

5.3. **External Auditors Report to Audit and Compliance Committee**

CIC/19/6/4, External Auditors Report to Audit and Compliance Committee 31 July 2019, was received and presented by the External Auditor.

The Board's attention was drawn to the procedural recommendations arising from the audit. It was reported that the management response to the audit findings were satisfactory.

The pension scheme deficit has a significant impact each year. It was reported that the liability had increased again in 2018-19 as a result of a reduction in the discount rate, which has now fallen below the inflation rate. This has had a significant impact on the balance sheet, but is outside the control of the Board.

The Board APPROVED the Report to the Audit and Compliance Committee.

6. **Papers recommended by Audit and Compliance Committee**

6.1. **Internal Audit Annual Report 2018-19**

CIC/19/6/5, Internal Audit Annual report 2018-19, was received, considered and approved. The report summarised the findings of RSM over the course of the year. The Committee Chair reported that it had been a good year in terms of outcomes and the assurances issued to the Audit and Compliance Committee and there were no key concerns to bring to the attention of the Board.

6.2. **Audit and Compliance Committee Annual Report 2018-19**

CIC/19/6/6, Audit and Compliance Committee Annual Report to the Board and Chief Executive 2018-19, was received and considered. The Committee Chair reported that there was nothing of material concern to bring to the attention of the Board.

It was reported that the Internal Audit service was doing a good job but the College was not using this service as proactively as it could. It was suggested that an Internal Audit Partner is asked to attend a future meeting of the Board to talk about risks and horizon scanning and the common findings from across their client base in the FE sector. This was supported by the Board.

The Committee Chair reported that he had recently attended a seminar and conference delivered by RSM. There is an argument that the emphasis of this Committee should be more risk based rather than compliance, so that it is responding to the responsibilities of the Board for managing and monitoring risks and checking through the audit process that the controls in place are operating and fit for purpose. The Clerk has been asked to look at practice in the sector.

The Corporation Chair reported that the concept of a Governor risk register, identifying the risks and controls specific to the Board, is being explored.

6.3. **Corporate Risk Register – Strategic Risks**

CIC/19/6/7, Corporate Risk Register – Strategic Risks last updated 10 December 2019, was received and considered. The Executive Vice Principal: Finance and Corporate Development updated the Board on recent positive developments in respect of the first two strategic risks on the register.

(i) **Failure of the Braintree Masterplan**

The College has been in negotiation with O2 and EE for the last 30 months over the removal of their phone masts from the site. Agreement has been reached with EE and their mast was removed from the site earlier that week. The College has exchanged the Deed of Surrender with the second provider, who is now required by contract to remove their mast by 28th February 2020, securing vacant possession and releasing the income for the sale of the land. The purchaser of the land has now confirmed that they will make a second down payment in January which will support the College's cash flow.

It was reported that one temporary mast has been erected on the front car park, and one will be erected at the rear of the retained site. The location of the permanent mast has still to be agreed with the planners.

(ii) **Poor outcome from external quality review**

The outcome of the Ofsted Monitoring Visit on 11 and 12 December 2019 was positive. Inspectors examined four themes, and found that Reasonable Progress had been made in respect of two themes, and Significant Progress had been made in respect of the other two themes. During the feedback session it was stressed that even a finding of Reasonable Progress is good, and to receive two judgements of Significant Progress is rare one year after an Inspection outcome of Requires Improvement.

Governors asked if this level of effort could be maintained and were advised this was not considered to be an area of concern. The College has embarked on a consistent and sustainable programme of activity around teaching and learning activity, and is four months into a two year programme. Governors were conscious that the College had asked a lot of staff to move forward very quickly. This will remain on the risk register while the College is still graded as Requires Improvement.

It was reported that the Monitoring Visit gave the College a good insight into what the new Inspection process will be like, and what Inspectors consider to be important. Inspectors were also very helpful in the feedback. The middle leaders of the areas chosen for review during the Monitoring Visit were with the Inspectors during the two days, observing what was going on and the questions being asked. This experience will inform preparations for the next Inspection.

Governors asked if the timing of the next Inspection would be brought forward as a result of the outcome of the Monitoring Visit. It was reported that when asked, the Inspectors responded that the Monitoring Visit would not influence the timing of the next Inspection.

7. Papers recommended by Curriculum and Quality Committee

7.1. College Self-Assessment Report 2018-19

CIC/19/6/8, College Self-Assessment Report (SAR) 2018-19, was received and considered. In response to a question it was reported that the Lead Inspector for the recent Monitoring Visit had read the report and had used it to identify the areas to be visited. Although the Inspectors did not comment on the report the Principal believed that they had found the way it was set out to be helpful.

The College assessed itself as Requires Improvement for Adult Learning Programmes, and received a judgement of Significant Progress for adults in the recent Monitoring Visit. The Principal reported that the SAR is a snapshot around the end of 2018-19. The College introduced many things following the Inspection, which are being accelerated this year. The Inspectors spoke to students and staff in the Learning Shops, and looked at other adult provision, and found the College to be uniformly strong..

It was reported by the Committee Chair that the members of the Curriculum and Quality Committee thought that the SAR was much more coherent and concise than in prior years and was a good reflection of what the College is doing and how it meets the needs of students and employers.

A Governor referred to the destination data for Work Based Learners in the report and expressed surprise that some subject areas seemed to have very high levels of unemployed apprentices, particularly Health and Social Care (32%) and Electrical Installation (25%). The Principal agreed to pursue this and report back to the Board.

The Board APPROVED the Self-Assessment Report 2018-19.

7.2. Safeguarding Policy

CIC/19/6/9, Safeguarding Policy, was received, considered and APPROVED. The policy had been updated to take into account changes to statutory duties and best practice. The policy also included new sections covering criminal exploitation and upskirting.

8. Papers recommended by Remuneration and Search Committee

8.1. Senior Post Holder Remuneration Policy

CIC/19/6/10, Senior Post Holder Remuneration Policy, was received, considered and APPROVED.

8.2. Update to Audit and Compliance Committee Terms of Reference

CIC/19/6/11, Update to Audit and Compliance Committee Terms of Reference, was received, considered and APPROVED.

8.3. Committee membership with effect from 01/01/2020

CIC/19/6/12, proposed Committee membership with effect from 01/01/2020, was received, considered and APPROVED.

9. Chair's Announcements/Action since last meeting

9.1. Application of College Seal

CIC/19/6/13, Application of the Seal of the Corporation, was received and noted.

10. Outcome of QAA Review of 18 November 2019

It was reported that the QAA carried out a review of the College's HE provision on 18th November 2019. The College was required to provide a substantial amount of documentation in advance of the visit. Five HE practitioners from other institutions visited on for two days, and spoke to teaching staff, students, and representatives from the awarding universities. Unusually for an inspection or review such as this, it was announced at the end of the visit that the College would not receive any feedback on the day but would receive a written report eight days later (2nd December). The College was subsequently told that the report had been delayed until 13th December. On 10th December, the College was advised of a further delay in sending the draft report, and does not know when the report will be received. The College does not know the reason for the delay, but understands that it is not unique to Colchester Institute.

The Principal reported the College's concerns at the way in which the review had been conducted, the aggressive manner of the review team and their unwillingness to clarify questions when asked to do so. The Board considered the process to be disappointing, verging on unsatisfactory, and indicated their firm support if the Principal wished to make a formal complaint about the process.

11. Feedback from Ofsted Monitoring Visit 11/12 December 2019

This item had been discussed earlier in the meeting.

12. Principal's Report

The Principal presented her written report for December 2019/January 2020 (CIC/19/6/15).

Governors discussed at length the requirement to complete and return the new Integrated Financial Model for Colleges (IFMC) early in the New Year. Governors were concerned at the amount of work that would be involved for the Executive Vice Principal: Finance and Corporate Development at a time when the property sale at the Braintree Campus, which was nearing completion, could still present issues, although the risk was reducing. It was noted that following the strategic decision to move the payroll process from HR into Finance and introduce a new system which will go live in January 2020, the Head of Finance will have less capacity to assist in the completion of this new

financial return. Governors questioned the timing of the move of payroll into Finance, and whether this should be revisited given the other priorities and demands on staff time. It was agreed that the Principal and Executive Vice Principal: Finance and Corporate Development would discuss this outside the meeting and report back to the Corporation Chair.

In response to a question, it was reported that the new IFMC had only been released two weeks previously, although the College was aware of this requirement. One of the problems is that there are bugs in the spreadsheet issued by the Funding Body, and it was unclear whether an amended version would be issued prior to Christmas. Governors discussed writing to the Funding Body formally registering their concern at the unrealistic timetable for the submission of the IFMC and were advised that the Association of Colleges (AoC) were doing that on behalf of the sector. The submission deadline for this year has been moved from the end of January to the end of February.

13. ESFA

13.1. Finance Record Return 2019

CIC/19/6/16, Finance Record Return, was received and noted. Colleges will no longer be required to complete this return now that the IFMC has been introduced.

13.2. Post Financial Plan Assessment Outcome

CIC/19/6/17, Letter from the Education and Skills Funding Agency (ESFA) setting out their assessment of the College's Financial Plan, was received and noted. It was reported that the College submitted its Financial Plan to the Funding Agency at the end of July. The College was contacted in early November and advised that the plan met a trigger for early intervention. This was because there were periods in the plan when the College's cash in hand would fall below 15 days. The College was given an opportunity to review and resubmit its Financial Plan, which it did during November. It was reported that the resubmitted plan met another (unpublished) trigger for early intervention because the points awarded for the current and EBITDA ratios when combined do not score 80 points. It has been agreed that the ESFA will review the position in February 2020 before formally triggering early intervention. It was reported that going forward the College will have to achieve a £0.5m surplus position in order to reach the 80 point position. If the College triggers the 80 point threshold in July 2020 it is likely to be put into formal intervention.

14. Teaching and Learning Observations – Autumn 2019

CIC/19/6/17, Teaching and Learning Observations Autumn 2019, was received and considered. This report had been brought direct to the Board rather than to the Curriculum and Quality Committee due to the timing of meetings. The report outlined the observation process and the number of observations that had been carried out. The outcomes of observations and the strengths and weakness that have been identified are recorded on a detailed spreadsheet which can be looked at by area to identified training needs. Target-setting was a frequently occurring weakness, and the College will be asking Tom Sherrington to deliver some bespoke sessions around this.

A second round of observations will take place in February to look at the impact of the CPD that has taken place between observations.

Governors asked about the arrangements for training the observers. It was reported that training was carried out by an ex-HMI who delivered two days training to observers in May. He returned in October to carry out paired observations with the observers trained earlier in the year and provided a detailed report with his observations on the observers. Most of the Area Heads had found this a very useful process to go through.

15. Reports from Committees

15.1. Audit and Compliance Committee

The Chair of the Audit and Compliance Committee gave an oral report of the meeting held on 3rd December 2019.

15.1.1. Regularity Audit Self-Assessment Questionnaire 2018-19

CIC/19/6/19, Regularity Audit Self-Assessment Questionnaire 2018-19, was received and noted.

15.1.2. Health and Safety Committee Annual Report

CIC/19/6/20, Health and Safety Committee Annual Report, was received and noted.

15.1.3. Investigation Report Bournville College – July 2019

CIC/19/6/21, Investigation Report Bournville College – July 2019, was received and noted.

15.2. Curriculum and Quality Committee

CIC/19/6/22, Minutes of the Curriculum and Quality Committee meeting held on 13th November 2019, was received and presented by the Committee Chair David Gask.

15.2.1. Update on PIAP Targets 2018/19

CIC/19/6/23, Update on PIAP Targets 2018/19, was received and noted.

15.2.2. One Year Strategic Plan Action Plan, revised for 2020 (Priorities 1-2)

CIC/19/6/24, One Year Strategic Actin Plan, revised for 2020 (Priorities 1-2), was received and noted.

15.2.3. Feedback from Link Visit Reports 2019

CIC/19/6/25, Feedback from link visit reports 2019, was received and noted. Governors made a number of suggestions for developing the link scheme:

- Links should start at the beginning of the academic year, rather than the calendar year, so Governors can hear the challenges at the beginning of the year, and follow up on how the area ends the year.
- Governor engagement with the link area should be cross referenced to the Self-Assessment Report.
- There is some merit in extending links over a two year period, to provide continuity and enable Governors to develop their link and observe the journey of an area over a period of time.
- Governors should also be encouraged to ask questions of students on how their course is going.
- Link areas should be selected based on risk.

It was agreed to continue with the current link arrangement until the end of this academic year to enable a review of the link scheme to be undertaken and proposals brought forward for the link scheme from September 2020.

Lisa Clampin left the meeting

15.3. Resources Committee

CIC/19/6/26, Minutes of the Resources Committee meeting held on 26th November 2019, was received and presented by the Committee Chair Richard Wainwright.

15.3.1. **HR Operational Plan**

The Board's attention was drawn to a potential risk in respect of right to work checks, which the Committee had asked to be elevated to the risk register. An audit had identified instances of incomplete information being held on file. Although only a small number of staff are involved, and the collection of this information is being prioritised, the College could potentially be fined a substantial amount for each staff member for whom data is incomplete.

15.3.2. **Management Report and Accounts– October 2019 [Period 3]**

CIC/19/6/27, Management Report and Accounts – October 2019 [Period 3], was received and presented by the Executive Vice Principal: Finance and Corporate Development. It was reported that income in Period 3 was slightly ahead of budget and there was nothing to bring to the attention of the Board.

15.3.3. **Updated Financial Plan 2019 to 2021**

The Board received and noted:

- CIC/19/6/28, Financial Plan 2019 to 2021
- CIC/19/6/29, Monthly cash flow forecast
- CIC/19/6/30, ESFA Letter of 25/11/2019, commenting on the College's latest financial plan for 2018/19 to 2020/21
- CIC/19/6/31, Finance Dashboard October 2019

The College had been given the opportunity to update the Financial Plan and cash flow forecast to reflect the cash position with the addition of working capital available through the Whitehall Finance agreement. The updated documents were resubmitted to the ESFA in November 2019.

The finance dashboard provided Governors with a high level overview of the College's financial performance compared to the sector, and highlighted the impact of the long term debt on the ratios.

15.3.4. **Update on progress against FE Commissioner recommendation No. 3**

CIC/19/6/32, Update on progress against FE Commissioner recommendation No 3, was received and noted. This item had been considered earlier in the meeting as part of the discussion of the Corporate Risk Register.

15.3.5. **College Estates and Accommodation Strategy**

CIC/19/6/33, College Estates and Accommodation Strategy, was received and noted.

15.3.6. **Update on One Year Strategic Action Plan (Priorities 3-5)**

CIC/19/6/34, Update on One Year Strategic Plan Action Plan (Priorities 3-5), was received and noted. The targets remain ambitious, and there is still work in progress.

15.3.7. **Annual Report to the Board 2018-19**

CIC/19/6/35, Resources Committee Annual Report to the Board 2018-19, was received and noted.

15.4. **Remuneration and Search Committee**

CIC/19/6/36, Minutes of the Remuneration and Search Committee meeting held on 26th November 2019, was received and presented by the Committee Chair Richard Wainwright.

15.4.1. **Membership Matters**

It was reported that the Corporation Chair and Principal were actively searching for new members to upskill the Board and fill the two vacancies that will exist from 1 January 2020.

In particular they are looking for someone with recent experience in the further education sector.

The skills audit analysis will be used to inform Board training needs. The Committee is looking at inviting the Internal Auditors to give a presentation at a future pre-Board briefing on the key risks to the College from a Governor's perspective.

15.4.2. Chair's Appraisal

The Corporation Chair had shared with the Committee a summary of the main areas for improvement suggested by Governors and the College Executive as part of the Chair's appraisal. These included keeping the agenda for Board meetings short and succinct.

15.4.3. Link Governor for Apprenticeships

The Board expressed its thanks to David Gronland for his work during his time as the link Governor for apprenticeships. Given the importance of this area of the College's work, Governors interested in being linked to apprenticeships were asked to put themselves forward. Richard Wainwright indicated that he was willing to be considered for the role.

15.4.4. Annual Report to the Board

CIC/19/6/37, Remuneration and Search Committee Annual Report to the Board 2018-19, was received and noted.

15.4.5. Review of Senior Post Holders' performance

The Corporation Chair confirmed that he had carried out the appraisal of the Principal, and outlined the process that had been undertaken. The appraisal of the two Executive Vice Principals had been carried out by the Principal. The appraisal of the Clerk had still to be undertaken by the Chair.

The Corporation Chair left the meeting of this item. The Vice Chair, Richard Wainwright, took the Chair.

16. Election of Corporation Chair

The Vice Chair reported that Kevin Prince's appointment as Corporation Chair would end on 31/12/2019 and called for nominations from Independent Members to take on the role with effect from 01/01/2020. One nomination was received. The Board unanimously approved the appointment of Kevin Prince as Corporation Chair for a four year term of office with effect from 1 January 2020.

The Corporation Chair, Kevin Prince, re-joined the meeting and took the Chair

17. Future Meetings

It was noted that:

17.1. The Chair's annual meeting with the College Management Group was scheduled for 10.00am on Thursday, 19th December 2019. All Governors were welcome to attend.

17.2. The next meeting of the Corporation Board is on Wednesday, 19th February 2020 at 4.30pm. The meeting will be preceded with a Board briefing at 4.00pm.

18. Any Other Urgent Business

18.1. South Wing Extension

It was reported that the Design and Build contract for the extension to South Wing had been received from the College's solicitors. The Board authorised the Corporation Chair and the Principal to sign the agreement on behalf of the Board.