

THE CORPORATION BOARD OF EAST SURREY COLLEGE

EXTRAORDINARY OPEN MEETING HELD ON THURSDAY 30 JANUARY 2020

Boardroom, John Ruskin College, Croydon

Meeting commenced: 18.00hrs

Meeting ended: 18.45hrs

Present

Andrew Baird	Independent Member	Chair
Liz Rushton	Independent Member	Vice Chair
Jayne Dickinson	Chief Executive (College Group)	Principal (ESC)
Simon Bland	Independent Member	
Phillip Kerle	Independent Member	
Colin Monk	Independent Member	
Alex Hayman	Independent Member	
Bob Pickles	Independent Member	
Ganesh Kumar	Independent Member	
Anne Smith	Independent Member	
Grace Marriott	Independent Member	
Peter Papanastasiou	Independent Member	

Not attending

Lily Franklin	ESC Staff Member
Natalie Watkins-Khan	JRC Staff Member
Amran Mohamed	ESC Student Member
Amy Whitear	JRC Student Member

In attendance

Kevin Standish	Principal (JRC) Quality Lead (College Group)
Jyoti Baker	Chief Operating Officer (College Group)
Patrick Waller	External Co-opted Member of the Audit Committee

Apologies for absence

Rosemary French	Independent Member
Andrew Gilchrist	Independent Member
Derek Galloway	Independent Member
Simon Potten	Independent Member

Clerk

Sue Glover	Director of Governance
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C.01.20 Declaration of Interests

Members and officers were reminded of the need to declare any personal or financial interest in any item to be considered during the meeting.

Andrew Baird declared that, as part of his role with the FEC Commissioner's National Leaders of Governance team, he has been seconded to Brooklands College as the interim Chair. He is also part of the Educational Administrators team working with Hadlow College.

There were no other declarations of interest.

C.02.20 Apologies for Absence

Apologies for absence were received from

Simon Potten	-	business commitments
Rosemary French	-	personal commitments
Andrew Gilchrist	-	business commitments
Derek Galloway	-	business commitments

Agreed

The Board accepts the apologies for absence.

C.03.20 Integrated Financial Model for Colleges (IFMC)

The Chief Operating Officer presented, for consideration and approval, the Integrated Financial Model for Colleges (IFMC).

The Board was advised that the ESFA have introduced the IFMC for all Colleges, which aims to improve the financial monitoring of colleges in order to enable early identification of issues, that could result in financial difficulty for the Institution concerned.

This model replaces the four returns currently made - Financial Plan, Financial Record, the Cash Flow forecast and the cash flow against debt servicing (CFADS) model. The ESFA require the IFMC to be submitted by the deadline of 28 February 2020.

Members were advised that since the introduction of the IFMC, a high number of errors have been identified within the model and there have been significant concerns raised by the College Finance Directors Group. The AoC have been facilitating the communications between the Finance Directors and the ESFA, seeking clarifications where possible.

For ESC, there are currently three errors, all resulting from the fact that the model does not allow for Acquisition Accounting. The College in its financial statements has to comply with UK GAAP and the International Financial Reporting Standards and these regulations indicated that the College would have to undertake the merger accounting methodology. However, the current IFMC model does not allow for merger accounting.

Members reviewed the document and in discussion agreed that it was for the ESFA to resolve the errors identified within the new model and it was unrealistic of them to ask for a Board to 'sign off' on this model in the knowledge that the information it contained was incorrect. The extensive work that has had to be undertaken by the College was also acknowledged.

It was noted that the format of the IFMC model is different to the template used for the Financial Plan and the Finance Record. The starting point of this return is the plan approved by the Board at the July 2019 meeting. Whilst the 2019/20 budgets have remained unchanged, the 2020/21, 2021/22 years have been overlaid by the anticipated increase in student numbers from the capital projects on both sites. The results of the LGPS triennial valuations have now been received and included in the model.

It was appreciated that there had been several versions of the model, with version 5 being presented, and that at this stage it is a matter of complying with the funding agreement and submitting the return by the deadline with these matters fully identified.

It was suggested that as work would be continuing on the model as version 6 was imminent from the ESFA, the Board should consider delegating authority to the Chair of the Corporation and Chief Executive, or even a small working group of governors, to review and approve a final version of the model. However, in view of the importance of the return and the responsibility placed upon the Corporation for sign off, it was agreed that the updated version would be circulated to the whole board with email responses to indicate views.

In discussion, members agreed that the model, as it currently stands, does not appear to be 'fit for purpose' and that it was unreasonable for the ESFA to expect the College to approve a document in the knowledge that this contained a number of errors. The Board advised that it was not prepared to be held responsible for the inaccuracies in the document and that it would stand by the outcomes for 2018/19 as stated in the Financial Statements, which have been externally audited. The Board's decision not to approve the new IFMC in its current state should be relayed to the ESFA and the Board kept informed of their response.

Agreed

The Corporation Board agreed that, on the basis that IFMC version 5 contained a number of errors, it was unreasonable for the ESFA to expect the Board to approve the document. The Board's decision not to approve the new IFMC as presented should be relayed to the ESFA and the Board kept informed of their response. However, the Board recognised that a new version was due to be released and if this model along with responses from ESFA resolved the errors, IFMC version 6 would be circulated to the Governors along with the supporting papers to reconsider their decision.

As there was no further business, the Chair declared the meeting closed.

SIGNED AS A CORRECT RECORD:

A handwritten signature in black ink, appearing to read 'A. B. Caird', written over a dotted line.

DATE: 26 March 2020