



CORPORATION

**FINAL SIGNED Minutes of the Meeting held on Tuesday 5 December 2017
at 5.00pm**

in the Function Room, Peakman Building, Redditch

Present

Governors:	Neill Bucktin	Chair
	David Ash	
	Steve Bolton	
	Kevin Gaffney	
	Peter Heath	
	Fiona Hellowell	
	Lucy Hodgson	
	Stuart Laverick	Principal
	Paul McCunn	
	Denis Miles	Vice Chair
	Debbie Morris	
	Robert Pearce	
	Susannah Twigg	
In Attendance:	Kelvin Nash	Vice Principal, Curriculum and Quality
	Nicki Williams	Vice Principal, Corporate and Resources
	Cherie Clements	Director, Finance
	Peter Robinson	Assistant Principal Higher Education & Standards
	Sue Frost	Clerk to the Corporation

Action

26.1 Apologies and Appointments

- i) Apologies were received from Vikki Greenfield and Gary Woodman. Lucy Hodgson was expected.
- ii) The Clerk to the Corporation confirmed that Human Resources had reported that Susannah Twigg's DBS certificate was satisfactory. The Corporation **APPOINTED** Susannah Twigg as the nominated and elected Student Governor for Redditch and Bromsgrove for the year to 31 July 2018 and welcomed her to the Corporation
- iii) The Corporation **ACCEPTED** the resignations of Karen Lowe, with effect from 10 November 2017 and Angela Snow, with effect from 14 November 2017. Cards had been signed to record the Corporation's thanks for their valuable contributions.

26.2 Declarations of Interest

- i) Members were asked to declare any Interests, financial or otherwise, which they may have in any Agenda Item and Paul McCunn declared that his wife is a College employee. Other Members confirmed that they had no interests to

declare.

26.3 Minutes of the Last Meeting

- i) The Corporation **APPROVED** the Minutes of the meeting held on 10 October 2017 as a true record for signature by the Chair.
- ii) The Corporation **APPROVED** the Notes of the Corporation Away Event held on 24 -25 November 2017 as a true record for signature by the Chair.

26.4 Matters Arising

- i) The Corporation reviewed the two Action Points reports and noted progress. With regard to the main pack, 12 points should be completed by the end of the meeting, 5 carry forward to next meeting and Members agreed that the 5 from the June Workshop had been addressed or would carry forward as part of the Away Event Matters Arising. With regard to the Notes from the Away Event, 1 point had been addressed, 9 would carry forward to next meeting. The Vice Principal, Curriculum and Quality confirmed that responses to the issues raised in the Student Focus Groups would be provided to the Corporation as well as to Students.
- ii) The Corporation **MONITORED** action taken and remaining to be taken in respect of Matters Arising from the Minutes of meetings and the Notes of the Corporation Away Event.

VPCQ/
CC

26.5 Determination of Any Other Urgent Business

- i) There was no other urgent business.

26.6 PRINCIPAL'S REPORT

i) Principal's Update for Governors

ii) Letter from Peter Lauener, Education and Skills Funding Agency

The Principal's report was a commentary on the letter from Peter Lauener, Chief Executive and Accounting Officer Education and Skills Funding Agency and included responses to the questions asked. The questions and Principal's summary judgements were as follows:

- Governance and financial oversight: Does the board of governors have the skills, experience and knowledge to provide both support and challenge to the senior team? Outstanding.
- Forecasting: Is there sufficient realism in assumptions and forecasts when developing financial plans and setting budgets, and are these reassessed regularly? Good.
- Management accounts and KPIs: Are suitable management accounts being produced on a timely basis? Very Good.
- Financial records: Are adequate underlying records being maintained to demonstrate the regularity and propriety of spending decisions? Very Good.
- Internal controls: Do you have effective internal controls, which ensure that spending is kept in check? Outstanding.
- Cash management: Is cash flow forecasting and monitoring operating effectively, and on a rolling basis? Outstanding.
- Bank covenants: Are loan commitments being monitored thoroughly, for example to avoid breaches of covenants? Good.
- Commercial activities: Are the risks of entering into commercial activities being carefully assessed? The Blended Learning Consortium is a partnership under a Memorandum of Understanding.
- Data quality. Robust and Secure.

The Principal confirmed that the College had done all it could to be effective and secure value for the public purse and Governors supported the Principal's

assessment against the issues raised in the letter.

Members discussed the suggestion made that gross margin by course should be considered by Governors. Members felt that this was an inappropriate level of detail for Governor review and that the Corporation would continue to rely on College Managers and the work done by Internal Auditors to verify the curriculum and course planning process as part of budget setting. One of the former Colleges had received a report on gross margin by curriculum area and Members agreed that a report should be produced on this basis for monitoring by the Audit Committee.

VPCR/
CC

Lucy Hodgson joined the meeting at this point

iii) FE Commissioner Visit

The FE Commissioner team had visited the College from 20 - 21 November 2017. The formal report was yet to arrive, but the College expected to receive the highest of the three possible outcomes: "1. Full endorsement of our approach (meaning that the College has robust plans in place and SLT and Governors have the capacity to deliver)". Positive verbal feedback was reported on Governance, Finance and Audit, Estate and Curriculum and Quality. There were no significant recommendations. The Vice Principal, Curriculum and Quality thanked the three Governors who been interviewed by the Commissioners.

The Corporation **RECEIVED** the feedback from the FE Commissioner team visit to the College on 20 -21 November 2017.

iv) Curriculum and Quality Key Performance Indicators

The Vice Principal, Curriculum and Quality presented early statistics from November 2017, after the probationary period but before the Individualised Learner Record (ILR) R04 validation. The data included RAG rated indicators for Retention (2 green), Attendance (4 amber) and Lesson Observations (green). Maths and English attendance would be added to the next report. Attendance was slightly lower than in the comparative report for the previous year and efforts continued to improve attendance through chasing and support.

Governors challenged the Vice Principal, Curriculum and Quality, asking:

- How did attendance compare with national averages? There were no benchmark national figures for attendance. Grimsby Institute was understood to have had 89% attendance when judged Outstanding.
- Should Governors worry that 23% of lessons observed were graded 3 or 4? No, this showed that the approach was robust, but at this time of year observation was aimed at riskier areas in order to provide early support so would not be representative. Staff with grades 3 and 4 were supported to improve and reobserved. The College expected all staff to aim for Grades 1 and 2.
- What external validation had taken place of lesson observations? Russell Jordan HMI had reviewed as part of his Support and Challenge work and there had been some joint working with Stratford upon Avon College and with Wolverhampton College.

v) Financial Key Performance Indicators

The Director, Finance presented data for the period to 31 October 2017, including RAG rated indicators for financial outturn (2 amber), financial health (1 green, 2 amber) and bank covenants (1 green, 1 amber) and an actual against budget operating surplus analysis and cash forecast for 2017/18. The figures were based on very early data as ILR R04 data was due to be submitted in early

December. The current projection for the year end was a £150k deficit against a budgeted £36k surplus with good financial health. It was early in the year and a prudent approach had been adopted, for example High Needs funding should increase but was not yet confirmed. Both bank covenants had been met in October but discussion would take place with Nat West once the Financial Statements were finalised. Cash days in hand were at 130 and predicted to be 108 at the lowest point in July 2018.

The Corporation **RECEIVED** the Principal's Report and **MONITORED** progress against targets.

KEY STRATEGIC ITEM

26.7 Audit and Accounts

i) Audit Committee Minutes and Recommendations

The Audit Committee Chair reported on the Audit Committee meeting, confirming that the Minutes reflected the work done to support the accounts sign off. The Audit Committee Chair explained that the Audit Committee's Annual Report was a comprehensive record of the work done by the Audit Committee and the auditors over the year to provide assurance that the Corporation could approve the Financial Statements. It would be signed by the Chair of the Audit Committee. The Audit Findings Report was very clean, with an unqualified opinion proposed for the accounts and the Internal Auditors Annual Report reflected the "green" opinions from the audit visits. The Audit Committee's work on risk had included a presentation on Apprenticeships.

The Corporation **RECEIVED** the Minutes of the Audit Committee meeting on 21 November 2017, noting the Audit Committee's advice.

Audit Committee Recommendations

On the recommendation of the Audit Committee:

- ii)** The Corporation **APPROVED** changes to the Audit Committee Terms of Reference which would be updated on the website and Governor portal. **CC**
- iii)** The Corporation **RECEIVED** the Audit Committee's Report to the Corporation for the year ended 31 July 2017.
- iv)** The Corporation **APPROVED** the Financial Statements Auditor's Audit Findings Report and Audit Representation Letter.
- v)** The Corporation **APPROVED** the Internal Audit Annual Report 2016/17 from RSM.
- vi)** The Corporation **APPROVED** the Risk Management Annual Report 2016/17.
- vii)** The Corporation **APPROVED** the Risk Management Plan 2017/18.
- viii)** With regard to the Strategic Risk Register summary, a Governor asked whether staff had been trained to deal with "Risk of severe adverse publicity". The Vice Principal, Corporate and Resources confirmed that there was a Communication Strategy in the College and that all press enquiries would be directed to the Principal's Office or the Head of Marketing. A Governor noted that overall seven risks had been reduced giving a better overall profile. A Governor suggested that the summary page would be a good reminder of risks before Inspection. **CC**
- ix)** The Corporation **APPROVED** the Autumn Term 2017 Strategic Risk Register. With regard to the Procurement Report, a Governor asked why the report did not refer to the European Procurement Regulations or Public Procurement Regulations. The Director, Finance confirmed that these details were included in the Financial Procedures and that the two large tenders for the year were issued under the European Procurement Regulations. The Corporation **MONITORED** the Procurement Report for 2016/17.
- x)** The Corporation **APPROVED** changes to Appendix 10 of the Emergency Management and Business Continuity Plan (Prince's Trust) (See full copy in

Supporting Papers)

- xi) The Corporation thanked the Audit Committee for its work over the year.

26.8 Report and Financial Statements

- i) The College had generated a deficit before other gains and losses in the year of £2.981m (2015/16 – £1.569m deficit). The Director, Finance reminded Members that this included an exceptional one off interest charge in relation to the in year loan repayment and break charge incurred and a further charge following the review and audit of a previous subcontractor relating to 2012/13 and 2013/14 and was also after pension adjustments. Total comprehensive income for the year was £3.231m (2015/16 - (£7.658m)) A Governor asked why the Corporation table had been amended to reflect changes in Governors after the year end and the Vice Principal, Corporate and Resources stated that the accounts had to reflect changes up to the date of signing. A Governor asked why catering income had increased and the Director, Finance stated that this resulted from catering being brought in house.

The Corporation **APPROVED** the College Financial Statements for the year ended 31 July 2017 as recommended by the Audit Committee.

The Corporation thanked the Director, Finance and Finance Office staff for their good work in producing an excellent set of accounts which had drawn so little comment from the Financial Statements Auditors.

ii) Teachers' Pension Statement

The Director, Finance explained that the Teachers' Pension Statement had been delayed and was not available for the Audit Committee. It had been submitted to meet the 30 November 2017 deadline. The data collection method was changing for future years which should be more efficient.

The Corporation **NOTED** the Teachers' Pension Statement from Grant Thornton.

26.9 Subsidiary Company Financial Statements

- i) The Corporation **NOTED** that Molinna Limited and NEWCEL had not traded during the year. Molinna Limited and NEWCEL had held their Annual General Meetings earlier in the day and the Financial Statements for the year ended 31 July 2017 (noted by the Audit Committee) were approved by the Directors and were available on the Governor Portal.

26.10 Student Union Annual Report

- i) The Vice Principal, Corporate and Resources presented the Student Union report which summarised included Aims and Objectives of the Student Union, Executive Members, activities, charity fundraising, Campaign weeks societies, awards, handover, NUS card sales and elections.

The Corporation **APPROVED** the Student Union Annual Report for the year ended 31 July 2017

- ii) The Vice Principal, Corporate and Resources confirmed that the income reflected the late receipt of an NUS payment from 2015/16.

The Corporation **APPROVED** the Student Union Financial Statements for the year ended 31 July 2017 as recommended by the Audit Committee.

26.11 Engineering Development

i) Estates Task and Finish Group

The Estates Task and Finish Group Chair reported that an urgent meeting had been convened at the Principal's request to consider the possibility of acquiring a building for Phase 1 of a three phase Engineering development. After the meeting, which had supported further investigation with a view to reporting to the Corporation and progressing the opportunity, the building was withdrawn from sale. The presentation at the Away Event on the Capital Implications of the Strategic Plan had laid the foundations for an Estates Strategy which the Estates Task and Finish Group would consider in 2018.

**P/VPCR
/CC**

The Corporation:

- **RECEIVED** the Notes of the Estates Task and Finish Group meeting held on 13 November 2017.
- **NOTED** that due to a change of circumstances some of the Estates Task and Finish Group recommendations were no longer relevant.
- **AGREED** that the Governance and Search Committee should consider new Terms of Reference to turn the Estates Task and Finish Group into a standing Estates Group.

**G&SC/
CC**

TEACHING LEARNING AND ASSESSMENT

26.12 Self Assessment Report

i) The Vice Principal, Curriculum and Quality sought approval for the final draft College Self-Assessment Report (SAR) for 2016/17. A further change was reported, as the Assistant Principal, HE, Standards and Professional was refining the wording to pages 6 – 8 to include more evidence of outcomes and impact as proposed in the Solihull College approach and by the FE Commissioners. Several Corporation Members had attended the formal SAR validation event on October 20 2017 under the Governor Insight Scheme, where the individual aspects of the SAR and grading were presented and looked at in depth. The Grade profile was Grade 2, Good, with the exception of provision for High Needs students which was graded 1, Outstanding.

ii) The Corporation discussed the timetable for the production of the SAR with management. This had begun in March 2017 with course and programme meetings, feeding up into SAR reporting areas with a first draft considered by the Corporation on 10 October 2017. The validation meetings were to test the validity of the initial proposed grades with the SAR open to change as a result. Governor comments on the Governor Insight Scheme feedback forms were available to the Vice Principal, Curriculum and Quality and Assistant Principal, HE, Standards and Professional and were noted and responded to with amendment to the SAR if appropriate. Members understood that the process had to begin early in order to ensure that the College Improvement Plan was in place early in the year and accepted the iterative process of creation of the SAR.

iii) The Corporation **APPROVED** the final Self Assessment Report, including further changes proposed to pages 6 – 8.

iv) In a related conversation, Governors thanked the Vice Principal, Curriculum and Quality for his Ofsted session at the Away Event. Governors felt it would be helpful to repeat this in 2018.

**VPCQ/
CC**

26.13 Strategic Planning

i) Strategic Plan

The Vice Principal, Curriculum and Quality explained that the strategic plan approved on 10 October 2017 had now been split into annual milestones. Progress against these would be reviewed periodically by management and

reported to the Corporation at the half year as a minimum. Governors requested that an update be provided early in 2018.

VPCQ

The Corporation **NOTED** the detailed objectives for 2017/18 – 2019/20.

ii) Statement of Strategic Intent

The Principal proposed replacing the “Our Vision” section in the previous leaflet style with the top ten strategic priorities which he felt were already in the public domain. The Clerk to the Corporation explained that the pack contained three versions of the leaflet, two with text corrections and a third with the new marketing layout but without text corrections. Members were in general agreement that the Top Ten strategic priorities should be included and the new marketing layout used but with textual corrections.

The Principal intended to launch the new Mission Statement in 2018 in time for use in publicity for 2018/19. **P**

The Corporation **APPROVED** the Statement of Strategic Intent **SUBJECT TO** approval of the final version by the Corporation Chair and Vice Chair and the Principal. **Chair/
V Chair/
P**

25.14 Quality Group

i) The Corporation **RECEIVED** the Notes of the Quality Group meeting held on 2 November 2017, verbally reported on 7 November 2017. Members were reminded that they were all invited to attend Quality Group meetings which were a good way to triangulate information received in other meetings or on Governor Insight Scheme visits.

26.15 External Partnerships

i) Subcontracting

The papers included a report on the financial performance of each subcontracted partner against their Maximum Contract Value (MCV), set at the beginning of each contract year. Partners paid their management fees against their contracted MCV, and not against their actual performance. Governors were reminded that the apprenticeship funding system changed fundamentally in 2016/17 with the Apprenticeship Levy and other measures leading to in-year changes to contracting models. Overall, subcontracted partners achieved 83% of their contracted Maximum Contract Values.

The performance of each subcontracted partner in respect of apprenticeship achievement rates (previously called success rates) was shown for “overall achievement” (the percentage of learners achieving, measured against Those due to achieve in that year) and “timely achievement” (the percentage of learners achieving before or within 90 days of their planned achievement date), based on internal PICS data only. The overall achievement rate for all partners was 68.7% (prior year 70.5%) and the timely achievement rate was 60.7% (prior year 65.6%). Performance had been affected by two partners coming into scope for the first time with underperformance (one had had new starts rescinded, the other was under review).

The papers included a list of final subcontracting contracts issued for 2017/18 with their MCVs, totalling £3,774k. Governors noted that this represented a substantial reduction from the previous year, affecting income and fees as a result of the introduction of the Apprenticeship Levy. The Director, Finance confirmed that this was anticipated and included in the budget for 2017/18. Press reports indicated a 60% drop in Apprenticeship take up. Governors asked what the risks were if subcontractors exceeded their maximum contract

values and managers confirmed that this was at their own risk. Performance was discussed regularly and some change could be accommodated.

The Corporation:

- **MONITORED** partner performance/ quality outcomes for 2016/17
- **APPROVED** Final subcontracting contract Maximum Contract Values for 2017/18
- **NOTED** that the Quality Group was having a “Deep Dive” presentation on Apprenticeships on 18 January 2018 and all Governors were welcome. The Audit Committee was also having a presentation on 13 March 2018 and the Internal Auditors would look at the area as part of their plan.

Members

ii) **Employer Satisfaction Survey**

The papers included summary results from the Education and Skills Funding Agency (ESFA) conducted employer survey for 2016/17 with the results from 165 College employers. The college scores were in the main in line with those nationally for FE Colleges but lower than they had been in the previous year. The Principal stated that this was due to the Apprenticeship Levy changes which had destabilised the market and created a complex environment causing employer confusion.

The Corporation **MONITORED** Employer Satisfaction and **REQUESTED** that the Quality Group review the results in more detail. **CC**

26.16 **PEOPLE**

i) **Human Resource Report 2016/17**

The new format single comprehensive report covered Workforce profile; Workforce by age and gender; Flexible working requests; Apprentices; Staff recruitment; Performance management cases; Staff turnover; Staff sickness absence; Levels of sickness; Long term sickness absence; Carefirst (24 hour counselling service); Categories of sick absence and comparisons; Gender pay gap; College gender pay reporting; Gender pay gap benchmarking and Looking forward/next steps.

The Vice Principal, Corporate and Resources reported that the benchmarking data was more up to date and that the College was generally in line with or better than the sector and West Midlands averages as provided by the Association of Colleges (AoC). Governors discussed the Gender Pay Gap information, a legal requirement for publication by 31 March 2018. The Vice Principal, Corporate and Resources stated that there was no comparative information at present. The data was affected to some extent by the gender of the Principal, the highest earner in each College.

Governors challenged the Vice Principal, Corporate and Resources, asking:

- Was it possible to recalculate the Gender Pay Gap for internal use excluding the Principal’s salary in order to identify any underlying issues? Yes this could be done, for internal use only. **VPCR**
- Some detailed changes were requested: **VPCR**
 - On the cover, the Governor Equality and Diversity Champion felt that care was needed to ensure that photographic images used in publications was appropriately diverse
 - At 1.1 explain that Business Support Staff includes staff supporting teaching or providing training, EG “Business Support” staff includes....
 - At 3.1, clarify whether the 12 staff accommodated with flexible working requests was the total population requesting flexible working

- At 8.7, consider taking out figure in brackets in the table – the Vice Principal, Corporate and Resources stated that the approach was explained and that due to inconsistency in AoC's calculation methods it was better to retain both figures
- At 11.1, reduce the detail in the long term sickness absence table to total type and total department to ensure that no staff members could be identified.

The Corporation **MONITORED** staff turnover, sick absence data gender pay gap reporting and performance management.

26.17 Equality and Diversity

- i) The papers included Equality and Diversity Impact Measures (EDIM) Action Plans for 2016/17 and 2017/18/. The EDIM Action Plan was reviewed termly by the College Equality Group. Progress was reported against the actions for the previous year and the Assistant Principal, HE, Standards and Professional stated that the achievement gaps had in the main been reduced and that where this was not the case the EDIM was carried forwards. The Assistant Principal, HE, Standards and Professional explained each of the entries in the 2017/18 plan. Some of the small achievement gaps for ethnic groups would be reduced due to curriculum changes. Achievement gaps remained for full time male level 1 and 2 students and 19 plus part time students with a learning difficulty (although these learners did not always want support when offered it). In addition to seeking to address gaps across protected characteristics, the College had added a focus on young carers and 16 – 18 students living independently, although it was difficult to address these globally as circumstances were very individual.

The Corporation:

- **MONITORED** the Equality and Diversity Impact Measures (EDIMs) Action Plan for 2016/17
- **APPROVED** the Equality and Diversity Impact Measures Action Plan for 2017/18

FINANCE AND MANAGEMENT INFORMATION

26.18 Education and Skills Funding Agency (ESFA) Financial Health Review

- i) The papers included the ESFA Provider Risk Assurance Team's Financial Health Review and College Dashboard as well as the ESFA Intervention Team's Feedback on the Financial Plan. The dashboard and graphical information provided was correct and related to the College rather than its predecessor institutions. A Governor suggested this might be a handy aide memoire for circulation.

CC

The Corporation:

- **REVIEWED** the Education and Skills Funding Agency Provider Review and Assurance Team's Financial Plan and Financial Health Review and College Dashboard.
- **NOTED** the Education and Skills Funding Agency Intervention Team Feedback on the Heart of Worcestershire College Financial Plan 2017 to 2019.

26.19 Corporation Training Update

- i) The Clerk to the Corporation reported updated statistics and thanked Governors for watching the Health and Safety Briefing and updating to the ETF Prevent Certificates for Governors and Managers. Eight training slots were still RAG rated red or blue and three training slots had been booked in College for new Governors.

- ii) The Staff Governors reported back from the Conference on 1 December 2017. There had been an excellent keynote speech analysing the opportunities and threats posed by Brexit and breakout sessions on restructuring (some Colleges in difficulties and some proposed Area Review mergers not occurring) Apprenticeships (civil service problems noted) and the role of the Staff Governor (some Colleges not allowing the level of inclusion experienced at Heart of Worcestershire College.)
- iii) The Clerk to the Corporation and Director, Finance had attended a very informative General Data Protection Regulation training day, but it had not provided any specific guidance on the Governance aspects. The Clerk to the Corporation had requested this again from Eversheds-Sutherland.
- iv) The Corporation:
- **MONITORED** progress in updating core training
 - **RECEIVED** feedback from the Staff Governor Conference on 1 December 2017
 - **NOTED** that the Clerk to the Corporation had attended General Data Protection Regulation (GDPR) training on 4 December 2017
 - **NOTED** that David Ash would be attending AoC Midlands Region Training for Governors on 12 December 2017

26.20 **CONFIDENTIAL AUDIT ITEMS**

These items are recorded as Confidential Minutes 1 of 2.

26.21 **Any Other Urgent Business**

There was no other Urgent Business.

26.22 **Meeting Reflection**

- i) Members agreed to complete the Meeting Effectiveness Forms in order to **review** the meeting and **consider** Governor "impact".

26.23 **Date and Time of Next Meeting**

- i) Tuesday 6 February 2017, 5pm for 5.30pm, The Source, All Saints Building, Worcester

In accordance with the Corporation resolution under Instrument 13 of the Instrument and Articles of Government, the Staff and Student Governors left the meeting at this point

26.24 **RESTRICTED CONFIDENTIAL ITEMS**

- 25

These items are recorded as Confidential Minutes 2 of 2.

The meeting closed at 7.00pm

Signed:

Date:

Sue Frost
Clerk to the Corporation
6 December 2017