

1. CORPORATION DEVELOPMENT SESSION

A presentation was received providing an update of current national and local policy developments and the potential and likely implications of and challenges for the sector and the College.

2. PRELIMINARY PROCEDURAL MATTERS

2.1 Attendance, Apologies for Absence, Welcome & Introductions

Membership: Tracey Critchley
Nick Davies (Chair)
Sandra Ernstoff (From Agenda Item 3.2.1c)
Tony Medhurst
Steve Owen
Sachin Shah
Ketan Sheth
Mumtaz Van Der Vord
Elizabeth Warriner
Antonio Weiss

In attendance: Judith Abbott
Pat Carvalho
Jayne Chaplin (Clerk)

Apologies: Mark Eastwood
Kanwal Munir
Manisha Raval

2.2 Chair's & Clerk's Announcements

There were no announcements.

2.3 Declarations of Interest & Confidential Items

Declarations of Interest were received from Sachin Shah as a Councillor for Harrow Council.

it was **RESOLVED** for Item 7 to be taken as a confidential item.

2.4 Minutes

The Minutes of the meeting held on 25 March 2015 and the Special meeting held on 19 May 2015 were agreed as a correct record and signed by the Chair.

2.5 Matters Arising

None reported.

2.6 Board Business & Arrangements for 2015/16

In preparation for the forthcoming academic year a report was presented outlining the proposed arrangements for the conduct of Board business for the forthcoming year.

It was **RESOLVED** to **APPROVE**:

2.6.1 The Committee Memberships and Meeting Calendar for 2015/16, noting that with effect from the new academic year all meetings would take place at Harrow on the Hill campus.

2.6.2 In respect of other business arrangements, for adoption of the new Code of Good Governance for English Colleges to be the subject of discussion at the autumn term meeting.

3. ITEMS FOR FORMAL APPROVAL OR NOTING

3.1 Monitoring Performance: College Dashboard

The College Performance Monitoring Dashboard was presented.

Representing the spring term update, summarising year to date performance, there was particular consideration of:

3.1.1 Financial performance, observing those items reviewed elsewhere on the agenda (Minute 3.2.1 refers) and noting:

- The year to date financial position showed a favourable variance versus year to date budget but advising members that this includes some significant positive timing differences.
- Cash flow had improved but remained a red rating, reflecting its overall continued negative status.

3.1.2 Curriculum and quality performance, observing those items reviewed elsewhere on the agenda (Minute 3.2.2 refers) and noting in particular:

- Updated data on overall staff performance across curriculum areas noting that whilst not at target good improvements had been made.
- The learner satisfaction data noting that focus would remain on the one and key indicator currently below target concerning recommending the College.
- Curriculum area success rate predictions, acknowledging the disappointing prediction for Health Care, which members were advised was reflective both of staffing issues encountered in-year and the introduction of stricter assessment regime and criteria.

Following discussion the report was noted.

3.2 Reports on and Recommendations from Committees

3.2.1 Summary of & recommendations from the Resources Committee, 26/06/15

An overview of the business of the meetings was presented noting those items appearing elsewhere on the agenda for information and reviewing the recommendations regarding the main items of business:

3.2.1a Management Accounts (for May 2015)

The Management Accounts for the year to date to May 2015 were presented.

It was reported that income and expenditure for May 2015 showed a surplus of £2,632k, representing £1,540k better than year to date original budget. Income to date at £19.1million is £345k better than original budget. Members were advised however that as this included a positive timing difference concerning SFA funding not yet been delivered, once an adjustment on this basis, the position was some £641k behind original plan for income delivery. It was noted that a £520k provision for underachievement of income targets had therefore been included in the latest predicted income and expenditure out-turn and cash flow.

The main variances were summarised noting:

- The additional sub-contracting activity to mitigate the impact on Apprenticeship income resulting from the removal by the Construction Industry Training Board (CITB) of its grant funding from Building Lives,
- Whilst the underlying operating cash balance highlights work still to be done to achieve financial recovery and stability, the recently produced June Management Accounts indicated that the position currently remained for the College's achievement of the 2014/15 budget.

The report was noted.

3.2.1b Draft Budget 2015/16 & Three-year Financial Forecast 2015-18

The draft revenue budget for 2015/16 was presented.

Following receipt of final funding settlements from the SFA, EFA and HEFCE, members were advised that for 2015/16 a budget surplus of £500k was proposed, which compared with £200k in March 2015 represented an improvement of £300k.

The key variances since March were summarised reviewing the full budget commentary and detailed supporting schedules within the Three Year Financial Forecast all of which members noted were intended to build on the three year growth plan previously submitted to the SFA.

There was particular consideration of:

- The potential impact on the three-year forecast and the extent to which achievement the College three-year Plan remained feasible in the event that SFA income fell substantially as anticipated, noting that to address the difficult future of reduced funding settlements, the College would continue to bear down on pay costs which are projected to reduce by a further £2 million per year by 2017/18, compared with current predicted out-turn for 2014/15, acknowledging plans to achieve a pay cost to income ratio of 60% by year 2 of the three year plan.
- The operating cash position, forecast to reach a low point of £(673)k in March 2016 but to improve steadily to £1.1m in July 2018 at the end of the plan. Noting in particular that over the course of the plan, the two months during 2015/16 where cash deficits were projected and where an overdraft facility might be required it was confirmed that this will be discussed with the bank in coming months.

After discussion and on the recommendation of the Resources Committee, it was **RESOLVED** to:

- **APPROVE** the Draft Revenue Budget 2015-16 and Three-year Financial Forecast 2015-18

3.2.1c Draft Capital Budget 2015/16

The draft Capital Budget for 2015/16 was presented.

It was reported that the draft 2015/16 capital budget of £250k, proposed in March 2015 and to cover minimal essential expenditure only, had been the subject of review and that no change was proposed at this stage.

On the recommendation of the Resources Committee it was **RESOLVED** to:

- **APPROVE** of the draft capital budget for 2015/16

3.2.1d Sub-Contracting Delivery plan 2015-16

A report was received presented for approval the College's proposals for sub-contracting for 2015/16 in-line with new funding rules introduced for the new financial year,

Members were advised of a proposed budget for sub-contracted activity in 2015/2016 of £760K, in-line with the College's strategy to keep subcontracting activity small and deliver more provision in-house. Reviewing the proposals it was noted that:

- It was not proposed to subcontract with any new providers in 2015/16.
- The continuation of existing relationships was proposed with Burleigh College, Hill McManus, North London ITeC, Skillspoint, Salad Skills and Beanstalk; along with continuing to engage providers who were new at the end of 2014/2015: Free to Learn, John Frank Training and REED.
- Different ways of working with partners would continue to be introduced next year to jointly deliver education and training, as an alternative to fully sub-contracting the work.
- Experience had shown that the College had the capacity to deliver all classroom based activity directly and can therefore keep the reliance on sub-contracting in this area at modest levels.

Considering the proposals further it was noted that:

- Whilst subcontracting would remain a risk on the College's risk register in 2015/16, an increasingly stable provider base suggested it to be area of activity of reducing risk.
- All contracting arrangements would be compliant with the SFA's Common Accord.
- Following review by the Resources Committee of the new funding rules, risks associated with sub-contracting and College need, it had been recommended for the Corporation to delegate authority to the Principal to initiate additional subcontracting activity, up to £500k (maximum £300k with one provider, subject to materiality tests) above the initial budget, subject to due diligence and to Resources Committee being notified electronically of proposed additional contracting in advance of contracts being signed, with formal approval to take place at the next Committee Meeting.

- There was still considerable benefit to working with carefully selected sub-contractors, to increase learner choice and to give the College greater flexibility, especially with Traineeships and Apprenticeships where the College's delivery model continued to be developed following the demise of Building Lives.

After discussion and on the recommendation of the Resources Committee, it was **RESOLVED** to **APPROVE**:

- The proposals for sub-contracting for 2015/16 as presented.
- The recommendation for the Corporation to delegate authority to the Principal to initiate additional subcontracting activity, up to £500k (maximum £300k with one provider, subject to materiality tests) above the initial budget, subject to due diligence; and subject to the Resources Committee notification electronically of proposed additional contracting in advance of contracts being signed, with formal approval to take place at the next Committee Meeting.

3.2.1e Financial Regulations & Procedures

A report was received outlining proposed amendments to the College Financial Regulations and Procedures, Tuition Fees and Refunds Policy that had been reviewed by the Resources Committee

The amendments were summarized, advising members of one particular change that the Committee had requested following review of sub-contracting arrangements during which it was recommended for the Subcontracting sections of the Financial Regulations and Procedures to be updated to reflect the revised process (See also Minute 3.2.1d).

On the recommendation of the Resources Committee it was **RESOLVED**:

- To **APPROVE** the updated Financial Regulations & Procedures.

3.2.1f Fees Policy 2015/16

A report was received proposing for the College Fees Policy for 2015/16.

After discussion and on the recommendation of the Resources Committee it was **RESOLVED** to:

- **APPROVE** the Refunds & Fees Policy for 2015/16.

3.2.2 Report of/ items of note from the Curriculum, Quality & Standards Committee Meeting, 11 June 2015

An overview of the business of the meetings was presented and the substantive items for consideration presented:

3.2.2a Summer term Update: Targets & Year-end Predictions

A report was presented updating members on progress against the targets set and the success rate predictions for 2014/15.

Members were advised that calculations following the new Qualification Success Rate (QSR) methodology, to be introduced shortly, would be significantly different and would use as its starting point not just overall success but also timely completion for age groups and qualification type and size whilst still using the cross-cutting analysis of gender, disability and ethnicity. In the context of the impact of retention compared to previous years and this year's target for all qualification types and sizes it was reported:

- That the interim position indicated clear, positive trends for both age groups across a number of qualifications with the exception of overall 19+ students on Certificate and GCSE science qualifications, which showed a downward trend.
- Functional skills remained a concern although the results for May exams were more positive for both Maths and English.
- That the original prediction for Apprenticeships was 5% higher but impacted by functional skills achievement and data management errors, noting the current actual rate for the full framework of 58%.
- For Overall Level 3 the predictions indicated that the target of 80% would be exceeded.
- That Overall Level 2 predictions were indicating performance poorer than the 84%

There was further discussion of the particular challenges with Functional skills observing the significant issue identified concerning student attendance at exams. The measures being put in place going forward were noted including the new management structure to ensure the closer alignment of ESOL, English and Maths and increasing the opportunities for the taking of exams on-line.

The report was noted.

3.2.2b Curriculum Strategy: Update Report

Developments with and progress in the implementation of the Strategy were summarised.

Progress was reviewed and proposals in support of achievement of the objectives within the Strategy were considered:

- For a new title for the Director of Finance and Resources (DFR) following the introduction of three senior roles within the new curriculum structure, all to be called "Director" in order to ensure sufficient distinction from the previous senior operational roles of the Departmental or Faculty Heads. Noting the need to similarly ensure and maintain a clear and appropriate distinction between the new roles and that of the DFR as designated senior Post-Holder, it was proposed for a change in job title only, *from* Director of Finance and Resources *to* Executive Director Finance and Resources.
- For consultation to amend the College Vision/Mission statement and to undertake a pilot, trialling with staff and students a more modern branding of the College logo as part of developing and improving its market presence and to appeal to a more commercial audience.
- For governor members on the board of the Career College, welcoming and thanking Mark Eastwood and Liz Warriner for confirming their interest in so doing.

Considering in particular the proposals to undertake consultation on revising the College vision/mission and a re-branding and acknowledging the merits of such an exercise, there was discussion in the context of the overall strategic challenges ahead, of the resource implications expressing reservations that it would be time intensive. Acknowledging the concerns it was confirmed that both the consultation and the pilot would be time limited and contained with the outcomes to form the subject of further discussion by the Corporation in due course.

After consideration it was **RESOLVED** to **APPROVE**:

- The proposed change in job title and for the title of Director of Finance and Resources to be amended to Executive Director Finance and Resources.
- Consultation on a proposed change in the College vision/mission and for a pilot to be undertaken trialling with staff and students a more modern branding of the College logo.

3.2.2c Safeguarding Learners: Update Report

The safeguarding learners update report was presented providing an update on developments and activity.

Progress was summarised noting in particular:

- with the national interest around the prevent agenda, and the subsequent legislation introducing legal duties coming into effect in July that the subject had been raised at some of the key college forums and had been followed by a nominated lead attending training at AoC Prevent Duty for Colleges Conference. It was confirmed that wider training was scheduled during Staff Development for July 2015 with a whole College action plan under development to ensure compliance with its new duties.
- That following staff changes membership of the safeguarding team had being reviewed, welcoming confirmation of the new arrangements in place going forward

The report was noted.

3.2.3 Summary of & recommendations from Audit Committee, 13 May 2015

An overview of the business of the meetings was presented and the substantive items for consideration presented:

3.2.3a 2014/15 Audit Plan, Internal Audit Reports

A report was received summarising the overall outcomes and assurance levels of the reviews undertaken in accordance with the audit plan for the year, all of which members were advised had been the subject of review by the Audit Committee.

The report was noted.

3.2.3b Audit Arrangements: Appointment & Tendering of Audit Services

Following the decision for the College to retender its external audit service with a view to the entering into of a new contract commencing August 2015 for years 2015/16 to 2017/18, with the option to extend for a further 2 years, a report was presented summarising the outcome

and the Audit Committee's recommendation regarding the appointment of the internal and outlining proposals regarding the re-tender of the external audit service.

On the recommendation of the Audit Committee, it was **RESOLVED** to **APPROVE**:

- The appointment of KPMG as the College's internal auditors commencing on 1 August 2015 for an initial period of 3 years with the option to extend for 2 further years beyond this; and

3.2.3c Internal Audit Strategy & Plan for 2015/16

The Internal Audit Strategy and Plan for 2015/16 was presented.

Noting that it had been the subject of review by the Audit Committee, and on its recommendation, it was **RESOLVED** to:

- **APPROVE** the Internal Audit Strategy and Plan for 2015/16

3.2 Senior Post-Holder Recruitment: Interview and Interim Arrangements

Following, the appointment of the current Vice Principal, Pat Carvalho, as the new Principal & Chief Executive, a report was presented outlining proposals for:

3.2.1 The recruitment arrangements for the permanent position to be agreed in anticipation of the formal process commencing early in the autumn term.

3.2.2 Interim arrangements to ensure appropriate support for when the Principal Designate assumed her role.

Members were advised:

3.2.3 Of the requirement for the advertising of the position nationally; and for the formation of a Selection Panel comprising the Principal and at least three Board members, to undertake the process on behalf of the Corporation. Summarising the options available for support in the recruitment process there was review of the merits and otherwise of the options available for the undertaking of the recruitment process:

- Requesting for the College HR department to be involved in the process.
- Acknowledging the benefit of an agency-driven search process in optimising the field of candidates available.
- Discussing the various options and associated fees.

3.2.3 That in the period pending the commencement of the employment of new Vice Principal, interim arrangements were recommended in order to allow the Principal designate appropriate focus on and support in her new role. It was reported that a potential candidate had been identified, Virginia Fossard, who members were advised had been in discussions with the Principal Designate about the position. There was consideration of:

- Her experience, career history and the testimonial in respect of projects undertaken to date.
- The interim arrangement and the proposed daily rate, which it was confirmed presented the more cost effective solution than via an agency.

After discussion, it was **RESOLVED**:

- To **APPROVE** the formation of a Selection Panel to be formed comprising Pat Carvalho, Nick Davies, Mark Eastwood, Liz Warriner and Antonio Weiss.
- To **APPROVE** the engagement of GatenbySanderson to assist in the process, providing a support and search process at the quoted fee of £11,500 with the remainder of the process to be managed in-house.
- To **APPROVE** the **APPOINTMENT** of Virginia Fossard as Interim Vice Principal Curriculum & Quality with effect from 19 August 2015 and on a daily rate of £432.00.

4 ITEMS FOR INFORMATION

4.1 Minutes of the Learner Voice Committee Meeting, 13 May 2015

The Minutes of the Learner Voice Committee Meeting, 13 May 2015 were reviewed and noted.

4.2 Property Project Updates

Noting that the meeting had not taken place as scheduled update reports were presented:

4.2a Capital Projects Update: Business Enterprise Centre

Prepared by Project Managers, AA Projects, the Highlights Report for the Business Enterprise Centre Project was presented.

Members were advised that:

- The project remained currently on budget.
- The contractors continued to report an overall progress delay of two weeks but remained confident that the time could be made up. Discussing further the delay and the need to avoid delays which would be to the detriment of students. The potential consequences members were reviewed noting that the over-riding priority was to ensure no changes to the Project to avoid additional costs and it was confirmed that the contract contained appropriate provisions to protect the College's interests.

Following consideration, the report was noted.

4.2b Capital Projects Update: LLDD Building

Prepared by Project Managers, AA Projects, the Highlights Report for the LLDD Building Project was presented.

Members were advised that:

- The project remained currently on budget and that alternative options were being pursued for generating funds for fixtures and fittings.

- Practical Completion was still scheduled for 28 August 2015. Discussing further the delay members were advised that the Contractor was now three weeks behind schedule on critical activities although it was reported that a plan was in place for recovering the lost time but the Contractors acknowledged that it remained a risk.

Following consideration, the report was noted.

4.2c LEP FE Capital Investment Fund Update

In respect of other potential future capital projects progress an update on progress was received.

Members were advised that in respect of:

- The LEP Full Application for improvements to the Brunel Building Improvements, the LEP had provided feedback on the Expression of Interest to be addressed in the full application, and the College has attended a briefing workshop at City Hall. It was reported that whilst the College had continued to work on obtaining quotations for the planned work was not finished due to other conflicting priorities and that following clarification by the LEP of its timetable for submission of detailed applications, the College now intended for its detailed application to be submitted in September 2015. Noting that the College had learned there may be a further funding round in the Autumn members were advised, subject to affordability of design/development work and having time to write the application, of the proposal to progress a proposal to extend Harrow on the Hill refectory and replace the kitchen.
- The Health & Social Care Building LEP Detailed Application, the College had provided due diligence evidence to the LEP and had been advised that the proposal was being taken forward for final signature. Following on from previous discussions regarding the funding timescales it was reported that following discussions with the LEP indications had been that funding would remain available until March 2018 rather than the original March 2017 deadline although formal confirmation was awaited.

The update was noted.

4.3 Clerk's Updates

Reports from the Clerk to the Corporation were received:

4.3a Governance: National Developments

A report was presented updating members on the most recent national governance developments, publications and development activities.

The most recent developments were reviewed, observing those points reported elsewhere on the agenda (Minute 5 refers).

The report was noted.

4.3b Governance: Corporation Performance: Summer Term Update

Progress was noted in the latest review of aspects of the Corporation governance arrangements, the implementation of the objectives in the Governance Development Plan.

Following discussion the report was noted.

5. PRINCIPAL'S REPORT

5.1 Principal's Report & College Development Plan

The Principal's Report and the Development Plan for the year was received.

After reviewing progress in the implementation of the the KPIs, the Report was considered. The national and local policy developments were noted, and there was further discussion of:

5.1.1 The report requested by members of the College's international activity noting the financial information and supporting commentary to the end of July 2015 and the overall financial contribution to College income. Members were advised however that the Head of HE and International had tendered her resignation. Recognising that even with the known risks, international income had been identified nationally as an opportunity for the FE sector and mindful of the challenges presented in income diversification, members were advised that it was therefore proposed to engage the services of Head of HE and International in her new role on an interim basis. Reviewing the proposal the rationale for parallel activity was noted both for continuity in the implementation of the strategy going forward to secure financial contributions across the full range of activity in order to achieve the objectives of the College's 3 Year Plan; and the further development of in-house expertise for the longer-term.

5.1.2 Safeguarding and the Prevent Duty welcoming confirmation of the revised arrangements following staff changes and that notwithstanding the fact that the Prevent Duty would not apply immediately to the FE and HE sectors, the College was working as if the requirements of the duty were already applicable.

Following discussion, the report was noted.

6. OTHER BUSINESS, MEETING EVALUATION & DATE OF NEXT MEETING

Acknowledging the forthcoming departure of the Principal, on behalf of the Corporation the Chair:

6.1 Paid tribute to the Principal, commending his leadership and the College's achievements during his time in office and extending the Board's thanks and good wishes for the future.

6.2 Formally congratulated the Vice Principal, Pat Carvalho, on her appointment as Principal.

6.2 Date of Next Meeting

Corporation Meeting, Wednesday 14 October 2015

6.3 Meeting Evaluation

Members completed the meeting evaluation forms and the meeting closed.