Training Ltd		
Eurosource Solutions		
Kirkwood consulting Ltd		
Learning Curve Group		
Lifetime Education and Training		
Opportunities workshop		
Rewards training recruitment consultancy		
Runway Apprenticeships		
Sports Group International		
Strive Training		
The Lightbulb Ltd		
The Skills Network		

**Final contract split, and actual partners awarded contracts still to be decided, based on ITT scoring*

Governors asked if Learning Curve and The Skills Network have achieved the targets set for them. At the current time they have achieved over 100% and this will be reviewed at year-end. Governors asked if they are likely to reach 110% which is the stretch target. It remains to be seen but the expectation is 105%. The College contract is that they will pay up to the 100% - anything in excess is a bonus for the College.

AGREED: THE BOARD AGREED THE SUBCONTRACTOR PROPOSED LIST AND CONTRACT VALUE IN TABLE 1. THE BOARD DELEGATED FINAL APPROVAL OF THE SUCCESSFUL CONTRACTOR TO THE CHAIR AND VICE CHAIR. FINAL CONTRACTS WILL BE ISSUED ON 31 JULY 2024.

David Warnes invited requests for items on the development day. Governors listed the following:

- Risk appetite
- Attendance – the ongoing challenge
- The power of Artificial Intelligence
- A review of the impact and changes of the election outcome
- Building the reputation of the College both locally and nationally

Project Future report

The FE Commissioner’s spring monitoring meeting covered the Q3 updates for both the curriculum and financial aspects of the College’s performance. Areas covered in discussions included:

- The cash position (forecast and projected)
- The loan covenant position and the application for DfE loan funding
- Curriculum efficiency measures
- Staff and agency costs and the FEC benchmark
- Estates strategy
- Curriculum and quality matters, including English and maths

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
- FEC support for the layout and formatting of the monthly management accounts using the ESFA template
- Support with the DfE loan application to pay the Barclay’s loan balloon payment in December and including the Lloyds loan in addition to reduce debt servicing levels

The FEC confirmed that although Project Future targets are not being met in all areas, the 2023-24 forecast shows movement in the right direction, with growth in EBITDA and cash levels. As a result, they continue to support the College as a standalone entity.

The formal Active Support programme will end in early 2025 due to a review of the FEC’s capacity and priorities. At the final monitoring meeting in January 2025, the 2023-24 year-end outturn position and the 2024-25/2025-26 budget projections will be reviewed. The FEC will then decide whether they will recommend a Structure and Prospects Appraisal (SPA) and the final decision will be made by the Board.

Governors asked if a potential SPA might drain the capacity of the College when energies might be better spent consolidating the improvements made in the last two years. Debs Hurst reminded members that Project Future was written four years ago, and the strategy might be revisited to review the targets and projections to ensure they are appropriate and maintain momentum. The Board recognised that there needs to be a ‘plan b’ but was minded to focus on their own core strategy.

6	<p>Risk Management Report Risk Register and Dartboard – <i>these were being recommended by the Audit Committee</i></p>
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Since the last report there are two new risks.

- Risk 19 - Recruitment of External Auditors, the Deputy Principal FCS will update the Committee at the meeting
- Risk 20 – Refinancing of balloon payment by the DfE. Mitigated to green.

The key risks are failure to the achieving the cash balance of £2.5m to meet the Lloyds Bank covenant and achieve going concern.

Trudy Hughes, Lloyds Bank had emailed the following:

As discussed, I am proposing to seek formal credit sanction for the following on behalf of the College:

- *Waiver of all covenant breaches incurred to date*
- *Amendment of the existing projected minimum cash balance covenant such that there is no test as at end July 2024, and going forward (with effect from end Oct 2024) the 12 month rolling cashflow forecast provided in each set of quarterly management accounts needs to evidence a minimum month end cash balance of £1m Cr, with (in addition) July 2025 needing to forecast a minimum balance of £1.5m Cr and each July year end thereafter a minimum £2m Cr balance*
- *Annual renewal of all ancillary facilities through to 31Jul25*

Please can you let me know if you have comments / queries re the above – if not I will proceed with starting the credit sanction process.

Also please can you send across to me a copy of the Peter Marsh Consulting report on the College's estate?

Debs Hurst responded to say that the Governors would like to reduce the minimum cash balance from July 26 to 1.75m. She had added that the DfE will refinance the Barclays balloon payment and agreement for this will be in place before the accounts are signed. Therefore, both of these resolutions will mitigate the material uncertainty reported in the Annual Report and Accounts for the year ending 31st July 2023 and therefore will improve the going concern statement for the year ending 31st July 2024

Governors reported that this is good news but asked for an update to the request to roll the Barclays loan repayment and Lloyds loan together.

- DfE is offering to finance the Barclays at 5.2% public works loan rate reviewed each April.
- They will only lend to loans coming due or if an institution is in distress.
- The Lloyds loan is until April 2025 and payments now include a payment of the capital and the interest.

The Board suggested that if the loan amount is reducing – the target to have £2m in the bank is no longer necessary and this should be revisited.

David Holmes summarised that the Audit Committee had reviewed the risk register and considered it a good representation of the College's risk profile. They had discussed Essex Shared Services dissolution and the work that will be involved with setting up new structures at Chelmsford. The Committee had thanked Debs Hurst for her work with the banks and DfE. The Committee expects that there will be a good going concern statement at the end of the year. There had been excellent discussion

on the Scrutton Bland Audit plan for 24/25 but the Committee recognised that this will need to be reviewed in light of the election and dynamic environment and any updates will be brought to the Board in the Autumn.

David Holmes explained that the requirement to increase Maths and English delivery was not included as the College already delivers three hours of Maths this year. If the increase to four years goes ahead this will be revisited. There is however a risk around the rigid rules for delivery of Maths and English which constrains the College's ability to improve outcomes. Debbie Garroway had revisited this with the ESFA yesterday and has met with another DFE Skills colleague today and fed these messages back.

PROGRESS REPORTS AND UPDATES

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Finance Report

a) Management Accounts May 2024

The management accounts were reported against the revised forecast to the PSR Committee, and some suggestions were made for changes. An abridged version was presented, and it included an exec forecast summary.

Agency costs are still higher than forecast and lagged invoices are still coming through. There is a small positive £9k AEB variance and this is expected to grow in June. Non pay and pay costs are still negative. Cashflow is not at target, but the forecast is still for a £1m at year end.

Richard Davidson joined the meeting at 14.40.

a) Budget 2023-4 –re forecast

	Original Budget (before additional income)	Forecast
Income	£18.2m	£19.9m
Expenditure	£17.3m	£18.6m
Net Surplus (excluding revaluation reserve)	£85k	£25k
Cash at bank	£1.8m	£1.2m
Capital expenditure	£350k	£0.35m
Student numbers	2182	2384
Financial Health	Financial Health Good	Requires Improvement
Adjusted current ratio	0.72	0.53
EBITDA	£1,838k	£1,542k
Bank Covenants	Met	£2.5m not met

Debs Hurst will be managing creditor payments carefully. Summer works will be paid in August.

- The College will not meet the 65% staff target.
- Energy costs and inflation are higher this year
- Recruitment still remains a challenge for hard to recruit areas
- Lloyds bank and Barclays bank loans have both been mitigated.

b) Indicative Budget 2024-25

	<p>The indicative budget had been prepared to enable a surplus of £292k to be achieved during 2024/25 to improve EBITDA and to achieve 'Good' financial health.</p> <p>The budget surplus of £292k will be an improvement of £267k on the projected out-turn for 2023/24. Both the forecast 2023/24 and the budget for 2024/25 have been input into the revised CFFR. The CFFR must be uploaded to the ESFA by 31 July 2024 including May actuals, and a forecast for June and July, so that the year-end position can be forecast as accurately as possible.</p> <p>The FE Commissioner Active support meeting on 14 June 2024 reviewed the assumptions in the CFFR and, although the cash balances were not meeting Project Future targets, they were satisfied that the progress to date with an increase in cash from £0.5m at 31 July 2023 to £1m in July 2024, represents improvement. The DPFCS will reforecast the salary budget based on several changes agreed to date, where some savings are expected to be realised. The revised budget will be circulated to governors.</p> <p>Governors asked if staff and agency costs will be rolled together for future provision. A review of the establishment and costs will take place and department heads have to live within their budget. The College has received all of the funding income confirmed for next year so the unknown income is from partners, commercial or nursery.</p> <p>The Board suggested that one option would be to improve the operating position but the option of limiting capital investment carries risk and costs. Not maintaining buildings investment leaves the College at risk of having unusable estates. Recent grants have supported improvement of the estates and the College needs to steward funds carefully.</p> <p>AGREED: THE BOARD AGREED THE INDICATIVE BUDGET FOR 2024/25</p>	
6.	<p>Quality & Learners' Matters</p> <p>Debbie Garroway offered the 'journey to outstanding presentation'¹. The Good outcome from Ofsted was hard won but there are areas to focus improvement on which will in turn drive progress. The College is not yet outstanding because</p> <ul style="list-style-type: none"> • Apprentices need to: <ul style="list-style-type: none"> ○ Receive helpful feedback and targets to enable them to make progress ○ Stay in learning and achieve within planned timescales. • The College needs to: <ul style="list-style-type: none"> ○ Leaders oversight of education and training ○ Ensure that learners benefit from good-quality mathematics <p>The College outlined focus on four strategic pillars that showed the greatest need. Student support services have been reviewed and the safeguarding team has become safeguarding and wellbeing team to reflect the fact there is a pro-active health and well-being team leader. The team will be further bolstered with two more recruits for September. Additionally, the stakeholder engagement team will sit within the academic teams rather than working discretely.</p> <p>Governors commented that student attendance is affected by the student experience and engagement. It was suggested that direct contact with students will reveal the</p>	

¹ Lodged with the papers

reasons they don't attend. Christian Norman said that he has been in contact with Joey Greenwood, Vice chair and Chair of Standards Committee at Hull College. He had shared the following insights:

- There is a learning and thriving policy at Hull college
- From a teaching perspective – all new teachers have a two-week induction to support retention
- Skills Groups for key employers in the area with Board representation
- Best practice – Hull has undertaken 40 visits as part of their journey to outstanding. The Board supports and even joins these visits.
- Hull is actively and strategically identifying skills gaps in governors such as AI and other skills for the LSIP.
- Building strong networks and relationships with stakeholders and employers which in turn supports work experience
- SLT acts as coaches/mentees for areas that need improvement

Governors commented that attendance of students in all institutions is recognised to be poor and is a national issue. The Chelmsford College Senior Team meets each Monday morning to address the causes and mitigations for attendance issues. Work has been done to ensure that students stay with Chelmsford College rather than going anywhere else, however implementation and consistency are issues which cut across everything. The Board asked if there is data on which areas have improved and if this is a result of teachers' individual efforts or the initiatives put in place.

David Warnes reported that Chelmsford ranks the lowest for attendance on a local CEO network and that the AoC report for median attendance is 84%. Change to quality of lessons to make them unmissable for students is key. Additionally, practical aspects on timetabling to recognise students' needs in caring working etc. must be considered. Governors asked if lessons can be recorded for those who can't attend – this is one possibility, but the College wants to draw learners into active learning. Richard Davidson said attendance is an issue in workplaces not just educational settings. There needs to be firm understanding that it is part of the 'deal' and it is possible that online learning can put barriers of IT or distance between learners and teachers.

Alice King is presenting a twilight session on 'life skills, the here and now and what's planned for next year' for the Board on 9 July 2024.

Governors asked how technology is being used for apprenticeships and teaching and learning? There is a digital academy and some staff have engaged with it. Strategies and new staff are part of the Teaching and Learning strategy. Jon Selvage supports digital transformation with Mark Emerson and Penny Petch and work with coaches. There will be one coach assigned to each area to support 'working smarter' and to attend weekly meetings and Wednesday CPD suggestions.

The Board asked what feedback had been received from students as those who find traditional classroom learning often find online learning more accessible, but teachers may not be culturally as happy with this change. Debbie Garway said that this relates back to the constraints on DfE guidance on acceptable delivery methods. It might be expected that staff turnover will increase as some are not able to embrace change.

	<p>Mark Clarke, the new Maths and English manager has presented new ideas of Maths and English delivery to mitigate difficulties in recruiting Maths and English staff and will continue to look at different approaches.</p> <p>Governors asked how the Board might support the focus on improving attendance as the risk posed to achievement is too high. Given the position of Chelmsford against benchmarks, are managers challenged to ensure all the actions have been taken to engage and re-engage with the learners. The College is 125 in the league table of 200 colleges on attendance in the recent AoC report. Governors suggest that attendance should not be the sole remit of the SMT but owned by everyone. Attendance data by area should be published weekly with a reward for staff and students with the added agenda that those who are not performing will be highlighted. David Warnes has run a similar programme for sustainability with the prize being attendance at the Ninja Warrior.</p> <p>All Board members were invited to continue to engage with Debbie Garroway to share ideas on how to support and with any ideas.</p>	
7.	<p>Estates strategy There is one error on utilisation which will be corrected, and the report will be recirculated.</p> <ul style="list-style-type: none"> • Estates are mainly fit for purpose on both campuses • Occupancy for Moulsham Street, once corrected, will go up by 10% and will be rated Amber. • Utilisation was also looked at. • SWOT analysis on having one or two campuses led to eight options – the main option was to retain the status quo and improve the stock. • This would include zoning campuses with similar topics co-located which would cost £4.5m • The FEC team will receive a copy. <p>The Board welcomed the analysis of condition of the stock. Governors asked if this will be taken into account when the FEC makes its recommendation on a SPA in January 2024. The efficiency audit will be taken into account.</p> <p>Richard Davidson said he had strong views</p> <ul style="list-style-type: none"> • This report was of inadequate quality from a consultant and as a professional he would be upset if he received it. • The sustainability strategy has not been taken account of • A three-year window is too short • A 10-to-15-year strategy to find grants, spread the costs and find long term solutions would be more useful • There is nothing about insulation to save energy and make classrooms useful. • The programme to have one day to review tenders is not compliant with current construction standards. <p>If the College is to expend money, it must incorporate plans for sustainability and other College priorities.</p> <p>The College is getting a decarbonisation plan to sit along Salix which should be integrated into this plan.</p>	

	<p>A governor was in total agreement and commented that there is no flexibility for expansion should it be required. Another added that they were shocked that catering was forecast to grow in space.</p> <p>ACTION: RD and DH will work together to draft questions and points to take back to PMC</p> <p>The Board accepted the data and the analysis and recognised that it needs an Estates Strategy. However, it asked that the elements outlined be fed back to PMC.</p> <p>ACTION: A request for the key for the document to be made clearer will be fed back.</p>	
CONSENT AGENDA – RECOMMENDATIONS FROM COMMITTEES		
8.	<p>Committee minutes</p> <ol style="list-style-type: none"> i. Extraordinary Search – 14 May 2024 ii. Quality and learners’ committee – 21 May 2024 <ul style="list-style-type: none"> • Thanks to the whole team for the Ofsted outcome – all staff including support and teachers. • Teaching and learning – 29% unqualified staff will be an area of focus. • Flag to governors you may be asked to use your networks to support the College. • Array of suggestions were made and the Committee looks forward to seeing how these are implemented. iii. PSR – 11 June 2024 iv. Audit – 25 June 2024 This was covered under the item in risk. v. External auditor – quote from RSM for £110k inc VAT and a quote from MacIntyre Hudson for £66k and Audit C recommend the appointment of MHA for a period of a year initially. 	
9.	<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> <p>AGREED: THE BOARD AGREED THE FOLLOWING DOCUMENTS RECOMMENDED BY THE COMMITTEES:</p> <p>SGR Committee:</p> <ol style="list-style-type: none"> i. Standing orders for the Board ii. Calendar for Board and Committee dates 2024-25 <p>Quality and Learners’ Committee:</p> <p>No recommendations</p> <p>PSR Committee:</p> <ol style="list-style-type: none"> iii. Staff code of conduct and ethics iv. Workforce Strategy v. Indicative budget 24/25 vi. Fees policy vii. Subcontracting plan 2024/25 <p>Audit Committee</p> <ol style="list-style-type: none"> viii. Business resilience policy for one year and will be road tested. ix. External auditor appointment – 	

	AGREED: MHA to be appointed for one year to 31 July 2024 as the external auditor	
10.	<p>Any other business</p> <p>Amanda Montague noted that this was the last meeting of the year and that it had been incredibly successful for the College. She recognised that this was a result of the huge efforts and combined expertise of the management team, College staff and the Board members. Recognition must be given to the students who make the College the vibrant and successful place that it is. She thanked everyone and wished all an excellent, well-earned break.</p>	
11.	<p>Date of Next Meeting</p> <p>The next Board meeting will be held on 20 September 2024.</p> <p>The meeting closed at 16.15</p> <p><i>External Board members joined a confidential Part B meeting.</i></p> <p><i>College colleagues withdrew.</i></p>	
	Part B – confidential items	
12.	<p>Confidential minutes of the Board 22 March 2024 –</p> <p>AGREED: THE BOARD AGREED THE CONFIDENTIAL MINUTES OF THE BOARD MEETING HELD ON 22 MARCH 2024.</p>	
13.	<p>Remuneration report from Search, Governance and Remuneration Committee</p> <p>Targets for 2024/25 for Debbie Garroway, Deputy Principal Curriculum and Quality and Debs Hurst, Deputy Principal Finance and Corporate Services</p> <p>AGREED: THE BOARD AGREED THE TARGETS FOR THE SENIOR POST HOLDERS, DEBBIE GARROWAY, DEPUTY PRINCIPAL CURRICULUM AND QUALITY AND DEBS HURST, DEPUTY PRINCIPAL FINANCE AND CORPORATE SERVICES FOR 2024/25</p> <p>David Warnes' targets have been reviewed by Amanda Montague with him and these will be circulated.</p> <p>The meeting closed at 16.25</p>	