

THE CORPORATION BOARD OF EAST SURREY COLLEGE

OPEN MEETING HELD ON THURSDAY 11 JULY 2019

Boardroom, East Surrey College, Redhill

Meeting commenced: 18.00hrs

Meeting ended: 19.25hrs

Present

Mr Andrew Baird	Independent Member	Chair
Mrs Liz Rushton	Independent Member	Vice Chair
Mrs Jayne Dickinson	Chief Executive (College Group)	Principal (ESC)
Mr Simon Bland	Independent Member	
Ms Rosemary French	Independent Member	
Mr Derek Galloway	Independent Member	
Mr Phillip Kerle	Independent Member	
Mr Colin Monk	Independent Member	
Mr Alex Hayman	Independent Member	
Ms Anne Smith	Independent Member	
Ms Grace Marriott	Independent Member	
Mr Peter Papanastasiou	Independent Member	
Ms Kirsty Penfold	ESC Staff Member	
Ms Alam Begum	ESC Student Member	
Ms Amran Mohamed	ESC Student Member	

In attendance

Mr Kevin Standish	Principal (JRC) Quality Lead (College Group)
Mrs Jyoti Baker	Chief Operating Officer (College Group)
Ms Lily Frankin	ESC Staff Member Designate

Apologies for absence

Mr Shaka Anderson	JRC Support Staff Member
Dr Andrew Gilchrist	Independent Member
Mr Simon Potten	Independent Member
Mr Bob Pickles	Independent Member
Mr Ganesh Kumar	Independent Member
Ms Harleen Kaur Sandhu	JRC Student Member
Ms Mo Manoharan	JRC Student Member
Mr Patrick Waller	External Co-opted Member of the Audit Committee

Clerk

Mrs Sue Glover	Director of Governance
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C.21.19 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.

C.22.19

Apologies for Absence

Apologies for absence were received from

Mr Simon Potten	-	business commitments
Mr Patrick Waller	-	personal commitments
Dr Andrew Gilchrist	-	business commitments
Mr Ganesh Kumar	-	business commitments
Mr Bob Pickles	-	personal commitments
Mr Shaka Anderson	-	personal commitments
Ms Mo Manoharn	-	personal commitments
Ms Harleen Kaur Sandhu	-	personal commitments

Agreed

The Board accepts the apologies for absence.

C.23.19

Notification of Any Other Business

Members agreed that there was no other business to be considered.

C.24.19

Unconfirmed minutes of the part 1 meeting of the Corporation Board held 28 March 2019

The minutes of the meeting were approved and signed as a correct record.

C.25.19

Matters arising and action points from the minutes of the meeting

Members agreed that there were no matters arising from the minutes of the meeting.

Members noted the satisfactory completion of progress on the Action Points arising from the meeting.

C.26.19

Membership of the Corporation

The Director of Governance presented a report, which identified issues relating to the current membership of the Corporation Board and its committees.

Members were advised that, following the completion of the merger with JRC, the current membership of the Board is 22, made up as follows:

Independent members	15
Staff members	2
Student members	4
Chief Executive & Principal ESC	1

In addition, there is one external co-opted member of the Audit Committee.

Independent Members

Members were advised there are no reappointments during the remainder of the current academic year.

Term of Office for Board Members

Members were advised that, at the meeting of the Search and Governance Committee held on 9 May 2019, consideration had been given to the number of terms of office a governor may serve.

The Board was reminded that, for a number of years, the tenure of office for members, with the exception of student members, has been

- Each appointment is for a 4-year term
- Members may serve up to three consecutive terms of office (3 terms of 4 years, maximum of 12 years)

In March 2015, the Code of Good Governance for English Colleges (the Code) was introduced, which suggests that '*governors should not normally serve for more than two terms (or a maximum of eight years) except where subsequently undertaking a new and more senior role, for example, as Chair.*'

The Board agreed that it would be prudent to follow good practice guidance, particularly as the Code has been adopted, and appoint new governors on the basis of two terms of four years, maximum of 8 years. However, it was agreed that a degree of flexibility would be retained to enable this to be extended when considered appropriate. It was noted that the current membership of the Board indicates that there are no members who are about to be considered for a third term, although there are some who are in their third and final term.

Student Members

Members were advised that the term of office for the current student members from both Colleges ends on 31 July 2019.

Recent elections at ESC have resulted in Ms Amran Mohamed being re-elected as the President and Student Member from 1 August 2019 to 31 July 2020. Mr Mohamed Isaac has been elected as Vice President and, whilst this position is no longer a student member role, provision was made by the Board for each College to also have a Student Member Designate to attend meetings in the absence of the Student Member and Mr Isaac will fulfil this role for ESC.

Elections for the JRC Student Member will take place at the start of the autumn term and arrangements will be made for nominations to be received by the Board at the meeting in October.

Staff Members

Members were advised that

- the current Staff Member for ESC, Ms Kirsty Penfold, has tendered her resignation as staff member due to her work commitments at the College. It was noted that she is not leaving the College
- an election has been held at ESC for a replacement staff member and has resulted in Ms Lily Frankin being nominated as ESC staff member
- the current Staff Member for JRC, Mr Shaka Anderson, has tendered his resignation and will be leaving the College at the end of August
- an election has been held at JRC for a replacement staff member and has resulted in Ms Natalie Watkins-Khan being nominated as JRC staff member

Membership of Committees

The Director of Governance presented the current membership of the committees and advised that, as in previous years, members will be invited to give an expression of interest outside of the meeting of any change in the committee they currently serve and whether they would be willing to serve on more than one committee as well as the Strategy Committee.

Members were advised that the current Chair of the Audit Committee, Dr Andrew Gilchrist, will finish his third and final term of office at the end of April 2020. To facilitate a smooth succession of a new Chair of the Committee he has offered to step down as Chair at the next meeting of the Committee in December but will continue to serve on the committee until he finishes to support the new Chair. Mr Alex Hayman has indicated his willingness to take up the role and his appointment will be formally considered at that meeting.

Professional Negligence Statement

Members were reminded that, previously, there was a concern that for those governors who are also practising professionals (such as accountants, solicitors) they could be held responsible for any advice given. Although assurance is given that this would not be the case, it was felt that there could still be a residual risk of action against an individual governor. It was agreed by the Board in July 2017 that the best course of action would be to record annually in the Minutes that:

“Advice given by Governors is incidental to their professional expertise and is not being given in their professional capacity”

Members noted the key impact measures arising from the report, in particular the Strategic and Risk implications.

Resolved

The Corporation Board receives and notes the report and

- endorses the recommendation of the Search and Governance Committee that members are appointed on the basis that they should not normally serve for more than two terms of four years, maximum of eight years, with a degree of flexibility to be retained to enable this to be extended when considered appropriate
- approves the appointment of Ms Amran Mohamed as ESC Student Member during the period 1 August 2019 to 31 July 2020 and Mr Mohamed Isaac as ESC Student Member Designate for the same period
- approves the appointment of Ms Lily Frankin as ESC Staff Member from 1 August 2019 for a four-year term
- approves the appointment of Ms Natalie Watkins-Kham as JRC Staff Member from 1 September 2019 for a four-year term
- agrees that membership of the Board Committees will be refreshed from 1 September 2019 and any requested changes taken into account
- agrees that the following Professional Negligence Statement is recorded in the Minutes that **“advice given by Governors is incidental to their professional expertise and is not being given in their professional capacity”**

C.27.19

Report of the Chief Executive

The Chief Executive presented her report, drawing attention to issues not otherwise covered in the agenda, under the headings:

- The FE Landscape
 - Augar Report
 - ‘Keeping Children Safe in Education’ latest guidance
- Orbital South Colleges
 - Conference Day 28 June
 - College Red Weeks
 - Staffing Structures
- Finance and Funding
 - Cyber attack
- Applications for 2019/20
 - Taster Days at ESC
- Quality
 - Retention and predicted achievement
- Student Safeguarding
- Employer Engagement
 - FE Choices Interim Employer Satisfaction Survey results for 2019
 - Job Fair at ESC
 - Employer engagement in the curriculum
 - Surrey Infrastructure Academy launch 26 June

- Higher Education (HE)
- Student Success
 - BTEC success
 - Starpack Awards
 - University of the Arts Origins Creative Arts Festival

In discussion, members raised concern over the recent cyber-attack on the College's systems which has caused major business disruption and, in response to questions, were advised that

- Grant Thornton have been appointed by the College's insurers and are providing specialist support
- It is unknown whether the College insurance is payable until such time as Grant Thornton have completed their investigation
- There appears to be extensive damage, recovery has commenced but will be expensive and take time to assess
- Provision has been made in the budget for recovery costs and for the system reconstruction in the next academic year
- It is not known at this stage how the cyber-attack came into the College's systems, but Grant Thornton may be able to advise once they have completed their investigation

In response to a question, it was noted that other education providers have been affected by cyber-attacks in recent months. Members acknowledged that all staff had worked incredibly hard to contain the situation and asked that the Board's thanks are passed on. The Board asked to be kept informed of progress of Grant Thornton's investigation.

Agreed

The Corporation Board agreed to receive and note the Report of the Chief Executive

C.28.19

Orbital South Colleges Strategic Statement 2019 – 2022

The Chief Executive presented, for consideration and approval, the first 3-year Strategic Statement for the Corporation of East Surrey College t/a Orbital South Colleges (OSC), covering 2019-2022, together with objectives and targets for the first year, 2019/20.

Members were advised that ESC's 3-year Strategic Statement comes to an end this summer and that JRC's 3-year Development Plan ceased to exist at merger, however, it had also been due to finish this summer. Progress against objectives and targets were presented to Governors at the Strategic Planning Day in June 2019. Following this review, Governors were invited to make suggestions for the 3-year Strategic Statement for 2019 – 2022.

The Board was advised that, although a series of targets have been proposed, in some cases these can only be finalised once the final year outturn for 2018/19 is known and has been assessed. It was noted that full curriculum targets will be presented to the Learning and Quality Committee in the Autumn Term.

Members were advised that

- Once the Strategic Statement has been approved, the Executive will progress the actions required to meet objectives and targets
- The Executive will determine ways in which success will be verified with reporting to Governors for their overarching challenge and monitoring responsibilities
- Following merger, the scope of the strategy has been extended in order to enable new opportunities to be accommodated

- All College plans and activity relate to the delivery of the overarching Strategic Statement
- Professional development, curriculum planning and development and resources are all informed by the strategic direction outlined within the Strategic Statement
- The Strategic Statement is informed by a number of drivers, such as:
 - Government policy and funding priorities
 - Regional and local initiatives, including LEP and local priorities
 - Positioning of the College Group in its communities
 - Ambitions for growth and raising of OSC's profile as provider of excellence
 - No changes are proposed to the (former ESC) Mission, Vision, Values and only minor changes to the Public Value Statement

Members were reminded that, during discussions at the Strategic Planning meeting, the adequacy of the four strategic aims was reviewed and it was concluded that a fifth aim should be introduced to ensure inclusivity and a safe learning environment were prominent.

Members considered the detail of each of the Strategic Aims:

- To deliver excellence in teaching, learning and assessment
- To enable students to develop excellent workplace behaviours and skills
- To ensure an inclusive environment in which our students and staff feel safe and thrive
- To develop complementary partnerships that contribute positively to sustainable communities
- To generate strong finances and robust delivery structures that enable future investment and sustainability

Members discussed the proposed changes, making a further suggestion that 'Respect' should in future also be considered as a Value.

Members noted the key impact measures arising from the report.

Resolved

The Corporation Board approves

- The East Surrey College t/a Orbital South Colleges Strategic Statement 2019 – 2022, recognising that some targets can only be confirmed once the final year outturn for 2018/19 is known and has been assessed
- The basis on which full targets will be presented to Governors for approval in the Autumn Term 2019
- The Public Value Statement
- The Vision Statement
- The Values, with comment as above
- The Mission Statement

C.29.19

Capital and Revenue Budgets: 2019/20

The Chief Operating Officer presented, for consideration and approval, the annual budget for the College.

Members were advised that the Capital and Revenue Budgets: 2019/20 had been considered at the meeting of the Finance and Resources Committee held on 8 July 2019 and recommended for approval by the Corporation Board.

The Board was advised that the budget has been set following

- Confirmation of the income grants by the ESFA
- A review of all income streams
- Detailed review of
 - The costed established staff
 - All pay and non-pay costs
 - The 2019/20 curriculum plan

Members noted that the plan includes provision for

- The funded allocation of all the College income streams including 16-18 year-old learners
- The Adult Education Budget Grant, including the carry forward and non-levy procurement Apprenticeships, and the delivery of the Adult Community budget
- A capital investment programme of £850k

Members were advised that the budget setting considered and included where applicable the following:

- Apprenticeships target increased by £273k to £2,073m (13% increase on 2018/19 delivery), which is regarded as an achievable target, taking into account the carry forward and the pipeline for new recruits and with increasing delivery on 'high value' apprenticeships including degree apprenticeships
- Anticipated growth in ACM student numbers of circa 20 from 306 in 2018/19 to 326 in 2019/20
- Increase in the base allocation for High Needs students from 121 to 160 has resulted in an increase in this income of £243k, with neutral impact anticipated since it will result in a reduced claim to the local authority
- Tuition fee income maintained at the same level as 2018/19
- Other income includes lettings and other related commercial services, e.g. Hair and Beauty salon has an increased income budget to £30k
- The budget allows for a pay award of up to 1.5%

Members reviewed

- Executive summary
- College Budget 2019/20
 - Income and Expenditure account
 - Analysis – increase in pay costs
 - Summary of other operating expenses
 - Balance Sheet
 - Cash flow
 - Financial objectives
 - Risks
 - Capital Budget 2019/20

Members also reviewed the number of accepted student offers to date for 2019/20 for both college, noting these are showing a small increase on 2018/19.

In response to questions from members, the Board was informed that

- A 'breakeven' operating position is proposed and a total comprehensive income of (£484k)
- The operating surplus target for 2019/20 has been set at 'breakeven' with a return to surplus position in 2020/21
- The budget includes savings to be identified or increased income generation of (£1.14m)

- The budget does not include any costs that may be incurred during the rest of this year or in 2019/20 with regard to the cyber-attack, these costs will be identified and a provision included in this budget
- The closing cash balance at July 2019 is forecast to be £8.6m, which will generate 'Good' financial health under the current ESFA scoring mechanism
- The College has already managed to absorb 57% of the John Ruskin deficit
- The Executive, in line with the strategy set by the Corporation, take a proactive and prudent stance to mitigate against the volatility of the FE environment, whilst taking the opportunities presented. The Executive engages with national policy with strong key partnership working with the AoC, local MPs, local employers, local schools, FE Sussex, the LEP, both Surrey and Croydon councils. In addition, the four Surrey colleges collectively have a role to play in challenging changes within and outside these partnerships

Members agreed that the budget presented a number of challenges, but the Balance Sheet indicated a healthy balance and the cash flow was very positive. The Chief Operating Officer advised that the budget and pay costs will be closely monitored by the Finance and Resources Committee through the monthly management accounts.

The Board noted the key measures arising from the proposals, in particular the Strategic, Financial and Learner implications.

Resolved

The Corporation Board endorses the recommendations of the Finance and Resources Committee and approves the Capital and Revenue Budgets: 2019/20

C.30.19

Financial Forecasts: 2019 – 2021

The Chief Operating Officer presented, for consideration and approval, the three-year financial forecast for 2019-2021.

Members were advised that this had not been reviewed by the Finance and Resources Committee at their meeting held on 8 July 2019 as it had not been possible to complete the financial forecasts paper due to the recent cyber-attack.

The Chief Operating Officer advised that the financial plan is largely a reflection of the budget, rolled on for one further year.

Members considered the detail of the document, with particular reference to:

- Executive Summary
 - Statement of Comprehensive Income
 - Financial Health Grade
- Financial Plan 2019/20 – 2020/21
 - Loans and Loan Covenants
 - Assumptions
 - Income
 - Pay costs
 - Non-pay costs
 - Balance Sheet
 - Cashflow
- Risk analysis
- Balance Sheet
- Statement of Cash Flows
- Ratio Analysis

In response to questions from members, the Board was advised

- The current forecasts generate 'Good' financial health under the current ESFA scoring mechanism
- A 'breakeven' budget operating budget and a deficit budget of (£984k) is planned for in 2019/20 with a return to surplus position in 2020/21 and 'Outstanding' financial health
- A pay award has been budgeted
- The College expects to meet its bank covenants

Members noted the key impact measures arising from the report, in particular the Policy, Strategic and Learner implications.

Resolved

The Corporation Board approves the Three Year Financial Forecasts: 2019 – 2021

C.31.19

Higher Education Tuition Fees: 2020/21

The Chief Operating Officer presented, for consideration and approval, a report on fees for all proposed HE provision for 2020/21.

Members were advised that the report on Higher Education Fees had been considered at the meeting of the Finance and Resources Committee held on 8 July 2019 and that proposals had been commended for approval by the Corporation Board.

The Board was informed of the background to the report, in particular

- Loan Company for assistance and fees
- The College has received its TEF Award (Bronze) for the second year running and the College's Access Agreement was approved enabling the College to charge the higher fees. In view of the increased charges from the Office for Students (OfS), and the new relationship with the University of Chichester there is a case for the College to raise its fees above £6,000
- The College receives £100k of teaching funds per annum from HEFCE, now OfS. The precise figure is yet unknown for 2020/21. The College has made plans in its budgets for Bursary awards to students as part of its Access Arrangement application

Members considered the proposals to approve

- Fees as listed
- Delegation to the Chief Executive and Chair of the application of appropriate discount to the Higher National or Higher Education qualifications where the level of fee is a barrier to recruitment for cohorts of progressing ESC learners
- To approve delegated authority to the Chief Executive and Chair to amend the fees chargeable in 2020/21 in case of change of circumstances

Members asked if the listed fees stated were competitive and were advised that they were in the light of other higher education providers.

Members noted the key impact measures arising from the report, in particular the Strategic, Risk and Learner implications.

Resolved

The Corporation Board endorses the recommendation of the Finance and Resources Committee and approves

- Listed fees as stated
- Delegation to the Chief Executive and Chair of the Corporation of the application of appropriate discount to the Higher National and Higher Education qualifications where the level of fee is a barrier to recruitment for cohorts of progressing ESC learners
- Delegated authority to the Chief Executive and Chair of the Corporation to amend the fees chargeable in 2020/21 in case of change of circumstances

C.32.19 External Audit Provider

The Chief Operating Officer presented, for consideration and approval, the Letter of Engagement and Financial Statements Audit Service Plan for 2018/19 from the external auditor, Buzzacott.

Members were advised that these had been considered at the meeting of the Audit Committee held on 13 June 2019 and have been commended for approval by the Corporation Board.

Resolved

The Corporation Board endorses the recommendation of the Audit Committee and approves

- Letter of Engagement from the external auditor, Buzzacott
- Financial Statements Audit Service Plan for 2018/19

C.33.19 Search and Governance Committee

Meeting of the Search and Governance Committee held on 9 May 2019

Members received the unconfirmed minutes of the meeting.

C.34.19 Report of the Chair of the Search and Governance Committee and issues for consideration and approval

The Chair of the Search and Governance Committee reported on the key issues considered at the meeting, not otherwise considered at this meeting of the Corporation Board, for formal consideration and approval:

- Risk Management: Summer Term 2019
- Review of Governance Policies for 2019/20
 - GOV1 Terms of Reference and Standing Orders for the Conduct of Meetings of the Corporation Board
 - GOV2 Code of Conduct for Members of the Corporation
 - GOV3 Governor Induction and Training Policy
 - GOV4 Attendance at Meetings, Access to Corporation Business and Confidentiality
 - GOV5 Governor Recruitment and Succession Planning Policy and Procedure
- Instrument and Articles of Government
- Terms of Reference and Standing Orders of the Search and Governance Committee for 2019/20
- Annual Schedule of Business of the Search and Governance Committee for 2019/20
- Governors' Development and Training Programme 2018/19: Summer Term 2019

C.34.19 Learning and Quality Committee

Meeting of the Learning and Quality Committee held on 20 June 2019

Members received the unconfirmed minutes.

C.35.19 Report of the Chair of the Learning and Quality Committee and issues for consideration and approval

The Chair of the Learning and Quality Committee, reported on the key issues considered at the meeting, not otherwise considered at this meeting of the Corporation Board, for formal consideration and approval:

- College Quality Improvement Plans 2018/19 for East Surrey and John Ruskin Colleges: Summer Term 2019
- Governors' Quality Improvement Plan 2018/19: Summer Term 2019
- Risk Management: Summer Term 2019
- Terms of Reference and Standing Orders of the Learning and Quality Committee for 2019/20
- Annual Schedule of Business of the Learning and Quality Committee for 2019/20

Members were advised that the Learning and Quality Committee had also received a very informative termly report from the Principal JRC & Group Quality Lead, which provided an update on the current activities and priorities of both Colleges in respect of the Summer Term 2019. A number of policies were planned to be presented but it was agreed to defer these until the autumn term as further work was required on them following the merger.

C.36.19 Finance and Resources Committee

Meeting of the Finance and Resources Committee held on 8 July 2019

Members received the unconfirmed minutes of the meeting.

C.37.19 Report of the Chair of the Finance and Resources Committee and issues for consideration and approval

The Chair of the Finance and Resources Committee, reported on the key issues considered at the meeting, not otherwise considered at this meeting of the Corporation Board, for formal consideration and approval:

- College Policies
 - ESC 16 Adoption Leave Policy
 - ESC 35 Maternity Leave Policy
 - ESC 36 Parental Leave Policy
 - ESC 39 Paternity Leave Policy
 - ESC 79 Shared Parental Leave Policy
 - ESC 37 Attendance Management Policy
 - ESC 57 Subcontractor Fees Policy
 - ESC 13 Student Bursary Policy
- Risk Management: Summer Term 2019
- Terms of Reference and Standing Orders of the Finance and Resources Committee for 2019/20
- Annual Schedule of Business of the Finance and Resources Committee for 2019/20

The Board was advised that the Committee had also reviewed the Management Accounts to 31 May 2019 for both colleges, which have subsequently been circulated to the Board. The Chief Operating Officer asked members whether it would be acceptable to omit circulating the June management accounts but to circulate those to July and the year outturn when available. The Board were in agreement.

C.39.19 Audit Committee

Meeting of the Audit Committee held on 13 June 2019

Members received the unconfirmed minutes of the meeting.

C.40.19 Report of the Chair of the Audit Committee and issues for consideration and approval

On behalf of the Chair of the Audit Committee who was absent from the meeting, Ms Rosemary French reported on the key issues considered at the meeting, not otherwise considered at this meeting of the Corporation Board, for formal consideration and approval:

- Risk Management: Summer Term 2019
- College Policies
 - ESC 81 General Data Protection Policy
 - ESC 82 Rights of Individuals Policy
 - ESC 83 Personal Data Breach Notification Policy
 - ESC 84 Data Protection Policy

Resolved

The Corporation Board

- notes the reports of the Chair of each of the committees of the Board
- endorses the approval by each committee of the key issues considered and approved at the meetings
- endorses and approves the reports submitted by each committee for consideration and approval

C.41.19 KPI Dashboard

Members received the KPI Dashboards for:

- Curriculum and Quality: May 2019
 - Classroom based
 - Retention Rates by Age and Level
 - EDIMs
 - Attendance
 - Apprenticeships
- Finance: April 2019

Consideration was given to specific issues:

- Retention by Age, Ethnicity, Gender
- Attendance

Agreed

The Board receives and notes the KPI Dashboard for Curriculum and Quality: May 2019, and Finance: April 2019.

C.42.19 Any Other Business

The Chair of the Corporation took the opportunity to thank the outgoing staff and student members for all their hard work and contribution during their term of office.

There was no agreed any other business.

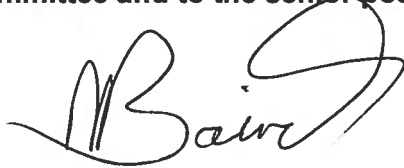
C.43.19

DATES OF CORPORATION BOARD MEETINGS: 2019/20

Thursday 3 October 2019 – Corporation Curriculum Strategy Meeting
Thursday 21 November 2019 – Annual General Meeting
Thursday 12 December 2019 – main Corporation Board
Thursday 30 January 2020 – Corporation Strategic Planning Meeting
Thursday 26 March 2020 – main Corporation Board
Saturday 20 June 2020 – Corporation Self-Assessment Meeting
Thursday 9 July 2020 – main Corporation Board

All weekday meetings commence at 18.00

At the conclusion of the Part 1 meeting, the Corporation Board moved into a meeting restricted, in accordance with the Instrument and Articles of Government and with Section 22 of the Freedom of Information Act 2000, to the members of the Board, the External Co-opted Member of the Audit Committee and to the senior postholders.

A handwritten signature in black ink, appearing to read 'M Baird', with a large, stylized flourish above the name.

SIGNED AS A CORRECT RECORD:

DATE: 12 December 2019

