



**WEST NOTTINGHAMSHIRE COLLEGE
CORPORATION BOARD**

Minutes of the Corporation Board meeting held in the Boardroom, Derby Road site on Thursday 5 December 2013

GOVERNORS Ian Baggaley
PRESENT: Chris Bodger
 Tim Clarke
 Nevil Croston
 Jean Hardy
 Amy Kendal-Smith
 Asha Khemka
 Mike McNamara
 Diana Meale
 Marie Oakton
 David Overton
 Hari Punchihewa

ALSO IN ATTENDANCE: Maxine Bagshaw, Clerk to the Corporation
 Patricia Harman, Deputy Principal
 Tom Stevens, Executive Director: Capital Projects & Estates
 Andrew Martin, Deputy Principal
 Louise Knott, Director: Communications, Marketing & Learner Engagement
 Graham Howe, Vice Principal: Business Development
 Robin Hardy, Observer

13.98 DECLARATION OF INTEREST

The Chair reminded those present to declare at the start of the meeting any interests in matters to be considered. Standing declarations of interest were noted, it was agreed that none of the declarations prohibited participation in discussion.

13.99 WELCOME, INTRODUCTIONS AND APOLOGIES FOR ABSENCE

Apologies for absence were received from Kate Allsop, Malcolm Hall, John Holford, Beverley Nita, John Robinson, Colin Sawers and Chris Winterton. Absent without apologies was Terry Dean.

13.100 MINUTES OF THE MEETING HELD ON 21 NOVEMBER 2013

AGREED: that the minutes were a true and correct record and were signed by the Chair.

There were no matters arising from the minutes.

ACTION by whom	DATE by when
Chair	5 Dec 2013

Signed : _____ Chair

Date:

13.101 ACTION PROGRESS REPORT

It was agreed that matters were progressing as required.

AGREED: to note the content of the update provided.

13.102 2012/13 FINANCIAL STATEMENTS AUDIT MANAGEMENT LETTER

The Director of Finance introduced this item and confirmed that the same report had been reviewed by both the Finance & Estates Committee and the Audit Committee. He explained that it is a standard format report received from KPMG each year and details the operational position of the Group. The Director of Finance drew members` attention to the following:

- Page 15 – this provides an executive summary and details the work completed and the status of the audit. He confirmed that audit work was now fully complete. It was noted that the College has recorded a surplus for the year of £0.725million, which represents a significant reduction to the surplus of £3.404million recorded in 2011/12. It was confirmed that, as part of the audit, KPMG have identified two performance improvement observations, which they feel that the Board ought to be aware of. A medium observation and recommendation has been raised with regard to the ‘prepared by client list’ and the subsidiary accounts format. The Director of Finance explained that there were lessons to be learned in terms of the audit process from both sides and he was confident that, with the changes identified, next year`s audit would be much smoother.
- The Director of Finance confirmed that the audit this year had been quite challenging because of the PiP acquisition. However, he was pleased to confirm that there were no audit differences, and external auditors have confirmed that they will be providing an unqualified opinion.
- Page 16 – the first paragraph confirms that the audit work undertaken relates to all of the entities in the College Group, including six subsidiary companies.
- Page 17 – this summarises the income and expenditure account. It was confirmed that the detail has been directly extracted from the financial statements. Auditors noted that this has been an extraordinary year for the College with the acquisition of VWS Ltd. This is a national based education and training provider. The College acquisition of VWS brought with it a number of liabilities, particularly redundancy costs, onerous leases and dilapidation costs. The total liabilities were estimated at £16million at the point of acquisition. To offset these liabilities, the College was paid a dowry at the point of acquisition by the selling body, equal to the liabilities at this point. In accordance with FRS6 mergers and acquisitions, an opening balance sheet for VWS was created with the cash received at this point and debt being offset by an equal quota, this being the sum accrued for restructuring, dilapidations, leases etc. Auditors confirmed that they

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were satisfied with this treatment. During the period from the acquisition to 31 July 2013, ie, the closing balance sheet date, VWS Ltd has undertaken normal trading and the income and expenses associated have been accounted for through the income and expenditure account as normal. However, in addition, during this period, a number of the opening liabilities has been settled, particularly in relation to redundancy costs. The effect of this is to reduce the remaining liabilities and associated assets at the balance sheet date with any credit due to the settled liabilities being less than originally forecast being credited to the income and expenditure account. Again, they are satisfied with the College's treatment of VWS.

- Page 19 – this summarises the balance sheet position and shows that short-term solvency is good.
- Page 21 – this details the pension deficit position. It was noted that as between 31 July 2012 and 31 July 2013 the deficit position has decreased, albeit that this is likely to go up and down and vary in each year. All Governors acknowledged that this is a relevant long-term liability, which needs to be continually monitored and at some stage addressed. It was acknowledged that there is not a great deal that the Corporation can do at this time, but it should always be borne in mind as an important number.

Members reviewed the content of the report as a whole, and were satisfied that detailed review had been undertaken by both the Finance & Estates Committee and Audit Committee.

AGREED: to note the content of the 2012/13 Financial Statements Audit Management Letter.

13.103 2012/13 MEMBERS REPORT AND FINANCIAL STATEMENTS

The Director of Finance introduced this item and confirmed that the full report had been provided on the Governors' portal. He again confirmed that the content of the document had been reviewed in detail by both the Finance & Estates Committee and Audit Committee. Members' attention was drawn to page 2, which summarises the content of the document. It was also confirmed that the report was presented in a standard format and similar to that seen in previous years.

Members were entirely happy to approve the content of the 2012/13 Members' Report and Financial Statements.

AGREED: to approve the 2012/13 Members' Report & Financial Statements.

13.104 A) LETTER OF REPRESENTATION 2012/13

The Director of Finance introduced this item and confirmed that the Letter of Representation for 2012/13 provided was a standard letter that

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Auditors require. He explained that it was a mechanism of assurance, which is common in the sector. Governors all agreed that what was presented was in a standard format and similar to that utilised in previous years.

AGREED: to approve the Letter of Representation for 2012/13.

B) LETTERS OF SUPPORT 2012/13

Letters of Support for 2012/13 – the Director of Finance introduced these three letters and confirmed that because of the trading position for Safetyplus Construction Ltd, Vision Apprentices Ltd, and Vision Workforce Skills Ltd, it was necessary to have Parent Company support confirmed in writing. It was confirmed that the letters presented were in a standard format and the technical reason for insolvency in each of the situations is because of the impact of Gift Aid.

Governors were entirely satisfied that this was a usual mechanism for supporting the subsidiary companies as and when required and were happy to approve the letters of support.

AGREED: to approve the Letters of Support for 2012/13 presented for:
a) Safety Plus Construction Ltd
b) Vision Apprentices Ltd
c) Vision Workforce Skills Ltd

13.105 2012/13 INTERNAL AUDIT ANNUAL REPORT

The Director of Finance introduced this item and drew members' attention to page 50, which provides the internal audit opinion for 2012/13. It was confirmed that at paragraph 2.2 a clean audit opinion was provided. It was explained that the report summarises the work completed in the 2012/13 academic year. Members noted that Internal Auditors had conducted eleven assignments over 55 days. Members' attention was drawn to pages 54 and 55, which give a summary of the audited areas and the actions agreed to be completed prior to the next monitoring visit.

AGREED: to note the content of the 2012/13 Internal Audit Annual Report.

13.106 RISK MANAGEMENT ANNUAL REPORT 2012/13

The Director for Communications, Marketing and Learner Engagement introduced this item and confirmed that the annual report had been presented and reviewed by the Audit Committee in June 2013. She explained that following an internal audit assignment which reviewed risk management, a recommendation had been made by Internal Auditors to present a copy of this report directly to the Board, which is why it was

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scheduled as an agenda item for today. In reviewing the content of the report, all acknowledged that 2012/13 had been a very challenging year, particularly summarised by paragraph 5.1 of the report.

In general discussion it was acknowledged that 16-18 recruitment is still the most significant challenge and risk for the College and this is being monitored on a regular basis.

AGREED: to note the content of the Risk Management Annual Report for 2012/13.

13.107 FINANCE REPORT – OCTOBER 2013

The Director of Finance introduced this item and confirmed that the Team have worked to separate out VWS from the Group accounts, so that both Management and the Board can clearly assess the operational position for both the College and VWS distinctly.

Members` attention was specifically drawn to the following:

- The financial performance for the College and Group is significantly affected by the trading performance of Vision Workforce Skills in the first quarter as a result of the task of rebuilding the business.
- Excluding the result of VWS, the College Group (old) has generated an operating surplus before interest and depreciation of £339k for the quarter. This compares to the budget of £814k and the prior year result of £246k. Whilst this performance is better than the prior year, work still needs to be done within the College financial performance in order to address some of the areas that have not performed as had been targeted in the period.
- Including VWS, the College Group result before interest and depreciation is a loss of £856k, with the VWS loss of £1,195k in the period. The VWS Board are reviewing the trading performance of the business and will receive a reforecast for the full year of operations, which is expected to demonstrate how the business will get back on track and deliver a break even position within the 2013/14 financial year.
- The College has generated a surplus of £47k before interest and depreciation in the quarter, which is substantially below the £583k budget.
- As reported to the Board in the last report, this is primarily as a result of the performance of the work related training programme, the softening of margins within franchising and a weaker than expected performance by two of the Schools of Learning.
- The Board will receive a proposal setting out the way in which changes to the Work Related Training programme will address the problems and get the contribution from that part of the business back on track. Further review is ongoing within the School of Business and Continuing Education in order to understand the appropriate course of action and changes required.

VP BD

Jan 2014

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- College income was £1,322k worse than budgeted at £13,026k for the quarter of the year. The main adverse variance being 16-18 apprentices which underperformed by £1,985k generating only £1,230k of income, the vast majority by partners including VWS with the core College generating only £ 80k of income from new starts.
- As previously reported, there remain substantial difficulties in producing accurate income figures at present as a result of the SFA still failing to have produced the funding submission software. This situation will continue until the New Year.
- The adult skills budget income exceeded budget by £724k. This, however, was due to partner adult learner responsive activity, which had a favourable variance of £ 985 k at £1,768, though this is not a key target area and is unlikely to be able to be sustained with any additional contract allocation for the year. There were also adverse variances within HE income, £ 75k and other income £122k. The ESF NEET programme is performing better than anticipated in the early part of the current financial year.
- Pay costs were £228k below budget due to good cost control within administration and central services, where there was a £425k favourable variance, which covered the budgeted pay saving of £215k. This, however, incorporates the release of the contingency budget. Overall, teaching staff (teaching staff and sessional teaching staff) was on budget at £2,588k.
- Non-pay costs are better than budget by £489k as a result of a favourable variance on franchise provision costs of £590k. Excluding franchise costs, non-pay is £101k worse than planned, the main overspend being in teaching (£107k adverse), administration and central services (£137k adverse) and premises costs which in total are £91k overspent.
- The most significant favourable variance being interest costs where there was a £72k favourable variance as funds have been drawn more slowly than initially budgeted.
- The only school within College to show a significant favourable variance was Construction & Building Services, which generated a £51k favourable variance albeit with a 30.5% contribution. This though is a significant step forward for this school. The only school with a contribution over 40 percent was Academic, Public Services & Sport Studies with a 46 % contribution.
- Of concern are: the 15.2% contribution made by Business Professional & Continuing Education, £ 126k below budget and the 19.7% contribution of the Lifestyle Academy. All other schools made contributions between 25% and 35%.
- The Balance Sheet includes borrowing associated with the new build programme with a total value of £10.5 million as at the end of October 2013. This has incurred interest costs of £116k in the first quarter of the year.
- Group short term solvency has declined from year end, even though the financing drawn down of £2m was more than capital expenditure of £1,585k, as operating losses for VWS start to take their toll on the balance sheet net current assets at the end of the last financial year

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falling from £538k to net liabilities of £169k.

- Cash balances for the Group at £16.49m are higher than forecast (by £5.212m) primarily as result of the receipt funds by VWS for future liabilities. The group now has £24.473m of accrued liabilities and deferred income on the balance sheet, an increase of £8.236m from year end.

He confirmed that, in relation to the old Group, there is still work to do. In addition to this, the VWS Board is meeting next week and an early request has been made to reforecast for the 2013/14 year.

He explained that the challenge for this year is getting partners to deliver, this includes VWS.

Members took the opportunity to discuss VWS and were advised that under performances were in relation to the trading position and not one off issues. The Chair of the Board of Directors for VWS explained that, in real terms, the company acquired had been in paralysis and kick starting it had been more challenging that originally envisaged. Members were advised that the trading loss was improving on a month-by-month basis and the target was to get the company to a break-even position and a sustainable business. The Chair of the Board of Directors reassured Governors that a lot of work is being done and is to be done by the company and a clear direction of travel is known. It was agreed that at the next Board meeting there would be two distinct elements, the first hour being allocated for usual business, and the second hour being focussed on the VWS current position and strategy for the future.

The Director of Finance confirmed that funding of the current loss making position is by VWS directly and its dowry funds and not the College. Governors questioned whether VWS was receiving a disproportionate amount of management attention. It was confirmed that whilst VWS is receiving the attention required, there are dedicated staff in place. The Management Team gave assurance that VWS operations are not detracting from the focus on the College. All agreed that capacity seemed to be in place within the team to tackle the challenges. It was also noted that the College now has a new Director appointed whose sole focus is in relation to Work Related Training and employer related provision. Part and parcel of this role will be to work to reduce costs in College and increase sales for VWS.

Members also acknowledged that property is a big issue for VWS and a focus for the VWS Board of Directors and Tom Stevens.

AGREED: to note the content of the Finance Report for October 2013.

Signed : _____Chair

Date:

13.108 SAR 2012/13 & QUALITY IMPROVEMENT PLAN 2013/14

The Deputy Principal introduced this item and confirmed that the content of the report had been subject to significant discussion and review by the Standards Committee. She explained that the self-assessment document for 2012/13 is a reflective position on the prior year and to sit next to this is the Quality Improvement Plan for 2013/14, which identifies actions and areas for improvement.

Members were entirely happy with the self-assessment process undertaken and the thorough review undertaken by the Standards Committee.

She confirmed that the self-assessment report has been produced in line with the Common Inspection Framework for 2012. Drafts of the self-assessment report have been considered by the College's Executive Team. Following amendments, the self-assessment report was subject to external validation by a member of the Standards Committee and a practising Ofsted Inspector in conjunction with the Deputy Principal: Teaching & Learning, and Director: Quality & Performance. Subject to the external validation, further refinements were made to the document and the self-assessment report grades were agreed by the Executive Team and approved by the Standards Committee at the November 2013 meeting.

Members' attention was drawn to section three of the summary, which highlights the key strengths and areas for improvement. It was confirmed that all of these areas have been incorporated into the Quality Improvement Plan for 2013/14. Members were advised that progress towards the plan will be report to the Standards Committee at the meetings scheduled for January, April and July 2014.

AGREED to:

- a) Approve the Self-Assessment Report for 2012/13
- b) Note the Quality Improvement Plan for 2013/14

The Deputy Principal took the opportunity to update members on the anticipated re-inspection of Hair & Beauty. She reminded Governors that at inspection in June 2012, the Hair & Beauty Department had been given a Grade 4 and, as a consequence, it was envisaged that the area would be re-inspected within a period of 18-24 months. She indicated that Ofsted had recently confirmed that they will not re-inspect the department, as they are confident that the College can deal with any improvements required. She gave assurance to the Board that the Hair & Beauty Department are very clear regarding standards and improvements required to be maintained.

Signed : _____Chair

Date:

13.109 **EXCEPTION REPORT – SAFEGUARDING, EQUALITY & DIVERSITY**

The Deputy Principal introduced this item and confirmed that in relation to College provision there were three safeguarding incidents reported in November 2013, these were as follows:

- A student with mental health problems threatening to inflict harm outside College. The Social Worker was informed and an inter-agency meeting held to put strategies in place to help support the student. The student has a Social worker, therefore, a new referral was not necessary.
- A student took a small number of tablets and put something around his neck in the changing rooms at College. The Duty Social Worker asked College staff to talk to the parents regarding talking to GPs to make a CAMHS referral. College has put counselling in place until the CAMHS appointment is made.
- The College was informed by the Police that a mature student is on bail in relation to alleged sexual offences with two minors. A risk assessment was completed. The student has been suspended from College until details of the bail conditions are confirmed.

In relation to College provision, there was one equality and diversity reported incident in November 2013. A mature student complained that she had been bullied by a member of staff in relation to her dyscalculia. This was investigated, but no evidence found to support the claim. The student has sent the complaint to Ofsted. The student requested to meet with a Governor and this meeting took place on 22 November 2013. Following the meeting some issues raised have been followed up. However, the original complaint was found to be unproven.

AGREED: to note the content of the update provided.

13.110 **GOVERNANCE**
a) GOVERNOR LINKS/EVENTS UPDATE

The Clerk to the Corporation took the opportunity to provide a summary of Governor links to events undertaken to date. She urged Governors who had, as yet, not linked with an event to contact Helen Gyles and schedule something in the diary. Governors were reminded that the target was for each Governor to attend one event each term.

Members were asked to particularly note the HE Centre opening in February and Employers` Awards evening. The Principal confirmed that it was likely that the College would have a visit from Tristram Hunt on 19 December. All Governors were invited. She confirmed that a separate email on this would be sent out by her PA.

AGREED: to note the update provided.

Signed : _____Chair

Date:

b) COMMITTEE MEMBERSHIP 2014

Committee Membership 2014. The Clerk to the Corporation introduced this item and confirmed that, given the departure of Jean Hardy, and the appointment of Nevil Croston as Chair of the Board, this would necessitate some Committee amendments. It was noted that:

- a) An additional Governor is required to join the Audit Committee to replace Nevil Croston who will need to step down.
- b) An additional Governor is required to join the Search Committee to replace Jean Hardy.
- c) An additional Governor is required to join the Remuneration Committee to replace Jean Hardy.

Members reviewed the membership of the Standards Committee and it was acknowledged that Diane Meale has been missed off the list, she is an existing member. It was also confirmed that Bev Nita, the new Staff Governor would wish to join this Committee.

Members acknowledged that there was a need to make some decisions regarding the gaps in Committee Membership for the next calendar year. They were happy to delegate any final decision to the new Chair of the Board (Nevil Croston). Members were entirely happy for Bev Nita to join the Standards Committee.

AGREED:

- a) To note the update provided.
- b) To delegate determination of 2014 Committee Membership arrangements to the Chair of the Board of Governors.
- c) To approve the appointment of Bev Nita as a member of the Standards Committee.

13.111 SECTOR POSITION/PRINCIPAL'S REPORT

The Principal provided a presentation and the following was specifically brought to members' attention:

The Autumn Statement 2013

- a) Apprenticeships
 - An HMRC led model will be adopted.
 - Compulsory employer cash contribution.
 - A range of caps on the maximum Government contribution.
 - Further consultation on the detailed methodology in 2014.
 - Implementation in 2016/17.
 - Full funding of addition 20,000 higher apprenticeships.
- b) Young Employed:
 - Traineeships will be exempt from the 16-hour rule.
 - Jobcentre Plus will be funded to work with 16-18 NEETS in partnership with the Local Authority.

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Date:

- Help to Work will be piloted with 18-21 year olds who require English and Maths.

c) Other:

- An extra 30,000 university places in 2014/15.
- HE student numbers cap removed completely by 2015/16.
- FE Colleges – free meals for 16-18 Students who qualify.
- Reaffirm commitment to strategic leadership by LEP's – growth fund £2billion a year for the next five years.
- A possible slow down on the number of UTC's.
- The BIS budget will face further reductions in 2015/16 of £148million.

d) Cross-Party Themes

- Apprenticeships.
- Greater Employer involvement.
- Standards.
- English and Maths.
- Outcomes, Destinations & Impact.
- How they get there slightly differs.

e) The Policy Context – Current Government

- Qualification reform.
- Inspiration vision.
- Elite Colleges.
- Career Colleges.
- New standards and frameworks.
- 8 trailblazers led by employers.
- Localism and LEP's.

f) Labours Policy Review

* Transforming further education – a new mission to deliver excellence in technical education,

- a) a lack of clarity about the role of FE,
- b) the various standards of teaching and learning, and
- c) the inconsistency and understanding of what employers want.

Their proposal is:

- CPD.
- Mandatory teaching qualification.
- A licence to practice.
- Technical bacculaureate.

g) What does it all mean for the College:

- Both challenges and opportunities.

AGREED: to note the content of the presentation provided.

Signed : _____Chair

Date:

13.112 **AOB**

In terms of AoB, the Principal took the opportunity to circulate the Vision Viewpoints Stakeholders Newsletter, issue 1 for December 2013.

It was also acknowledged that this was Jean Hardy's last meeting as both a Governor and the Chair of the Board. The Principal indicated that from a personal view she had found the Chair to be an inspirational woman and both the College and Community are indebted to her contribution. The Principal confirmed that the personal support provided to her by the Chair had always been exceptional and a strong relationship between the Principal and the Chair is crucial to the success of a College.

Robin Hardy was also thanked for his contribution and support throughout the years.

It was acknowledged by all Governors that Jean Hardy has had a very successful career in the Health Service and has supported the College for over 20 years, with 17 of these as Chair. It was acknowledged and recorded that Jean Hardy was the youngest ever Chair to be appointed in the FE Sector. All Governors acknowledged that she had personally helped to drive this organisation forward, and that from a Governors perspective, her departure would be a huge loss.

The Vice Chair (to become the Chair of Governors on 1 January 2014) expressed a personal view that he has always admired her skills as a Chair and her superb knowledge and understanding relating to the FE sector.

The Chair confirmed that she would leave the Board with so many wonderful memories, and she wanted to give a personal thank you to all Governors she had worked with, she had found them all very supportive even through the most challenging years. She has incredible admiration for the significant number of Governors who use their own skills and knowledge and give up their time to secure the best for the College. She confirmed that she was proud of everything that the College has achieved. She took the opportunity to confirm that there are lots of things that the Board of Governors have here specifically at WNC, which make them so successful, these are a) ability to delegate, b) strong Committee support, c) ability for the Board to focus on strategic issues, d) the Board as a whole allows Committees to get on with the business, and as a consequence Governors stay committed, e) Governors are able to keep politics off the agenda, f) decision making is always based on facts and sound business, g) the College Management Team are always present and accountable at Board and Committee meetings.

Governors all agreed that both what Jean has personally achieved and what the College has achieved is fantastic.

Signed : _____Chair

Date:

Jean Hardy was thanked for all of her time and commitment at the College.

13.113 DATE OF NEXT MEETING

It was confirmed that the date of the next scheduled meeting is 30 January 2014.

13.114 CONFIDENTIAL MINUTES OF THE SAFETY PLUS TRAINING & CONSULTANCY BOARD MEETING ON 12 NOVEMBER 2013

AGREED: to note the content of the minutes.

13.115 CONFIDENTIAL MINUTES OF THE BOARD MEETING HELD ON 21 NOVEMBER 2013

AGREED: to approve the content of the minutes, these were signed by the Chair.

Chair

5 Dec
2014

The Principal took the opportunity to circulate a summary of the key points from the Chancellor's December budget statement.

Meeting closed at 6.25 pm.

Signed : _____Chair

Date: