

Further Education Corporation

Meeting of the Board of Governors

MINUTES OF THE PART A (NON-CONFIDENTIAL) MEETING

Date	Monday 28th March 2022
Time	17.45: Pre-Board briefing: Institute of Technology update 18.00: Board of Governors meeting
Location	Basildon Town Centre/ Microsoft Teams
Present (Governors):	Elizabeth Sipiery (Chair) * Angela O'Donoghue CBE (Principal and CE)
*Attendance via TEAMS	Gerry Bender Lee Freeman Dr Rod Gray * Nikki Hill (Staff Governor) * Jo McGee (Staff Governor) * Rick Oliver Louise Parr-Morley * Andy Ray * Sue Saxton Sarah Stone Gwynn Williams (Vice Chair) - Chair of the meeting.
In attendance	Brad Brooks (Assistant Principal Student Services) Adam Fahey (Vice Principal Curriculum) Nicky Kelly (Assistant Principal Curriculum Operations) Anthony McGarel (Deputy Principal and CE) Jayne Sheehan (Vice Principal Curriculum) Steve Smith (Vice Principal Corporate Resources) Matt Twitchett (Director of Performance and Standards) Melissa Drayson (Clerk to the Corporation).
Apologies for absence	Roland Anderson
Quorum (8)	The meeting was quorate throughout

Item	Action lead
<p>Pre-Board briefing: The Institute of Technology update <i>Presentation by Angela O'Donoghue</i></p> <p>Following the initial briefing to the December Board meeting, governors received an update on the purpose of the IOT, which also highlighted the responsibilities of the SEC Board, the structure and the framework of agreements that would determine where liability would reside.</p>	

South Essex College would be the lead partner. Following completion of the pre-award process, SEC would hold the IOT licence from the DfE for an initial period of 5 years, and sign off the key KPIs and capital funding agreement.

As lead partner, the college would manage the capital funding on behalf of the IOT in an escrow account, and would be responsible for reporting KPIs from the various partners. Overall, £13m was being provided for capital, mainly for refurbishment, with the only new build being at Plumpton College for Veterinary Nursing facilities. Individual partners were working directly with the DfE on their capital requirements and would invoice SEC for their share. SEC's time for administering the capital funding would be charged back to partners. It was confirmed that, once distributed, SEC would have no liability for any capital expenditure other than its own.

Back-to-back legal agreements would be put in place between SEC and other college and HE partners, to include:

- Payment of the central costs of the IOT
- Planned curriculum delivery in order to meet the KPIs
- The commitment of time to attend meetings and develop curriculum jointly
- Supporting employers through action research

There was discussion of the preferred legal structure to oversee the IOT. Although the DfE required early IOTs to set up limited companies, this was no longer the case. In common with other Phase 2 IOTs, there was no plan to set up a company, although this would be kept under review once the IOT grew and developed an identity of its own.

An IOT Board would be set up to provide oversight and challenge. This would include a representative from each partner college, university and employer partner. At least one SEC governor would sit on the Board and the Deputy CE and VP Corporate Services would be closely involved

Governors asked a range of questions including what would happen if one of the partner providers failed to meet their KPIs or dropped out. It was confirmed that the IOT would survive, but there would need to be a renegotiation with the DfE. SEC, as holder of the licence, would play a lead role in the decision to include new partners.

Governors agreed that the Board needed oversight of the College's curriculum commitments and the associated budget. It was confirmed that the plan was to start small and grow and that all delivery would be built into the College curriculum plan. An internal working group had been set up to take forward the curriculum plan.

In response to questions, the element of the capital budget that was coming to the college was confirmed. It was reported that any inflationary or other costs above that would need to be covered by the college, although there would be scope to make savings. Assurance was given that capital income and expenditure would be ringfenced to protect cash, EBITDA and bank covenants.

There was discussion of appropriate governance oversight by SEC Board and Committees. The Corporation would receive periodic reports

and make key decisions, and oversight would be shared between the Curriculum and Quality Committee and Policy and Resources Committee.

The Board noted the need to nominate a governor to sit on the IOT Board. Governors were asked to let the Clerk know if they were interested.

AGREED:

- i. **Expressions of interest from governors in sitting on the IOT Board to be made the Clerk**
- ii. **IOT capital budget and plan to be brought to Policy and Resources Committee at appropriate time;**
- iii. **IOT curriculum plan to be brought to the Curriculum and Quality Committee at the appropriate time;**
- iv. **All IOT agreements to be signed off by the Corporation as required.**

1 Preliminary items

1.2 Apologies for absence and declarations of interest.

Apologies were noted from Roland Anderson.

The Clerk reported that Anthony Murray (FE Student Governor) had now stood down due to pressures of work. A presentation on the Student Governor role would be given at the Learner Voice Conference on 27th April to encourage interest in the position. All governors had been invited to attend this event.

There were no new declarations of interest and previously declared interests were carried forward. The Chair gave a confidential update in relation to one of her other directorships.

1.3 Urgent other business notified in advance

The Chair had indicated that she would like to raise a matter of confidential other business, to be discussed under item 12.ii

The Principal and Chief Executive raised a further item of confidential other business relating to the recent External Quality Review.

2. Minutes of previous meetings

There were two minor changes to the membership list. Subject to this it was **RESOLVED**

- i. **That the Minutes of the Corporation Board on 13 December 2021 be APPROVED as an accurate record**
- ii. **That the Minutes of the Corporation Board on 24 January 2022 be APPROVED as an accurate record**
- iii. **That the Notes of Board Development Day on 24 January 2022 be RECEIVED**
- iv. **That the Minutes of the Special Board meeting on 7th February 2022 be APPROVED**

3. **Matters arising from previous meetings**

Supporting paper by the Clerk

Progress against actions was noted, including actions completed, those for report at the meeting and those that were ongoing. There were no outstanding actions. Updates were provided on the following

- Staff pay and reward proposals (24 January): Proposals were still in development, with consultation planned with a staff focus group and the unions, and would now be brought back in 2022-23. It was agreed that the proposals discussed at the January Away Day would not be taken forward. The impact of the increased cost of living on staff recruitment and retention was highlighted and an update provided on the AOCs negotiations on the recommended pay award. There was recognition of the growing gap between FE pay and other parts of the education sector. It was agreed that representations should be made to government on the matter.
- Cost benchmarking (7 February). The Chair of P&RC had raised this action with the Head of Essex Shared Services. A review of contracts was planned, through which best value would be identified and a procurement plan developed to target savings. In-year cost savings would be discussed under item 5.

It was agreed that significant updates on previous discussions might be contained within a Principal/CE report at future meetings.

AGREED: A P/CE Report to be added to future Board agendas as a standing item.

**Clerk/
PCE**

4. **Strategic KPI report**

Supporting paper by the Principal and Chief Executive

The report focused specifically on quality KPIs. The full set of KPIs would be reviewed and brought to the July Board meeting as part of the PCE's report.

A key issue was that targets for student retention, attendance and achievement had been set at the beginning of the year when the full impact of the pandemic on young people and their attitude to learning was not known.

Attendance was variable, with some areas holding up and others, particularly English and Maths, significantly adrift from the target. Overall, vocational attendance was 3-4% lower than target. A supportive approach was being taken to motivate students and address barriers to attendance. Governors who had attended departmental reviews testified to this approach. It would not, however, be possible to close the gap to achieve the 90% target. Governors asked how the college compared to other institutions. There was no national or regional data, but it was known that the percentage of children missing from secondary education in the area was around 10%. In response to further questions, it was confirmed that the delivery model for Maths and English was being reviewed to facilitate better attendance.

Governor recognised that, whilst it was important to be ambitious, targets should not be over-optimistic as non-achievement could be demotivating for staff who were already under considerable pressure.

With regard to student withdrawals, governors asked whether reasons for leaving were evaluated. For example, a move into employment could be seen as a measure of success.

There was discussion of the use of the DfE Tuition Fund. This was specifically targeted at re-engagement of learners after the pandemic. Ofsted and the DfE would require evidence of return on investment in terms of impact.

ACTION: Full set of updated KPIs to be brought to the July meeting for discussion and adoption for 2022-23

PCE

5. Curriculum, Quality and Learner Experience

5.1 Report & Recommendations of the Curriculum and Quality Committee on 7th March 2022

Supporting paper and Minutes of the meeting

The Chair of CQC reported on headlines from the Committee meeting, and thanked staff for the openness with which they had brought issues to the Committee's attention. There were no recommendations for approval.

- Engineering and Construction was showing improvement in some areas and staff commitment was high. However, there remained pockets of inconsistency. The Principal provided an update on actions to strengthen the management structure of the department.
- There was support for the need for an external review of destinations in order to gain comprehensive and accurate data.
- Higher Education access, particularly by Black and Minority Ethnic students, was patchy. The link between the need for HE curriculum review and widening participation was acknowledged.
- The Committee had received a presentation on the development of the Logistics curriculum, particularly adult apprenticeships. It was also recognised that there was a risk attached to relying on a small number of large employers, and action was underway to diversify provision.
- A meeting would be taking place before the May meeting with members of SLT to ensure that the college self-assessment cycle synchronised with the Committee cycle, and gave governors an earlier opportunity to input into the SAR.

6. Finance and Resources

6.1 Report & recommendations from Policy and Resources Committee (P&RC) on 7th February and 14th March 2022

The Chair of P&RC presented headlines from the two meetings:

- The HR reports had identified staff turnover, recruitment and vacancies as key risks. This was a national problem, with low pay as a key contributor.
- The student number allocation for 22-23 included a decline in 16-18 funding by 108 students.
- There had been significant discussion at both meetings of the current financial position and future forecasting. There was over-riding concern that, with the challenges ahead, the cash position and covenants would be at risk.
- A separate budget meeting was scheduled for 23 May to test the underpinning budget assumptions, including the curriculum plan. The Curriculum and Quality Committee would give detailed scrutiny of the curriculum plan at its meeting on 9th May. All governors were invited to attend this meeting.
- The P&RC would review the April CFFR return at its meeting on 25th April. All governors would be invited for this item to ensure whole Board oversight.

Governors commented on the drift from the January forecast. The need to improve the accuracy of forecasting was reiterated.

Concern was also expressed about some of the balance sheet figures, especially the recent shift from net current assets to net current liabilities. The DPCE had been asked to look into the reasons for this and report back. The action for the Chairs of P&RC and the Audit and Risk Committee (ARC) to develop a set of balance sheet KPIs was noted.

Management sought the Board's steer on the treatment of in-year variances to the forecast, using the example of the grant for the HGV Bootcamp. Governors advised that the variances should be shown against the original budget, rather than the budget adjusted.

There was discussion about the appropriate governance of the approval of in-year bids and linked expenditure. This would be reviewed to ensure that the Executive had appropriate delegated authority to apply for bids.

ACTION: Schemes of delegation within the Financial Regulations to be checked to ensure appropriate levels of decision making authority in relation to funding bids. **DPCE**

6.2 February Management Accounts

Supporting paper presented by the DPCE

Key headlines from the executive summary were discussed, including:

- The operating surplus looked strong as it included additional capital income from Nethermayne. Once this was taken out, the surplus would be on target;
- Depreciation was responsible for some of the variance on income and expenditure. The remainder was made up of a number of smaller variances

- The biggest income risks were apprenticeships and Adult Education Budget. The latter would be mitigated through subcontracting.
- The Financial Grade remained unchanged.
- Bank covenants were on track to be met, although cash headroom between March and June was lower. This was being managed through creditor management and chasing debtors. Governors commented that creditor management should only be short-term.
- In response to governor challenge, it was confirmed that most of the 90+ day debt related to student finance and adult learner loans and was a timing issue. Bad debt was being pursued through the debt collection agency. It was confirmed that the level of bad debt provision was reviewed annually with the auditors.

Governors reiterated their concern about the shifts on the balance sheet in terms of Net Current Liabilities and current ratio. Management confirmed that the high trade debtor figures reflected the movement of Nethermayne cash. The Board required greater transparency over elements of capital expenditure not covered by Nethermayne, along with an action plan relating to managing this expenditure. Further discussion of this took place under item 4.4, Capital Projects and Estates update.

6.3 Subcontracting Contract

Supporting paper by the Vice Principal, Curriculum and Growth

A proposal was made to increase the value of AEB subcontracting with the approved provider from that sought from the Board at the Special Meeting on 7th February. It was explained that, since then, adult learners had not enrolled to study online and planned provision to large companies had not come to fruition.

Governors challenged the executive on whether the full contract value would be delivered by the end of the year.

It was noted that steps were also being taken to maximise the funding claim for Additional Learner Support for adults.

RESOLVED:

- (i) **That the proposal that the value of Adult Education Budget funded subcontracted provision be APPROVED.**
- (ii) **That the authority to approve and sign the contract be delegated to the Principal and Chief Executive.**

6.4 Capital Projects and Estates Strategy Update

The Board noted the updated Estates Strategy and progress report. This included plans to serve notice on Princess Caroline House, and potential associated cost savings.

The capital projects schedule had been evaluated to identify elements that might be cancelled or delayed in order to manage cashflow over the remainder of the year, and into 2022-23. Both the underground carpark and Queens Road works would risk additional cost to delaying. There was, however, potential to delay the replacement of the remaining gas heaters with air handling units. Although there would be a cost to running the remaining gas heaters, the impact on students would be minimal.

It was requested that, at the April Policy and Resources Committee meeting and May Budgeting meeting, capital decisions were reflected in the context of the three year financial plan, with Nethermayne funded projects separated out from self-funded projects. **ACTION**

In order for governors to fully consider the options and proposals set out for postponing elements of the capital project, it was

AGREED: That an options appraisal paper would be circulated to governors, seeking approval of the proposal to postpone work on the air-handling unit replacement by Written Resolution. **VPCS/ Clerk**

7. Audit and Risk

7.1 Report and Recommendations from the ARC on 21st March

As the meeting had taken place the previous week, the minutes had not been available for circulation. The Chair summarised the key areas of discussion, including:

- The risk register was much improved, but more work was requested to tighten up actions and set clear target deadlines. The risk relating to Ofsted would be developed further in the light of the external quality review
- The internal audit plan was on track, but it was agreed to move the funding audit to early Autumn to provide necessary assurance to External Auditors. Audit reports were received on High Needs Funding (significant assurance), Student Attendance, Retention and Progress (significant assurance)
- The Infrastructure and Cyber Security Audit found the college framework to be robust and well-enforced and resulted in one Medium level recommendation relating to the creation of a Third-Party user policy. Cyber Essential Plus would become a condition of funding next year. The loss of key, long-standing IT management staff was flagged as a risk.
- In addition, the College had commissioned a cyber security penetration test. The Committee was assured that management was taking a transparent and independent approach to testing systems.
- There had been no cases of Whistleblowing or alleged or suspected fraud since the previous meeting.
- A review of auditor performance had confirmed that both the internal and external auditors had performed well.
- An action had been agreed to review the Committee workplan for the year and produce a parallel committee assurance mechanism to inform the annual assurance opinion on Risk, Internal Control and Corporate Governance. A sub group would be meeting to bring proposals to June Committee meeting.
- The Committee had also asked for shorter papers highlighting key issues.

4.2 Risk Register and Dartboard

The risk register was agreed to be much improved, but more work was requested to tighten up actions and set clear target deadlines. The risk relating to Ofsted would be developed further in the light of the external

quality review. Management were also asked to consider an efficient way to integrate capital project risk within the main risk register.

8. Search and Governance Committee – report and recommendations from the meeting on 7th February 2022
Supporting paper and minutes presented by the Chair of SGC

Governors noted the key themes from the meeting, including:

- The proposal to commission an external governance review early in 2022-23, in accordance with the requirements of the new Education and Skills Act;
- The recommendation of the Governance Priorities and KPIs for the year

There was a query about why a KPI of 90% had been proposed for completion of mandatory training. This was due to issues experienced by some governors accessing the online modules during the pandemic.

The question was raised when the Board would begin the process of reviewing the current strategic plan, which was due to expire in 2023. The Principal reported that she planned to bring a RAG rated report against the current action plan to the next meeting. There would also be space for strategic conversations at the June Away Day.

9. Evaluation of the meeting

Governors were invited to submit feedback on the meeting to the Clerk via email.

10. Other Business

The Chair announced that, with regret, she planned to stand down from the Board at the end of the academic year due to the pressure of work.

There was support for the proposal to engage external recruitment consultants to run the process to appoint a successor. The Principal reported that she had approached Peridot, as market leaders, for advice on cost and timeline. In order to build in time for a handover, the search would need to commence within the next month.

A Search and Governance Committee meeting would be convened as soon as possible to progress and oversee the process.

Items of other business were recorded in a confidential minutes due to commercial and personal sensitivity.

11. Dates of future meetings 2021-22

- Monday 6 June 2022 – Board Development Day
- Monday 11 July

The meeting closed at 20.45

Signed (Chair)
Date