**MEETING OF THE FULL CORPORATION**

**OF FAREHAM COLLEGE**

27th June 2018

**M I N U T E S**

**Present:** Ms K Allen

Mr K Briscoe

Miss E Champion

 Mr N Duncan

 Mrs B Farrer-Williams

 Mr M Hoban

 Mr R Kew (Chair)

 Mr M Mansergh

 Mr P Marchbank

 Mr A Ramsay

 Miss J Ross-Barton

 Mr C Seaton

 Mr A Spires

 Dr C Thomas

 Mrs P Tilt

 Ms K Woods

**In attendance:** Ms J Currin (Interim Director of F&F)

Mr S Dingsdale (AP/MD CEMAST)

Ms J Eayrs (Clerk to Corporation)

Mrs A Hinton (Executive Director HR)

Mr A Kaye (Deputy Principal)

Mr M Lewis (AP Finance, Funding & Resources due to commence in post on 20/08/18)

**31/18 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. There were no interests declared.

**32/18 Apologies for absence**

 Apologies for absence were received and accepted from Mr Grimwood and Miss Healey. The Chair welcomed Julie Currin, Interim FD, and Mike Lewis, newly appointed FD (due to take up post on the 20th August 2018) to the meeting.

**33/18 Minutes of the meeting held on the 28th March 2018**

 The minutes of the meeting held on the 28th March 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.

**34/18 Confidential minutes of the meeting held on the 28th March 2018**

 The Confidential minutes of the meeting held on the 28th March 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.

**35/18 Strictly Confidential minutes of the meeting held on the**

 The strictly confidential minutes of the meeting held on the 28th March 2018 (for Governors who are not Staff or Students only) were agreed as a true and accurate record and were signed by the Chair. As there were no points of clarification, questions or matters arising Executive Officers, Staff and Student Members were not required to withdraw from the meeting for this item.

**36/18 Governor Engagement**

 Members provided feedback on the Link Governor participation, development sessions or Cross-College events they had attended during the term.

**37/18 Correspondence**

(i) **Letter from Highbury College dated 25th June 2018** – Members agreed that the letter from Highbury College Chair would be taken under agenda item 8(iii) Strategic Options Review Update;

**38/18 Principal’s Summer Term Report 2018**

 Members of the Board received the Principal’s Summer Term Report 2018 which was confidential to members of the Board and which summarised key issues and developments in the work of the College during the summer term and outlined the progress which had been made in taking forward the College’s Strategic priorities and the College Quality Improvement Plan for 2017/2018.

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

* 2017-2018 Performance;
* Retention;
* Finance;
* 2018-2019 Full-time Applications;
* Curriculum Initiatives including:
- International;
- Civil Engineering Training Centre (CETC);
- Institute of Technology;
- T-Levels;
- Higher Education;
* Risk Register;
* Health and Safety;
* Human Resources;
* GDPR;
* Strategic Options Review;
* National Landscape including:
- Staff turnover;
- Security and Safeguarding (Lockdown);
- Apprenticeship Funding.

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:

* **2017/2018 Performance** – Predicted outcomes were relatively similar to the previous year for study programmes;
* **Apprenticeship outcomes** – Members noted that apprenticeship outcomes had declined but timely achievement remained 5% above the national rates for similar providers;
* **Student withdrawal** – The main reasons for student withdrawal remained relatively consistent with previous years and were reviewed and noted;
* **Annual Awards Ceremony** – Members acknowledged that the Creative Studies Showcase and Annual Awards Ceremony had both been a great success. Congratulations were extended to this year’s Student of the Year, Natalie Kirby who was a Production Arts student;
* **Finance** – Members reviewed and noted the financial KPIs outlined in the report and acknowledged that the financial position would be reviewed in detail later in the meeting;
* **Apprenticeship Recruitment** – The Principal reported that apprenticeship recruitment still presented its challenges. He went on to advise members that there was a national campaign to get the 10% contribution removed for some SME-based apprentices. It was expected that, if the campaign was a success, interest would increase from the non-levy paying sector;
* **Applications for 2018/2019** were tracking relatively strongly against the planned targets. The Principal confirmed that the College had targeted to achieve 1500 full-time students for the 2018/2019 year and had currently achieved **1541**. In addition, there were still internal progressing students to consider and it was expected that approximately 200 more applications would be received between now and the enrolment period. The Principal emphasised the fact that, having factored in withdrawals, it was forecast that the College would need to secure a further 300 applications in order to reach the 1500 full-time student target post the 42-day threshold;
* **International** – The Principal reported that the College continued to engage with the international market and had retained its Tier 4 probationary licence ready for future recruitment. In addition, members noted that the College had recently won a contract to develop learning resources for a College in Panama;
* **Civil Engineering** – The Principal outlined the progress which had been achieved to further develop the apprenticeship programme in groundworks and civil engineering. Members noted that the Centre was now delivering its second cohort of apprentices which were due to complete their off the job training in July 2018 with the third cohort due to start in September 2018. In addition, plans were progressing well for the development of the permanent facility north of CEMAST. Members noted the Principal would provide an update presentation on the facility later in the meeting;
* **Institute of Technology** (**IoT)**– The Principal reminded members that the College had joined a consortium bid for an IoT led by Farnborough College of Technology. He reported that the bid had been unsuccessful and, as a result, the College had now shelved any plans to resubmit a bid until such time that it was clear what the criteria and purpose of the IoTs would be;
* **T-Levels** – The Principal confirmed that the College had been successful in its bid to be a pilot organisation for the new T-Level qualifications being released from 2020 onwards. Members were advised that the College was one of only 52 colleges nationally to have been selected and this would require pilot colleges, along with the ESFA and IfA/DfE, to create the qualifications and their allied assessment strategies between now and the first intake in 2020;
* **Higher Education** – Members were aware of the College’s strategic objective to develop its higher education provision. The Principal reported that September 2018 would see the start of two new areas of HE study through the delivery of an HNC in Motorsport and new creative streams. In addition, the Principal reported that this had been further supported by the achievement of TEF Bronze by the College as a quality kite mark for teaching and learning in HE;
* **Risk Register** – Members noted that the Risk Register currently held 43 risks 3 of which were considered ‘high’ and four which had a heightened risk since the last report in March 2018. The Principal advised members that the three high risks were associated with finance and the heightened risks related to IT security and staff turnover. The Principal reported a disappointing outcome in a recent Internal Audit review related to IT Strategy and Security which had received ‘Limited Assurance’. He went on to explain that a number of aspects of the report had been disputed but, despite the fact some these challenges had been accepted, the final judgement of ‘Limited Assurance’ had been retained;
* **Health and Safety** – The Principal reported health and safety as relatively stable with very few (<10) notifiable accidents. Members were advised that two legal claims against the College had been received in relation to health and safety neither of which involved the HSE. He went on to confirm that one claim had been dropped and the other was ongoing;
* **Human Resources** – The Principal advised members that the College was continually reviewing its structure to reduce staffing costs and to ensure that the College had a staffing profile that supported the business plans for the organisation. A recent management restructure had been carried out to:
- refresh the organisation in terms of the management skillsets required;
- replace important skills lost through staff turnover;
- strengthen the management structure to take on a very demanding period over the next 2-3 years;
As a result, this had increased the number of Assistant Principal roles in favour of the original Director structure and introduced Directors of Faculty to overcome the difficulty that the College had been experiencing in attracting the right calibre of middle managers. The Principal projected a copy of the updated organisational structure chart which would be effective from 1st August 2018. The Principal added that the two vacant posts would be recruited during July 2018;
* **Staff turnover** – The Principal reported one of the highest levels of staff turnover experienced for some time at 27% compared to 17.4% nationally. He went on to say that 90% of colleges were experiencing difficulty in recruiting and retaining staff. Mrs Hinton added that 60% were leaving the sector nationally;
* **Staff sickness** – Days lost through sickness were similar to previous years (a peak of 95 in January to a low in April of 24.5) and reflected a spiky profile which required further analysis. Mrs Hinton advised members that, generally, the College tracked 2-3 days below the national average;
* **GDPR** – The Principal confirmed that the College’s GDPR procedures had been established and were in the process of being confirmed and fully implemented over the next twelve months. In addition, it was noted that a process for assessing the current liabilities regarding archived data was also being undertaken to try to reduce any risk of contravention through old hard-copy stored data. The Chair requested that a termly update be provided to demonstrate the progress of implementation;
* **Security and Safeguarding (Lockdown)** – The Principal confirmed that the College continued to develop its Lockdown Procedures. Members were advised that the College had hosted a seminar for a Hampshire-wide audience on Lockdown which had been led by the Counter-Terrorism Agency and Hampshire Policy Force. The outcome of the seminar confirmed that the College’s approach was broadly in line with national recommendations;
* **Apprenticeship Funding** – The Principal reiterated the fact that significant pressure was being applied on the Government to reconsider the 10% fee to non-levy employers to reinstate interest in the apprenticeship scheme as numbers continued to decline. He went on to say that the Government appeared to be listening but would undoubtedly strive to find a way to introduce a change that did not suggest a back-track in funding policy.

The Principal provided members with a presentation which included an update on the development of CETC2. During the presentation he brought the following to members’ attention:

* The College had made a capital bid to the LEP which had been approved and for which a draft funding agreement would be sent. The Principal highlighted the fact that this was still to be presented to the LEP Board on the 11th July 2018 for formal ratification;
* The current SCEEG members, partners and supporters (Solent Civil Engineering Employer Group);
* The national interest in the development of Civil Engineering disciplines;
* The current arrangements on the temporary site which would be used until February 2019;
* The plans to establish a permanent centre of excellence on the piece of land at the back of CEMAST;
* A project overview for a new educational building was provided which included total project costs of £4.047m (£2.833m grant from the LEP with the remainder (£814k) to be funded by the College and Employers);
* A financial overview was provided and the phasing of the expenditure over a three-year period was explained;
* Projected apprenticeship starts for the period 2018 – 2023 were provided (1665 apprentices by 2023);
* The project was being managed by Peter Marsh Consulting and the timeline programme was provided;
* The Governance arrangements were outlined and the Principal confirmed that 3 members of the Corporation attended the CETC Monthly Project Board meetings.

At the end of the presentation members of the Board confirmed their support for the project and fully endorsed the project plans and expenditure as outlined by the Principal.

 **Members of the Board reviewed and noted the contents of the Principal’s Summer Term Report 2018.**

**39/18 Final Progress Review of Strategic Objectives 2017/2018**

 Members of the Board received a paper which provided the final progress review of the strategic objectives for 2017/2018. Members of the Board reviewed and noted the objectives where progress had deteriorated since the last report:

* **Action 4: Employer Satisfaction** – The results of the Employer Satisfaction Survey had been received at the end of May 2018. Although, generally, positive responses had increased, the overall grading had reduced. Members noted that the College had registered a concern with the ESFA related to contradictory evidence;
* **Action 7**: **Sustained growth in 16-18 recruitment** – Reported earlier in the meeting;
* **Action 11: High Staff Turnover** – As well as the general trend in FE, a higher rate of turnover was expected following the College’s success with OFSTED and College of the Year award;
* **Action 12**: **Continue with internal apprenticeship programme** – There were now 6 apprenticeship posts within the College with all allocated staff development grants and staff vacancies being reviewed for apprenticeship opportunities;
* **Action 42**: Outstanding Support for students – Progression advice and guidance continued to require some improvement.

**Members reviewed and noted the progress achieved against the strategic objectives and quality improvement for 2017/2018.**

**40/18 Strategic Options Review Update – June 2018**

 Members of the Board received a confidential paper which provided an update on the Strategic Options Review. Due to the confidential nature of the contents of the paper and the related discussions, this item is recorded as a separate confidential minute for Governors only.

**41/18 Curriculum and Quality Update – Summer 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, in particular, drew the following to members’ attention:

* **Self-Assessment** – The SAR process had concluded that the College remained ‘Outstanding’;
* **Adult Learning Programmes** – There had been a slight improvement with outcomes forecast to be at national rates;
* **Attendance** – The whole College attendance rate was 88%;
* **Apprenticeship** – Outcomes had declined but timely achievement remained 5% above national rates for similar providers;
* **Teaching and learning** – 90% of the 80 formally graded observations were good or better which was a 16% increase on the previous year;
* **Leadership and Management** – With the retirement of two members of the Senior Management team there was a natural opportunity to review the management structure. As previously reported by the Principal the recruitment for an Assistant Principal Students and Improvement and an Assistant Principal for Business and Partnerships was due to take place in July.

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

**42/18 Apprenticeship Strategy**

 Members of the Board received the Apprenticeship Strategy for consideration and approval. The Deputy Principal spoke to the paper and confirmed that the document had been reviewed in detail by the Teaching, Students, Curriculum and Quality (TSC&Q) Committee at its meeting in May 2018. He went on to say that the Strategy was reviewed annually and the most significant changed related to the introduction of the new Standards and end-point assessment. The Objectives of the Strategy were reviewed and considered and the related actions to respond to the changes endorsed.

 **Members of the Board reviewed the contents of the paper and formally approved the Apprenticeship Strategy as recommended by the TSC&Q Committee.**

**43/18 English and Mathematics Strategy 2018/2019**

 Members of the Board received the English and Mathematics Strategy 2018/2019 for consideration and approval. The Deputy Principal spoke to the paper and confirmed that the document had been reviewed in detail by the TSC&Q Committee at its meeting in May 2018. He went on to outline the purpose of the strategy and the key strategy changes being proposed for 2018/2019. In addition, members were advised that a bid had been made for the College to be a Maths and English Centre of Excellence the outcome of which would be known by the next Corporation meeting in October 2018.

 **Members of the Board reviewed the contents of the paper and formally approved the English and Mathematics Strategy 2018/2019 as recommended by the TSC&Q Committee.**

**44/18 Facts, Figures and Actions: ‘Pocket Brief’ Summer 2018**

Members of the Board received the Facts and Figures ‘Pocket Brief’ which provided an update on key performance data for the Summer term 2018 which was reviewed and noted.

**45/18 Management Accounts at 31st May 2018**

 Members of the Board received a confidential paper on the Management Accounts for May 2018. The paper provided an update on the performance year-to-date at 31st May 2018. Members of the Board reviewed the Income and Expenditure Account, in particular the year-to-date actual position compared to Budget, and current forecast, noting any major variances.

Ms Currin, Interim Director of Finance, spoke to the paper and confirmed that the Management Accounts had been discussed in detail by the Finance and Resources Committee at its meeting in June. She drew the following key points to the Board’s attention:

* The May 2018 management accounts currently reported an operating deficit year-to-date of £245k against a year-to-date budgeted surplus of £243k (£487k adverse variance) and which compared to a prior year deficit for the ten-month period of £233k;
* I&E Budget surplus year-to-date of £243k;
* Historic deficit of £338k;
* A ‘likely’ forecast year-end deficit of £448k which would require the College to:
- generate a further £15k of additional apprenticeship income before the end of the year;
- generate £74k of new AEB funding before the end of the year;
- secure £150k of non-pay savings;
- full year pay savings of £104k;
- that sub-contracting costs would be more than budget by £464k by year-end;
* Staff to income ratio year-to-date of 58.7% (compared to Budget of 56.6% and prior year equivalent of 59.6%);
* Actual cash of £3.9million per cash flow statement (compared to £3.1m previous year);
* Balance Sheet – reconciled cash £2.5m (74 cash days) compared to £3.0m and 88 cash days the previous year;
* Bank covenants – Members reviewed the bank covenants outlined in Appendix 2a. Members were advised that the covenants would be satisfied if the ‘likely’ and ‘best’ case scenarios were achieved but would be breached under the ‘worst case’ scenario (operating deficit of £607k).

**Members of the Board reviewed and noted the contents of the report and noted the current position.**

**46/18 Outline Budget Strategy for 2018/2019 and 2019/2020**

 Members of the Board received a confidential paper which presented the 2018/2019 Budget and the Financial Plan for 2019/2020. Due to the confidential nature of the contents of the paper and the related discussions, this item is recorded as a separate confidential minute for Governors only.

**47/18 Outcomes of the Tender for External Audit Services 2018/2019**

 Members of the Board received a paper on the Outcomes of the Tender for External Audit Services 2018/2019. The Chair of the Audit Committee spoke to the paper and outlined for the Board the comprehensive selection and short-listing process which had been followed. Members noted that the recommendation which had been made by the Audit Committee had been based on the following:

* The presentation was very comprehensive and very well presented;
* The answers to the Panel’s questions were clear and concise;
* RSM had significant experience in the sector.

**Members of the Board formally approved the recommendation of the Audit Committee and appointed RSM as the External and Regularity Audit Service provider for the next 3-year period from 1st August 2018 to 31st July 2021 with an annual review.**

**48/18 Arrangements to Tender for Internal Audit Services – June 2018**

Members of the Board received a paper which outlined the Arrangements for the Tendering for Internal Audit Services - 2018. Members reviewed the contents of the paper which outlined the proposed arrangements for the tendering process and the timescales involved. The Chair of the Audit Committee spoke to the paper and advised members that the three-year contract for the current Internal Audit service provider, Mazars, had now come to an end and, as a result, the Committee had agreed to recommend that the College go out to tender for these services.

**Members of the Board formally approved the tendering process and related arrangements for the re-tendering of the Internal Audit Service as outlined in the paper and as recommended by the Audit Committee.**

**49/18 Membership Issues and report of the Search Committee – June 2018**

 Members of the Board received a paper on Membership Issues and Report of the Search Committee. Members reviewed the contents of the report and considered and formally approved the recommendations enshrined within it as follows:

1. **Reviewed the contents of the paper and noted the current membership position as outlined in Appendix A to the paper;**
2. **Formally approved the recommendation that Mr Grimwood’s current term of office is extended until the outcome of the Strategic Options Review process is known or 31st August 2019, whichever came sooner;**
3. **Noted the position regarding the memberships which were due to come under review during the 2018/2019 academic year and the related actions;**
4. **Formally approved the Membership of Corporation Committees as attached as Appendix B to the paper.**

**50/18 Report to the Corporation – Application of the College Seal**

 Members of the Board received a paper on the Application of the Seal. The Corporation had previously agreed that the Chair and the Principal should be generally authorised to authenticate the Seal of the Corporation and that the Corporation would receive an annual report detailing the occasions on which the Seal had been used, thereby, formally ratifying its use.

 **Members reviewed the contents of the paper and noted the occasions when the Corporation Seal had been applied during 2017/2018 and formally ratified its use as authenticated by the Chair and the Principal.**

**51/18 Corporation Calendar 2018/2019**

 Members of the Board received and formally approved the Calendar of meetings for the Corporation and its Committees for the 2018/2019 academic year.

**52/18 Annual Review of Corporation Committee Terms of Reference and Annual Cycles of Business – June 2018**

Members of the Board were aware that, each year, as part of the annual review and evaluation cycle, all Corporation Committees undertook a review of their own specific Terms of Reference and Annual Cycle of Business at the summer term meeting. Members had been provided with the updated Terms of Reference for:

* **The Audit Committee** – which had been updated to exclude Staff Governors from being a member in accordance with the Audit Code of Practice published in March 2018.

 **Governors formally approved the updated Terms of Reference for the Audit Committee as outlined above.**

**53/18 Outcomes of Governance Self-Assessment 2017/2018**

 Members of the Board received a paper on the Outcomes of the Governance Self-Assessment 2017/2018. The full analysis from the completed self-assessment questionnaire was provided as Appendix B to the paper and a summary sheet provided at Appendix A to the paper for members’ consideration and review. The Clerk confirmed that, due to the fact the questionnaire had been significantly updated, there was limited value in providing comparison data from previous years of the overall outcomes.

 **Having reviewed and considered the analysis provided and in view of the fact the College had been awarded an OFSTED Grade of ‘Outstanding’, Members of the Board formally agreed to assign a self-assessment Grade 1 for Governance for the 2017/2018 year.**

**54/18 Senior Postholder Correspondence**

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

Members of the Board received a strictly confidential paper from the Principal related to an item of Senior Postholder correspondence. Due to the strictly confidential nature of the contents of the paper and the related discussions, this item is recorded as a separate confidential minute for Governors who are not Staff and Students only.

**55/18 Summer Term Reports from the Committees of the Corporation**

 Members of the Board received (electronically) the Summer Term Reports of the following Committees of the Corporation and noted the issues which had been discussed and the progress which had been achieved during the summer term:

* Finance & Resources Committee;
* Teaching, Students, Curriculum & Quality Committee;
* Audit Committee.

**56/18 Student Board and Staff Liaison committees (BRC & CEMAST)**

 Members of the Board received (electronically) and noted the minutes of the following Student Board and Staff Liaison Committee meetings which had taken place since the last Corporation meeting:

* Staff Liaison Committee (BRC) held on the 18th April 2018;
* Student Board from 18th April 2018;
* Staff Liaison Committee (CEMAST) held on the 16th May 2018;
* Student Board held on the 16th May 2018.

**57/18 Date of next meeting**

 Members noted that, in accordance with the Corporation Calendar 2018/2019 approved under agenda item 11(iii), the next meeting of the full Corporation was scheduled to take place on **Wednesday 10th October 2018 at 4.30 pm.**