



**Minutes of the Meeting of the Corporation  
held on Tuesday 4 July 2017**

**Present: -** Mrs Val Ainsworth (Chair)  
Mr Igor Andronov  
Mr James Caird  
Mr Tony Ford  
Mr Richard Garnett  
Mr Henry Hyde  
Mr Norman Moon  
Mrs Elizabeth Patrick  
Mr Ian Peake (Principal)  
Mrs Magda Prail  
Mr Garry Thomas

**In attendance: -** Mrs Debra Baldwin (Director of Personnel)  
Mr Edward Gwillim (Director of Finance)  
Mrs Linda Watkins (Clerk to the Corporation)

The meeting was quorate as eleven Governors were present.

**1. Process of the Meeting**

- I. Apologies for Absence: Cllr Sebastian Bowen, Mrs Sally Cassels, Mrs Debbie Lambert and Dr Alan Lavers.
- II. Chair's Remarks: No remarks.
- III. Declaration of Interest: Val Ainsworth and Igor Andronov: appointment of Chair and Vice Chair.
- IV. Process Review: Richard Garnett would complete the process review.

**2. Minutes of the Last Meeting**

- I. Minutes from the last meeting: The Chair signed the minutes of the Board Meeting held on 25 April 2017 as a true record.
- II. Matters arising from the last meeting and action list: Noted  
The Clerk commented that she was uncertain if Wifi connection had been resolved as Governors could not connect at Holme Lacy Campus.
- II. Governors' Workshop notes: 25 April 2017: Noted.

The Board agreed: -

- To approve the minutes

*Discussion*

**3. Principal's Report**

- I. *Principal's Written Report:* Governors noted the report which covered College partnerships, universities, key

**Action**

internal meetings and County Training.

- a. The Principal had met the Hereford Sixth Form College Principal designate at HLC.
- b. There had been numerous meetings with CMT regarding curriculum and budget planning for next year.
- c. The College had become a member of the Blended Learning Consortium in partnership with Heart of Worcester College; this would facilitate the development of ILT.
- d. The Principal had been honoured to represent the College at Isobel Rollitt-James' funeral ; Isobel was a long-serving member of staff and had been the Staff Governor several years ago.
- e. Jo Ricketts, Deputy Principal designate, had visited the College several times. She will commence employment mid-August.
- f. Thanks were recorded to Governors and CMT who had attended the student awards events.

II. *KPIs:* There were high levels of retention with FE overall retention at 95.1% at the end of May compared to 93.7% the previous year. HE KPIs had been reported as requested by a Governor showing 99% in-year retention. GCSE English and maths 2016/17 results will be available in the summer and reported in the autumn. Apprenticeship outcomes for 2016/17 were anticipated to be around the national average. Attendance on the main programme of learning was 91% and 92% for full-time and part-time respectively showing a marginal increase from last year. A new KPI had been added showing attendance for GCSE and Functional Skills English and maths; this is a mandatory element of programmes for students who have not achieved an A\*-C in these subjects previously. Full time attendance to Functional Skills and GCSE was 78% and 72% respectively; significantly lower than attendance to main qualifications.

III. *ESFA correspondence 6 June 2017: Early intervention:* The Principal explained that early intervention had been triggered as the College's financial performance had deteriorated from good to satisfactory in 2015/16. The financial performance indicators are measures to determine overall financial health, that is, borrowing, current ratio and surplus/deficit. It was the EBITDA score of zero which moved the College into early intervention. Governors asked if there were specific reasons which had caused the change to the financial health category; these included writing off goodwill for KSP Ltd and restructuring costs for County Training. The Principal and Director of Finance would meet ESFA to discuss intervention. A Governor asked when the College would move from intervention; this was uncertain but would be discussed further with ESFA. A Governor asked if the goodwill for KSP Ltd had been set incorrectly; in hindsight, it would have been helpful if this had been depreciated sooner.

- IV. *ESFA correspondence 13 April 2017, Peter Lauener, Chief Executive:* This outlined sector issues which Governors agreed that they had embraced. The regularity self assessment checklist would be circulated to Governors.

E Gwillim/  
L Watkins

The Board agreed: -

- To note the Principal's report

*Decision*

4.

**Finance**

- I. College Budget and 2-year Financial Forecast.* The Director of Finance presented the budget for 2017/18 which included some changes following discussion by the F&E Committee and additional assumptions. These were based on: predicted FE funding and enrolments, taking account of the curriculum resource model and conversion from applications, which had been tracked for several years, pay costs budgeting a 1% pay award and non-pay inflation which was assumed at 2%. Keith St Peters Ltd was no longer trading and had been removed from the budget. County Training had been incorporated in full this year showing a decrease in the salary costs following restructuring. There was a significant drop in the 16-18 ESFA budget.

EBITDA (earnings before interest, tax, depreciation and amortisation) was forecasted at £676,000. Financial ratios were summarised showing the key effect on cash with £188,000 surplus and an underlying operating position of £48,000. The financial performance would need to be carefully managed during the year to ensure that the College would be able to achieve the planned operating surplus.

The key financial ratios were targets which the College would aim to achieve; these were anticipated to compare similarly to the previous year.

The College's financial health grade was calculated as 'good' when completing ESFA's financial plan.

No major capital projects are planned in 2017/18, only replacement of some capital items.

The budget assumed a maximum of up to £650,000 income could be sub contracted.

Questions followed which were duly answered. A Governor asked if there was a contingency. There was not a specific contingency as a prudent and achievable budget had been prepared.

A Governor asked what depreciation allocated to KSP Ltd related to. This included numerous items including computers, vehicles, fixtures and fittings and buildings

with varied timescales.

Clarification on enhanced pensions was requested; this relates to a small number of support staff who had been made redundant previously before they were of pensionable age.

*II. Sub Contracting Policy 2016/17*

This was a prescriptive document and mandatory requirement for the Auditor's certificate. The audit was a requirement for providers who sub contract over £100,000 provision.

The Board agreed: -

- To approve the College budget 2017/18 and financial forecast including sub contracting up to £650,000
- To approve the sub contracting policy and note the report

**5. Audit**

*I. Appointment of Financial Statements Auditors:* A joint tender process had taken place with Hereford College of Arts. The Audit Committee recommended the Board appoint Mazars. The next step would be for the Board to approve the Financial Statements' Audit Strategy before the audit could commence. This would be emailed to Governors for approval at the recommendation of the Audit Committee.

*II. Internal Audit Strategy:* RSM had prepared the strategy following discussion with the Director of Finance and Finance Manager taking into account the College's strategic plan and risk register. The Committee had discussed this at length and recommended this for approval.

L Watkins/  
E Gwillim

The Board agreed:

- To appoint Mazars as Financial Statements Auditors
- To approve the Internal Audit Strategy 2017/18-2019/20

**6. Governance**

*I. Appointment of Governors:* Sophia Haywood (Independent Governor) and Kevin Tong (Co-opted Member of Audit Committee)

*II. Scheme of delegation:* This was submitted for approval and the calendar of business items for information.

*III. Appointment of Chair and Vice Chair of the Corporation:* [Igor Andronov and Val Ainsworth left the meeting for this item]. The Chair of Search and Governance Committee took the Chair explaining the process followed to seek nominations for Chair and Vice Chair which had only received single nominations. A vote was taken to appoint the Chair and Vice Chair.

The Board agreed:

- To appoint Sophia Haywood an and Independent Governor and Kevin Tony as Co-opted Member of Audit Committee for 1-year terms in office
- To approve the scheme of delegation and note the calendar

- of business items
- To appoint Igor Andronov and Val Ainsworth and Chair and Vice Chair respectively from 1 September 2017

*Discussion*

**7. Risk Register**

The format of the risk register had been changed in response to a recommendation in the Internal Auditor's review of risk management. This was presented in a 5x5 format scoring likelihood and impact. There were risk mitigation measures to reduce the risk. The higher scoring risks would regularly be brought to the Board's attention. The Chair of the Audit Committee commented that this was an excellent document clearly defining risks with congratulations and appreciation recorded to the Director of Finance.

A Governor asked how residual risks are scored which were based on reducing the impact. It was acknowledged that this was slightly subjective. The Audit Committee had already requested a key and explanations which would be added to the risk register. Staff development had been arranged on risk management which would ensure that it is embedded throughout the College.

The Chair commented that the lease on Ludlow College was likely to be signed by the Foundation and College imminently.

The Board agreed: -

- To note the register particularly higher scoring risks and mitigating actions

*The following items were presented for information*

**8. Management Accounts to May 2017**

**9. Minutes from Committees**

- I. *Audit Committee: 12 June 2017:* The Committee Chair commented that the Head of IT had been invited to the next Audit Committee to talk about risks and respond to audit reports.
- II. *Search and Governance Committee: 14 June 2017.* Noted with items requiring the Board's approval on the agenda.
- III. *Finance and Employment Committee: 21 June 2017.* The draft budget had been discussed in detail. There had been discussion about the health and safety report specifically recording accidents with feedback given to the Health and Safety Committee.
- IV. *Quality and Standards Committee: 14 June 2017.* Noted.

**10. Reports from Audit Committee – no reports**

**11. Reports from Quality and Standards Committee**

- I. Equality and Diversity Report
- II. Child Protection and Safeguarding Report
- III. Quality Improvement Plan action plan

**12. Reports from Finance and Employment Committee**

- I. Health and Safety Report
- II. Staff Report

13. Reports from Search and Governance Committee
- I. Self Assessment arrangements 2016/17: The Clerk reminded Governors that the survey would be conducted using Survey Monkey.
  - II. AoC Code of Good Governance: principles and values.

14. Press releases

15. College events  
The staff barbeque would be on 14 July 2017; Governors had been invited to attend.

16. **Any Other Business:**

- I. NMite had prepared a proposal to the College which had been issued prior to the meeting. In summary, NMite were asking the College as an established institution to act as their interim publicly accountable body. This was because NMite is unable to receive DfE and LEP funding directly. This would require the College to appoint an accounting technician to manage and process the income. The College would also need to appoint its internal auditors to seek assurance of NMite's systems. Costs, accountability and risks would need to be explicitly identified before the College could enter into any arrangement. A legally drawn up contractual agreement with a timespan and project plan with quantifiable milestones would be required. This would protect both parties and ensure that the College could measure progress and provide assurance that NMite met requirements. NMite has been asked to investigate indemnity insurance to ensure that there are no risks to the College. Any arrangement would require approval by the DfE and HM Treasury. The College would also need approval from ESFA and may seek agreement from Worcester University its principal HE partner. There was a suggestion to approach DfE to seek clarification if milestones had been agreed as NMite had been affirmed by DfE.

A Governor commented that the proposal was inadequate and did not include any dates or timescales. There was no detail about quality or the specific role required for the College or its commission. Despite this Governors agreed that in principle this could be a worthwhile project for the College to pursue. Substantial additional information would be required, including a legal contract. In the event that both parties entered into a contract, it would be essential to mitigate risks and identify robust processes.

The Board agreed: -

- It was minded to make such an arrangement with NMite work subject to further investigation including consultation and agreement with ESFA and the College's HE partner Worcester University I Peake
- To request a copy of NMite's risk assessment I Peake
- The Principal would undertake further investigation, which I Peake

- could include some input from the College's auditors, and prepare a report for the Board's consideration including a detailed SWOT analysis and recommendation
  - A special meeting would be arranged upon receipt of additional information when the Board would be required to make a decision on the proposal
- II. The Vice Chair reminded Governors that this was Val Ainsworth's last meeting as Chair and Magda Prail's last meeting. He expressed gratitude to them both which was reiterated by everyone.

L Watkins

**17. Process Review**

Richard Garnett had conducted the process review. All papers had been received on time with the exception of a late paper which had not been available but was emailed to Governors before the meeting.

**18. Date and Time of Next Meeting**

Tuesday 17 October 2017: Governors' Workshop commencing at 2.30 pm followed by Board meeting at 4.00 pm at Hereford Campus.

**Signed as a true record of proceedings**

**Chair:** ..... **Date:** .....