**MEETING OF THE FULL CORPORATION**

**OF FAREHAM COLLEGE**

12th December 2018

**M I N U T E S**

**Present:** Ms K Allen

Mr K Briscoe

 Mr N Duncan

 Mr P Grimwood (Vice-Chair)

 Mr R Kew (Chair)

 Mr M Mansergh

 Mr P Marchbank

 Mr C Seaton

 Mr A Spires

 Dr C Thomas

 Mrs P Tilt

 Ms K Woods

**In attendance:** Ms J Eayrs (Clerk)

Mrs A Hinton (AP People & Organisational Development)

Mr A Kaye (Deputy Principal)

 Mr M Lewis (AP Finance, Funding & Resources)

**74/18 Presentation: GDPR Implementation Progress Update and reminder demonstration on Governance Portal**

*Mr Briscoe arrived during this item (15.45)*

 Members of the Board received a presentation which provided a progress update on GDPR implementation. In addition, members received a reminder demonstration on how to access the Governance Portal by Mr McQueen, Head of Technical Services. The slides used during his presentation are an **Appendix** to these minutes.

*The Chair thanked Mr McQueen for his presentation and he left the meeting at 15.45.*

**75/18 Declaration of Interests**

 Members were reminded of the need to declare any personal or financial interest in any items of business to be considered during the meeting. No interests were declared.

**76/18 Apologies for absence**

 Apologies for absence were received and accepted from Mr Hoban, Mr Hilliker and Mr Ramsay. The Chair reminded members that Miss Champion was currently on a work secondment in the Netherlands. He went on to say that her ‘leave of absence’ request had been recommended by the Search Committee and was due to be considered by the Board later on the agenda.

**77/18 Minutes of the Special meeting held on the 10th October 2018**

 The minutes of the special meeting held on the 10th October 2018 were agreed as a true and accurate record and were signed by the Chair. There were no matters arising from them which were not covered elsewhere on the agenda.

**78/18 Confidential minutes of the special meeting held on the 10th October 2018**

 The confidential minutes of the special meeting held on the 10th October 2018 were agreed as a true and accurate record and were signed by the Chair. There were no matters arising from them which were not covered elsewhere on the agenda.

**79/18 Correspondence**

(i) **Letter from ESFA dated 15th October 2018** **re: Fareham College Financial Plan 2018 to 2020** – Mr Lewis, (AP F,F &R) advised members that the letter from the ESFA had confirmed the College’s financial grade as ‘Good’ for the 2017/2018 year and ‘Good’ for the 2018/2019 (current budget year). Members also reviewed and noted the financial dashboard provided which incorporated various key performance indicators measured against both target benchmarks and benchmarks achieved in the sector.

(ii) **Letter from ESFA dated 9th November 2018**: **Early Intervention & Prevention** – Members reviewed the ESFA letter and noted that it confirmed that the ESFA assessment of the College continued to meet one or more of the triggers for early intervention and prevention. Mr Lewis explained that the trigger had been a significant decline in the College’s financial health score over the previous 2/3 years. He went on to say that the ESFA had recently been to the College and had reviewed the final out-turn position of the 2017/2018 Accounts which presented a much improved position than originally forecast. This had resulted in an increased financial score from 180 points to 210 points and had moved the College to the middle of the ‘Good’ band. Mr Lewis concluded by saying that, once the Financial Statements had been approved and submitted to the ESFA, this would remove the College from Early Intervention in Jan/Feb 2019 and they would formally write to confirm this in March 2019;

(iii) **Letter from Office for Students (OfS) dated 26th November 2018: Application to register with the Office for Students** – Members received and noted the contents of the letter from the OfS dated 26th November 2018 which confirmed the College’s registration on the register of English higher education providers;

*Dr Thomas declared an interest in this item as the Clerk to the William Price Charitable Trust.*

(iv) **Letter from WPCT dated 26th November 2018: General Education Grants** – Members of the Board reviewed the contents of the letter and noted that an educational grant had recently been awarded by the Trust. The Principal outlined a number of projects which had been supported by the Trust during recent years and thanks were extended by the Board for their continued financial support;

 In addition, the Principal advised members that a further ESFA letter had been received electronically that day regarding funding for 2019/2020 and it was agreed that the Clerk would circulate this letter to all members.

**80/18 The Principal’s Autumn Term Report – December 2018 (including SOR Update and Presentation on Funding)**

 Members of the Board received the Principal’s Autumn Term Report: December 2018 which was confidential to members of the Board and which summarised key issues and developments in the work of the College during the autumn term and outlined the progress which had been made in taking forward the College’s Strategic priorities and the College Quality Improvement Plan for 2018/2019.

 The Principal spoke to the paper and provided an update in the following areas:

* In-year Performance
* Learner numbers to date;
* Retention (classroom);
* Retention (Apprenticeships);
* Attendance (all);
* Finance;
* 2019/2020 applications;
* Risk Register;
* People and Organisational Development;
* Strategic priorities and quality improvement;
* Strategic Options Review;
* Strategic Plan;
* Chief Inspector’s Annual Report (Dec 2018);
* Curriculum initiatives:
- T Levels;
- Centre of Excellence for Mathematics;
- CETC (Civil Engineering Training Centre);
* Successes;
* Key actions identified for 2018/2019;
* Updated organisational structure chart.

The Principal reminded members that the Deputy Principal would be presenting a curriculum and quality update later in the meeting and, as a result, he did not want to duplicate the issues outlined in that report. In view of that, the Principal drew the following to Governors’ attention:

* **Learner numbers** were slightly down on expectations but holding close to the previous year at 3135. Members were advised that in-year adult part-time and apprenticeship recruitment was challenging and the College was working hard to create new provision that would be attractive to those particular markets. The Principal confirmed that the College was on target to pass the elusive 1000 apprenticeship target;
* **Retention (classroom)** – noted as 97.9%. The Principal highlighted the fact that 2.1% of the original study programme enrolments had withdrawn and Traineeships had the lowest retention. Members reviewed and noted the reasons for leaving which had been profiled in the graph provided on page 1 of the report (18 left to join another college and 25 not known);
* **Retention (Apprenticeships)** – noted as 77.0%. Apprenticeship retention remained a concern and faced continuing challenge in 2018/2019. Retention strategies for all groups of learners were being implemented, which included a change in the way in which apprenticeships were managed and delivered;
* **Attendance (all)** – Attendance remained a concern at 85.2% with some departments showing a very spikey weekly profile. Members reviewed the bar graph provided which outlined attendance by department. In particular, members noted that English and Mathematics still posed a significant challenge and CPD had the lowest attendance which would need immediate action to address;
* **Finance** - Members reviewed and noted the key budgetary performance indicators;
* **2019/2020 Full-time Applications** – Members noted that applications for 2019/2020 were tracking relatively strongly against the planned targets with an additional 97 applications compared to the equivalent time the previous year. Members were reminded that the College had targeted to achieve 1730 full-time students (1550 16-18 and 180 19+). Members were advised that applications by the College’s main feeder schools were tracking as expected with some schools showing increased applications (Portchester and Brune Park);
* **Risk Register** – Overall residual risk of 6.57 (low) was noted. Members noted that the highest risks were in relation to finance and quality but, more recently and increasingly, recruitment to critical roles within the College with staff turnover and data protection becoming greater risks;
* **People and organisational development** – The Principal reported that staff turnover remained a significant issue at between 22-23.5% (compared to a sector average of 17.4%). Indications were that pay was a major factor in the reasons for leaving with 53% leaving the sector entirely. In addition, sick days lost remained below previous years and were primarily short-term absences. A new organisation structure had been provided at Appendix A to the paper;
* **Strategic Options Review (SOR)**– The Principal provided an update on the SOR. The related discussions are recorded as a separate confidential minute for Governors only;
* **Chief Inspector’s Annual Report (Dec 2018)** – Members reviewed and noted key aspects of the Chief Inspector’s Annual Report, particularly the concerns about the financial sustainability of the college sector which had been raised within the report. In addition, whilst the commitment to grow apprenticeships had been welcomed, concerns regarding the operational capacity and governance of some new private training providers had been identified;
* **T Levels** – Members reviewed and noted the current position regarding the implementation of T Levels. Members were advised that a full update would be provided at the Spring Term group training session in February 2019;
* **Centre of Excellence for Mathematics** – Members were reminded that the College had been selected to lead the development of post-16 basic maths across the south of Hampshire and the Isle of Wight. The Deputy Principal was leading the initiative which was a three-year project to bring about real improvement in the sub-regional post-16 basic maths performance;
* **CETC** – Members were advised that the Civil Engineering Training Centre (CETC) continued to develop with the support of the Solent Civil Engineering Employers’ Group (SCEEG). Members noted that the College was now working with the third cohort, recruiting to the fourth and the first were about to complete. The Principal provided a presentation which updated members on the progress to date which included:
- transferring the current temporary provision to an interim site until the new build was complete;
- planning permission had been granted;
- the funding agreement from the LEP had been signed;
- the main contractor interviews would be completed before the end of December 2018;
- the project build would commence in January 2019.

The Principal provided a detailed update on the tender and selection process which had been completed as part of the main contractor appointment for CETC. The slides used as part of the presentation are an **Appendix** to these minutes. At the end of the presentation members undertook the following:

**Formally approved the appointment of Amiri Construction as the preferred contractor for the CETC project and their appointment via a letter of intent ahead of the finalisation of the full JCT contract form at a total value not to exceed £2,650,000 (including some contingency). Members were advised that the value provided was a cap whilst the final contract sum with Amiri construction was being finalised;**
* **Successes** – Members reviewed and noted the successes which had been achieved since the last report which included:
- the College had been shortlisted for the TES Apprenticeship Provision of the Year Award;
- an Iraqi Leadership Shadowing programme had been successfully completed;
- an outside classroom for early years training had been established through generous support from the WPCT;
* **Key Actions identified for 2018/2019 included**:- Financial health – recruitment and securing allied funding;
- Reducing subcontracted activities;
- Capital project delivery: CETC;
- T Level development;
- English and Maths – including CoEM;
- Participation rates in work experience;
- Quality improvement – Apprenticeships, Adult, English and Maths;
- Improving full-time attendance;
- Staff retention – including remuneration.

**Members of the Corporation reviewed and noted the contents of the Principal’s Autumn term report December 2017.**

**81/18 Strategic Options Review (SOR)**

 The Principal provided members with an update on the SOR process. Due to the confidential nature of the related discussions, this item is recorded as a separate confidential minute for Governors only.

**82/18 Strategic Plan Update 2018-2021**

*Chris Seaton arrived during this item (4.27 pm)*

 Members of the Board received the Strategic Plan 2018-2021 for consideration and review. The Principal spoke to the paper and reminded members that there had been a dedicated strategic plan review session on the 17th October 2018 at which Governors and SMT had had the opportunity to contribute to the development of the Plan. As a result, the Plan had been updated to reflect the opportunities, ambitions and direction the College would be taking over the next three-year period.

 The Principal provided a presentation on the Strategic Plan 2018-2021 and the slides used are **Appendix 2** to these minutes. In particular, the Principal drew the following to members’ attention:

* The six key priorities had not changed;
* The targets and aims had been refined to focus on the clear strategies coming from the Government;
* The FE landscape remained fluid and it was essential to ensure that the College had the capacity to change, adapt and take advantage of new challenges;
* A further away-day with SMT members was planned following which the document would be reviewed and finalised with possible minor amendments but no fundamental changes were expected.

**Members of the Board reviewed and formally approved the Strategic Plan 2018-2021.**

**83/18 FE Funding Presentation**

*Mr Marchbank arrived during this item (5.00pm)*

Members of the Board received a presentation from the Principal on FE Funding which provided an update on the current landscape and future considerations related to:

* **The Future** – What we know, or can guess;
* **The Autumn Budget** – it was noted that funding was relatively predictable for the next 12 months;
* **A review of the short-term position**;
* **16-18 Funding** – including the introduction of T Levels and more industry placement and the extra TPS grant. In addition, 16 to 18 population was down 2% in 2019;
* **Apprenticeship Funding**;
* **Adult Education Budget** – of significant interest was the devolution of c50% of adult education budget to Greater London and six Mayoral Combined Authorities (West Midlands etc.) in 2019;
* **Government funding to colleges had been cut** by 30% between 2009 and 2019;
* **Funding for students in FE compared to Schools and Universities –** comparison figures were provided;
* **Staff to income ratios compared to benchmark** were provided;
* **An overview of the income and expenditure 2019/2020** and the challenges;
* **An update on the College Insolvency Regime;**
* **An overview of the 2019 Comprehensive Spending Review** – of particular significance was the fact that Education was the biggest unprotected spending budget;
* **What does the future hold** – There was a widespread agreement that 16-18 was underfunded. The Principal highlighted the fact that there were now 266 colleges and 2200 Sixth Form Colleges.

The presentation slides used are **Appendix 3** to these minutes.

**84/18 Progress Review of Strategic Priorities and Quality Improvement Plan 2018/2019**

 Members of the Board received a paper which provided the first of three progress reviews of the Strategic Objectives for 2018/2019. The Principal spoke to the paper and drew members’ attention to the following:

* **The status of staff turnover in the College** - Members noted the current turnover at 21.65% which was the lowest for 2 years. However, the average tolerance in the sector was 17.4%. As a result, strategies were in place to target a 4% reduction. These included salary review, improving perceived stability for staff and reviewing other ways of enhancing work life balance and wellbeing;
* **Stable finances;**
* **Timely success on Apprenticeships;** and
* **The development of industry placements.**

 **Members reviewed and noted the progress that had been achieved during the first part of the academic year.**

**85/18 Curriculum and Quality Update: Autumn Term 2018**

 Members of the Board received a paper which provided a Curriculum and Quality Update and which summarised the current progress of key areas. The Deputy Principal spoke to the paper and highlighted the fact that:

* Apprenticeship recruitment for 2018/2019 stood at 840 (rather than 807 outlined in the paper);
* Attendance for the whole College was recorded at 88.1%. Members noted that CPD was the worst performing at 75.1% and Enterprise and Digital were the best performing at 93.2%;
* The College had 36 High Needs Students and 59 students with EHCPs;
* The post of Assistant Principal for Business and Partnerships had been covered on an interim basis following an unsuccessful first recruitment round. Members noted that the post had now been appointed to on a permanent basis and Lesley Roberts was the successful candidate;
* Governors queried how long the College could consider itself ‘Outstanding’ and the Deputy Principal outlined the various scenarios which could trigger an Ofsted inspection.

 **Members of the Board reviewed and noted the contents of the Curriculum and Quality Update.**

**86/18 The Annual (Self-Assessment) Report 2017/2018**

 Members of the Board received the Annual (Self-Assessment) Report 2017/2018. The Deputy Principal spoke to the report and drew the following to members’ attention:

* The rigorous and effective annual self-assessment process which had been completed as part of the annual validation cycle was outlined;
* Members reviewed the Grade profile on page one of the report and noted that ‘Overall Effectiveness’ had been deemed ‘Good’ with a number of areas deemed ‘Outstanding’ for the 2017/2018 year compared to the OFSTED overall judgement of ‘Outstanding’ in October 2017;
* Some aspects of the provision had declined, in particular, timely achievement rates for apprentices. Members noted that key areas for improvement had clearly been identified and would be included in the Quality Improvement Plan which would be monitored by the Board;
* The OFSTED framework would be changing and, as a result, this was the last time judgements would be made against this particular grade profile. The Deputy Principal advised members that there had been a shift in approach with regards to the inspection framework which was less focussed on student outcomes and more on influencing the quality of teaching and learning. Members noted that consultation on the new Education Inspection Framework would be launched in January 2019;
* The Report would be shared in the public domain and new employees received a copy as part of their induction process;
* The Self-Assessment Report 2017/2018 was recommended as an accurate reflection of the quality of the College and the Strategic Plan and Quality Improvement Plan provided a realistic set of actions to secure improvements where required.

The Chair commended the report as being a digestible and informative document which had been well presented and he invited members to endorse it.

**Members of the Board reviewed and formally approved the College Self-Assessment Report 2017/2018.**

**87/18 HE SED Executive Summary for Annual Quality Assessment Assurances**

 Members of the Board received an HE SED Executive Summary for Annual Quality Assessment Assurances. Members were reminded that the document had been reviewed and considered by the TSC&Q Committee at its November meeting in order to meet the submission deadline of 1st December.

The Deputy Principal spoke to the paper and drew the following to members’ attention:

* The QAA Code had been revised for the following year;
* The quality of HE provision, generally, had been deemed ‘Good’ and feedback demonstrated that students had a good experience and, in the main, received ‘value for money’;
* The need to further integrate the HE delivery and experiences into a prominent FE environment had been identified;
* The College was committed to developing its HE offer in line with its Strategic Priorities;
* Members reviewed the Executive summary which outlined all the main HE programmes offered by the College as well as the outcomes for 2017/2018;
* The Deputy Principal advised members that HEFCE had been superseded by the Office for Students (OfS). He explained that the College had been required to undertake a process of registration and, following a recent query on Freedom of Speech, final confirmation was awaited;
* Members were reminded of the requirement for Governing Bodies to provide confirmation/assurance about the student academic experience on an annual basis and the deadline for submission was 1st December each year;
* Powers to provide assurance on behalf of the Board had been delegated to the Teaching, Students, Curriculum and Quality Committee and, as a result, the Board had acknowledged that this would be a retrospective report;
* Members of the TSC&Q Committee had been invited to scrutinise and discuss the precis to the HE Self-Evaluation Document which provided the evidence base on which members of the Committee had confidently agreed assurance.

**Members of the Board noted that the TSC&Q Committee had formally agreed to provide assurance to the full Corporation that the College was effectively managing and delivering on quality assurance and enhancement related to the HE student academic experience and student outcomes.**

**86/18 Safeguarding Policy and Procedure**

 Members of the Board received the Safeguarding Policy and Procedure. Members were advised of the changes which had been added following an update to KCSiE which came into effect in September 2018 which related to:

* Peer on peer abuse;
* County lines; and
* Child criminal exploitation.

              **Members of the Board formally approved the Safeguarding Policy and Procedure 2018/2019.**

**87/18 Careers & Personal Development Strategy**

 Members of the Board received the CPD Strategy which had been considered, reviewed and recommended by the TSC&Q Committee at its meeting in November 2018. The Deputy Principal spoke to the paper and reminded members that the CPD course was a personalised programme of study which developed a student’s early career-related learning and was aimed at helping the student to understand themselves, their strengths, weaknesses and any particular interests. The programme aimed to prepare them for progression to a career they would like to follow. Essentially, the primary purpose of the programme was to help a student make a transition from school to college or into employment.

 **Members of the Board formally approved the Transition to College Programme Strategy (previously CPD Strategy) as recommended by the TSC&Q Committee.**

**88/18 Facts and Figures ‘Pocket Brief’**

 Members of the Board received the Facts and Figures ‘Pocket Brief’ which provided updated key performance data for the Autumn Term 2018 which was reviewed and noted.

**89/18 Management Accounts at 31st October 2018**

 Members of the Board received a confidential paper on the Management Accounts at 31st October 2018. The AP Finance, Funding & Resources spoke to the paper and drew the following to members’ attention:

* The budget position had improved slightly from an original budget deficit of £33k to a small surplus of £8k;
* Overall the College’s income forecast had reduced by £214k;
* Overall the College’s expenditure forecast had improved by £255k;
* Members were advised that a requirement of early intervention was that the quarterly Management Accounts and rolling 12-month cash-flow were submitted to the ESFA. Members noted that it was intended to use the Accounts provided as the first submission. It was noted that the ESFA were yet to confirm the reporting deadlines;
* A capital expenditure separate section would be included for the 2019/2020 year;
* Commercial income would be included for the next Board meeting;
* The Cash-flow was reviewed. Members acknowledged that the College was ‘holding its own’ and compared to other colleges in the sector was doing really well.

**Members of the Board reviewed the contents of the paper and noted the current position**

**90/18 The Finance Record**

 Members of the Board received a copy of the year-end Finance Record which was due to be submitted to the ESFA by 31st December 2018. Members noted that the ESFA used the report to monitor the College’s Financial Health via the Financial Health Score and Grade. Mr Lewis reiterated the fact that the College was in early intervention because, in recent years, the financial health score had declined. He went on to say that the Finance Record provided reflected a much improved score of 210 points which placed the College back in the middle of the ‘Good’ range.

 **Members of the Board accepted the recommendation of the F&R Committee and formally approved the Finance Record for submission to the ESFA by the 31st December 2018.**

**91/18 HR Strategy Update: Position Statement November 2018**

 Members of the Board received a paper which provided an update on People and Organisational Development which focussed on key challenges for HR in 2018/2019 based on organisational targets and trends and the relevant local and national context.

 Mrs Hinton spoke to the paper and outlined why the HR Strategy Update had been delayed. She explained that it would be more beneficial to update the HR Strategy once the Strategic Plan Update had been formally reviewed and approved by the Board.

 Members discussed the challenges and the common themes which related to:
- staff turnover;
- recruitment; and being
- flexible and responsive.

 Members reviewed the actions which had been taken to address Staff turnover:
- A budgeted 1% pay award for staff from 1st February 2019;
- Increased in-year income to reduce potential need to make redundancies;
- Staff utilisation by implementing temporary relocation policy to mitigate need for redundancy;
- Explore flexible working arrangements.

Mrs Hinton highlighted the fact that the College had limited capacity to offer flexible working arrangements due to the small number of staff in each team. She reported that recent recruitment and increased requests for flexible working indicated that this would be an attractive strategy for recruitment and retention.

Members discussed salaries and maintaining competitive rates. Mrs Hinton stated that the College needed to get to the position where it was able to guarantee a minimum offer of 1% pay award each year. Members were conscious that the affordability of such an offer, at this stage, would present particular challenge but there was an acknowledgement that the Board was committed to reinvesting any surpluses made back into the organisation through the staff. Members noted that a 1% pay increase equated to £80k and 3% £270k. Members endorsed the 1% pay award due to be made to staff on the 1st February 2019 and noted that it represented 0.5% over the full year and equated to £40k.

**Members of the Board reviewed the contents of the paper, noted the current position and acknowledged that the 1% pay award (which had been approved as part of the Budget in June 2018) would be paid to staff in the February 2019 payroll.**

**92/18 Annual Review of Financial Regulations**

Members of the Board received a paper on the Annual Review of the Financial Regulations: November 2018. Other than minor job title changes, the following amendments had been recommended by the F&R Committee for the Board’s consideration:

* Reporting of Fraud, Data Protection Officer and first contact for any irregularities would now report to the Assistant Principal Finance, Funding and Resources. The Regulations currently referred to the Deputy Principal from the days when Peter Marsh had been the Deputy Principal;
* Tender limit was £50,000 in the Limits Appendix and Tendering Appendix. The Financial Regulations had stated £10,000 in error;
* Bank Overdraft had been reduced from £500,000 to £250,000;
* The signing of subcontracting contracts had been added with £100,000 approval limit by the Principal or Assistant Principal Finance, Funding and Resources and above £100,000 was to be signed by both and ratified by the Corporation.

 **Members of the Board accepted the recommendation of the F&R Committee and formally approved the amendments to the College Financial Regulations as outlined above.**

**93/18 Membership Issues and Report of the Search Committee**

Members of the Board received and reviewed a paper on Membership Issues and Report of the Search Committee. The paper outlined the issues which had been considered by the Search Committee at its last meeting in November 2018 and the recommendations which were made for formal approval by the Board were as follows:

1. **Members reviewed the contents of the paper and noted the current membership position as outlined in Appendix A to the paper;**
2. **Members formally accepted the recommendation of the Search Committee and approved the re-appointment to the Board of Mr Adam Spires (for a second term) and Mrs Pauline Tilt (for a third and final term) to serve for a 3-year term of office from 1st January 2019 to 31st December 2021;**
3. **Members formally confirmed the appointment of Joe Hilliker to the Board as the Student Governor to serve from 12th December 2018 to 31st December 2021 or until he ceased to be a student of Fareham College, whichever came first;**
4. **Formally approved the recommendation that Miss Emma Champion be granted a 9-month leave of absence from the Board to complete a work secondment in the Netherlands;**
5. **In view of the decision regarding the outcome of the SOR considered under a previous agenda item (7(i)), members formally agreed to reinstate the Selection Panel (membership as outlined in the paper) to oversee the arrangements for the recruitment and selection of a new Principal and Chief Executive to be appointment from 1st August 2019;**
6. **Considered and noted the position regarding succession planning for the Chair and Vice-Chair and agreed related actions as outlined above;**
7. **Formally approved the Membership of Corporation Committees as outlined in Appendix B to the paper;**
8. **Noted the position regarding the memberships which were due to come under review during the 2018/2019 academic year and the related actions.**

**94/18 Annual Report on Safeguarding – December 2018**

 Members of the Board received the Annual Report on Safeguarding – December 2018 which provided Governors with an annual overview of the College’s Safeguarding Policies and Processes and the support and training that was available for students and staff.

 Members noted that:

* It was the Corporation’s responsibility to make sure that the College met its statutory obligations and the appropriate policies and procedures were in place to ensure that young people attending the College were safe;
* The Corporation’s designated Governor for Safeguarding was Alastair Ramsay. It was noted that it was not a legal requirement to have a Governor lead but it was deemed best practice;
* Updates on safeguarding for staff took place throughout the year. All staff were invited to attend the Safeguarding update training in August 2018 which outlined the key changes to KCSiE (2018) which came into effect in September 2018. Governors had also been briefed on these changes at the Board meeting on the 10th October 2018;
* Staff training for Safeguarding and PREVENT E-Learning modules, stood at 96% compliance;
* Raising awareness of the dangers and risks facing young people was a key part of the student tutorial programme which provided information on what to do and where to go for help should the need arise;
* Positive feedback from students had been received which confirmed that they felt safe whilst at College;
* Developments planned for 2018/2019 were reviewed and noted.

**Members of the Board reviewed and noted the contents of the paper and formally approved the Annual Safeguarding Report – December 2018.**

**95/18 Annual Report on Equality and Diversity – December 2018**

 Members of the Board received the Annual Report on Equality and Diversity – December 2018 which provided Governors with an annual overview of the College’s Equality and Diversity practices, procedures and performance in relation to staff and students.

 Members noted that:

* The report provided confidence to the Corporation that the College was executing its statutory and moral duties in relation to being inclusive to all;
* Staff undertook the equality and diversity E-learning package every two years and had a compliance rate of 97%;
* A range of topics to educate all students on the concept of inclusivity were included in the tutorial programme and were outlined on page 2 of the report;
* The achievement of some groups of students did require improvement:
- children looked after (72.2%); and
- those students that had declared a disability (84.7%)
These groups were generally performing lower that the College average and action to improve this needed to be taken;
* Students accessing ALS (87.6%), in receipt of an EHCP (89.5%), High Needs (92%) and accessing free school meals (93.5%) all performed marginally or dramatically above the College’s headline rate;
* Members noted that there were 51 students with EHCPs in the current year compared to 38 the previous year.

**Members of the Board reviewed the contents of the paper and formally approved the Annual Equality and Diversity Report – December 2018.**

**96/18 Attendance Statistics 2017/2018**

Members of the Board received a paper on the Corporation Attendance Statistics for 2017/2018. The Clerk spoke to the paper and advised members that the figures provided included data related to all meetings (including additional special meetings) and calendared only meetings (excluding additional special meetings).

Members reviewed the contents of the paper and noted that, during the course of the year, there had been five full Corporation meetings with the following attendance:

* 11th October 2017 (special) – 81%;
* 13th December 2017 – 81%;
* 7th February 2018 (special) – 75%;
* 28th March 2018 – 87.5%;
* 27th June 2018 – 94%.

The mean average attendance had been reported as follows:

* All meetings – 83.7% (compared to 81% the previous year);
* Calendared meetings only (excluding special meetings) – 85.88% (compared to 81% the previous year).

 **Members reviewed and noted the contents of the paper.**

**97/18 Annual Report of the Risk Management Group - November 2018**

 Members of the Board received the Annual Report of the Risk Management Group – November 2018. Governors were aware that the College was required to submit an annual report to the Audit Committee and the Corporation on Risk Management in order to establish the College’s compliance with the Turnbull Committee’s recommendations.

The Principal spoke to the paper and advised members that the report was an annual ‘reflection’ of the work completed and the issues reviewed by the College’s Risk Management Group during the course of the year. Members noted the risk themes which had been considered during 2017/2018 had included:

* The overall risk score was 6.57 compared to:
- 6.45 (Nov 17);
- 6.67 (Mar 18); and
- 6.39 (Jun 18);
* The 3 biggest risks related to:
- Decline in funding, particularly levy and grant apprenticeship funding;
- Failure to recruit sufficient apprentices to meet the growth plan in the budget;
- Financial position deteriorates leading to a decline in the College’s financial health grade;
* Declining risks included:
- Poor student attendance leading to poor outcomes (English and Maths attendance);
- Poor FT and PT recruitment leading to decline in funding (reduction in school leavers);
- Affordability of competitive rates of pay causes issues related to recruitment;
- Full Study Programme under-developed leading to elements not being completely delivered;
- Serious IT security failure causing security breach (attempted breach thwarted);
- Changes to Data Protection Law increases accountability associated with breach and risk of severe penalty.

The Principal confirmed that, during the year, each Corporation Committee had received a report of the College’s top risks which were their responsibility to review along with the mitigation to reduce the risks identified.

Members were advised that the Audit Committee had agreed to recommend that the College’s Risk Management arrangements continued to be adequate to enable the Corporation to discharge its duties.

**Members of the Board reviewed the contents of the paper and accepted that the College's Risk Management arrangements were appropriate and adequate to enable the Corporation to discharge its duties.**

**98/18 The Annual Report of the Audit Committee to the Corporation 2017/2018**

Members of the Board received the Annual Report of the Audit Committee to the Corporation of Fareham College for the Financial Year 2017/2018. Members noted that the purpose of the Report was to advise the Board on the activities of the Audit Committee and the effectiveness of the whole internal control system of the College and its arrangements for risk management, control and governance during the year as required by The Audit Code of Practice.

Governors noted that the report reflected the views of the Committee which stated that the internal control systems operating within the College were adequate and the responses of the management in respect of Internal and External Auditors were satisfactory. It was noted that the Audit Committee had agreed to recommend the Annual Report for formal approval by the Full Corporation.

**Members of the Board reviewed the Report and noted the discussions which had taken place at the Audit Committee meetings during 2017/2018. Governors accepted and formally approved the Annual Report of the Audit Committee 2017/2018.**

**99/18 Internal Audit Annual Report 2017/2018**

 Members of the Board received the Internal Audit Annual Report 2017/2018 from the previous Internal Audit Service Provider, Mazars. Members noted that the report provided a summary of Internal Audit activities and outcomes during the last 12 months and page 2, Section 3 of the Report outlined the ‘Annual Opinion’ provided by the Internal Auditors which stated that:

* **Annual Opinion** - “Fareham College’s governance, risk management and internal control arrangements were generally adequate and effective to manage its achievement of the College’s objectives with the exception of IT Strategy and Security for which a ‘Limited Assurance’ opinion was provided in the period. This review led to three Priority 1/fundamental recommendations being made”.

Members were assured that actions were in train to address the issues arising from the IT Strategy and Security review and no other fundamental issues of concern had been raised.

In addition, members’ attention was drawn to the following:

* **Internal Audit Service** – The College had chosen to retain a full scope internal audit service for 2017/2018 which enabled Mazars to provide an Annual Opinion on the College’s arrangements for risk management, internal control and governance;
* **Purpose of Internal Audit** – The purpose of internal audit was to provide the Corporation, through the Audit Committee and the Principal (as Accounting Officer), with an independent and objective opinion on risk management, control and governance and the College’s effectiveness in achieving its agreed objectives;
* **Internal Audit Work undertaken in 2017/2018** – Members noted that 26 days (including 3 days follow-up, 4 days Audit Management) had originally been agreed by the Audit Committee at its meeting on the 29th November 2017. Members noted that all planned audits from the Plan had been completed during the year;
* **Summary of Internal Audit Work undertaken in 2017/2018** – Members were referred to page 12 of the report which provided a detailed summary of the internal audit work undertaken during 2017/2018:
- Core Financial Systems – Payroll and expenses – Substantial;
- Follow-up – n/a;
- Learner number systems – partially compliant;
- Apprenticeship levy implementation – substantial;
- IT Strategy and Security – Limited;
- Subcontracting – n/a.
* **Priority 2 Recommendations** – Members reviewed and noted the summary of priority 1 and 2 recommendations provided at Appendix A3 to the report.

Governors were aware that it was important for the Board to confirm that assurance had been provided by the Internal Auditors prior to the consideration and approval of the College’s Financial Statements.

 **Members of the Board noted the assurance of the Internal Auditors that adequate and effective governance, risk management and internal control arrangements were operating in practice and formally approved the Internal Audit Annual Report 2017/2018.**

**100/18 Outcomes of the Internal Audit Service Tender**

 Members of the Board received a paper on the Outcomes of the Internal Audit Service Tender. Members were advised that both firms that had presented to the Tender Panel were both very credible. However, one firm had a better approach to internal audit, a more developed benchmarking data pool and had demonstrated a superior use of technology. Therefore, the Audit Committee had agreed to recommend that TIAA be formally appointed as the Internal Audit Service provider. In addition, it had been agreed that the contract would be for a three-year period from 1st January 2019 to 31st December 2021 with an annual review.

 **Members of the Board accepted the recommendation of the Audit Committee and formally appointed TIAA as the Internal Audit Service Provider for a three-year period from 1st January 2019 to 31st December 2021 with an annual review.**

**101/18 Financial Statements Year ended 31 July 2018, Audit Findings Report and Letter of Representation**

 Members of the Board received a copy of the audited Accounts 2017/2018 for consideration and approval. Members also received the Audit Findings Report from RSM, the Financial Statements Auditor, and a copy of the Letter of Representation.

Mr Lewis, AP Finance, Funding and Resources spoke to the paper and drew members’ attention to the following:

**(i) Financial Statements:**

* In July 2018 the forecast out-turn position for 2017/2018 was a deficit of £747k (including £300k of pension costs) or a £447k deficit (excluding pension costs);
* In October 2018 the forecast out-turn position for 2017/2018 had improved to a deficit of £596k (including £300k pension costs) or a £296k deficit excluding pension costs;
* **The actual final out-turn position for 2017/2018** improved further still and was reported as a deficit of £539k (including £300k of pension costs) or a £239k deficit excluding pension costs;
* **The final out-turn position for 2017/2018** was slightly worse than the 2016/2017 out-turn of £504k;
* **The cash position** reduced significantly over the year from £2.972m to £1.907m;
* During the year the Solent LEP loan of £1.325m had been repaid and a new long-term loan taken out with the bank. This had a positive effect on the debtor/creditor ratio which is reflected in the Financial Health score for the College;
* Members were reminded that the results of the Finance Record had improved from a score of 160 in 2016/2017 to a score of 210 points in 2017/2018 which placed the College firmly in the middle of the ‘GOOD’ financial health band;
* **The Financial Statements** had been reviewed and audited in detail and were recommended by the F&R Committee for formal approval by the Board.

 M**embers of the Board accepted the recommendation of the Finance and Resources Committee and formally approved the Financial Statements 2017/2018.**

**(ii) The Audit Findings Report**

 Members of the Board had received the draft Audit Findings Report from RSM.

Members’ attention were drawn to the key risks which related to:
- Management over-ride of internal controls – no issues were noted;
- Income recognition – bursary and free school meal income should not be included in I&E;
- Pension scheme liabilities – assumptions used were consistent with the sector;
- Going concern – no matters of significance had been identified.
Members noted the risks identified were standard for the FE sector;

* Levy apprenticeship income – Members noted that a total income of £821 had not been invoiced to employers. The misstatement had been adjusted in the Financial Statements;
* Unadjusted/adjusted misstatements were reviewed and noted on page 7 of the report;
* Significant deficiencies in internal control – Members noted that a process had been implemented to ensure that a report was run from the Employer Hub which identified the amounts to be invoiced by the College on a monthly basis;
* Fixed asset register – Members noted that the College had £3.2m of nil net book value items on the fixed asset register. An annual review was recommended;
* Significant findings from the audit included:
- **Holiday pay accrual**: Members noted that a new HR system had been implemented which would prevent any issues in the future;
- **Financial Statement Disclosures**: No issues other than those outlined in section 2 of the report had been identified;
- Significant difficulties – None encountered;
* Draft letters of representation – reviewed and formally approved;
* Emerging issues outlined in Appendix B to the report were reviewed and noted.

 Members noted that no significant issues had been identified to report to the Board and, for a first audit, given the number of adjustments, it had been a positive outcome for the College.

 **Members of the Board noted that the Audit Committee was satisfied that there were no issues of concern and formally accepted the recommendation to formally approve the Audit Findings Report.**

 **Members of the Board formally approved the Financial Statements 2017/2018, the Audit Findings Report and the Letter of Representation for signature by the Chairman and the Principal for onward transmission to the ESFA by the 31st December 2018.**

**102/18 Self-Assessment of Compliance with Regularity and Propriety Requirements**

Members of the Board received the Self-Assessment Questionnaire for consideration and review. The Board were advised that the document had been considered by both the Finance and Resources and Audit Committees at their November meetings and both had agreed to recommend it for formal approval by the Board.

 **Members reviewed the contents of the paper and formally approved the Self-Assessment Questionnaire as recommended by the Finance and Resources and Audit Committees.**

**103/18 Annual Health and Safety Report to the Corporation 2017/2018**

Members of the Board received a paper on the Annual Health and Safety Report 2017/2018 (including Accident Statistics at Appendix 1 to the paper). Members reviewed the health and safety overview provided for 2017/2018 and noted the developments and improvements which had been secured during the year.

 **Members of the Board reviewed and noted the contents of the Annual Health and Safety Report 2017/2018 and formally approved it as recommended by the Finance and Resources Committee.**

**104/18 Termly Reports of Corporation Committees and Items for Information**

 Members of the Board had received the following items for information which had been circulated electronically in advance of the meeting:

* Termly Report of the TSC&Q Committee;
* Termly Report of the Finance & Resources Committee;
* Termly Report of the Audit Committee;
* Meeting Notes from the Staff Liaison Committee (SLC) (BRC) 19th September 2018;
* Meeting Notes from the SLC (CEMAST) 27th September 2018;
* Meeting Notes from the Student Board 17th October 2018.

**105/18 Performance Review of the Deputy Principal 2017/2018**

*Executive Officers and Staff and Student Governors withdrew for this item****.***

Members of the Board received a strictly confidential report on the Performance Review of the Deputy Principal 2017/2018. Due to the strictly confidential nature of the contents of the report and the related discussions, this minute is recorded as a separate strictly confidential minute for Governors who are not staff and students only.

**106/18 Senior Postholder Private Medical Insurance Renewal 2019**

Members of the Board received a strictly confidential report on Senior Postholder Private Medical Insurance Renewal 2019. Due to the strictly confidential nature of the contents of the report and the related discussions, this minute is recorded as a separate strictly confidential minute for Governors who are not staff and students only.

**107/18 Date of next meeting**

 In accordance with the approved Corporation Calendar 2018/2019, it was noted that the next scheduled meeting of the full Corporation was due to take place on **Wednesday 27th March 2019 at 4.30pm.**