



**WEST NOTTINGHAMSHIRE COLLEGE  
CORPORATION BOARD**

***Minutes of the Corporation Board meeting held in the Board Room, Derby Road site on Thursday  
4<sup>th</sup> December 2014 at 5pm***

**GOVERNORS** Kate Allsop  
**PRESENT:** Ian Baggaley  
 Tim Clarke  
 Nevil Croston, Chair  
 Malcolm Hall  
 John Holford  
 Dame Asha Khemka  
 Beverley Nita  
 David Overton  
 Hari Punchihewa  
 John Robinson (until 6.20pm)  
 Colin Sawers  
 Matthew Robinson  
 Diana Meale (from 6.24pm)

**ALSO IN ATTENDANCE:** Maxine Bagshaw, Clerk to the Corporation  
 Patricia Harman, Deputy Principal Teaching & Learning  
 Andrew Martin, Deputy Principal/Director of Finance  
 Louise Knott, Director Communications, Marketing & Learner Engagement  
 Andrew King, Director Strategy & Innovation  
 Tracey Thompson, Director of HR  
 Tom Stevens, Executive Director, Capital Projects and Estates  
 Sacha McCarthy, Director, Employer engagement  
 Julian Walden , Head of School for Construction & Building Services  
 (attended for presentation at agenda item 6)

**15.42 DECLARATIONS OF INTEREST**

The Chair reminded those present to declare at the start of the meeting any interests on matters to be considered. No interests were declared.

**15.43 WELCOME INTRODUCTIONS AND APOLOGIES FOR ABSENCE**

Apologies for absence were received from Chris Bodger, Terry Dean, Diana Meale, Chris Winterton and Theresa Upton.

**15.44 MINUTES OF THE MEETING HELD ON 20<sup>TH</sup> NOVEMBER 2014**

The minutes were reviewed and agreed as an accurate record.

ACTION by whom	DATE by when

Signed : \_\_\_\_\_Chair

Date:

AGREED: to approve the minutes of the meeting held on 20<sup>th</sup> November 2014.

By way of matters arising a number of items were discussed.

- Page 9 – the figures as requested were checked and were accurate. The Deputy Principal explained that the London Academy had a number of learners who completed in too short a time to qualify
- Page 10 – the information requested in relation to debtors was provided. The Board were asked to cross reference the data provided at page 46 of the pack. It was explained that the increase is predominantly as a result of invoices raised regarding student fees. The Director of Finance explained that in terms of the operating position the College core business has improved during October and it is now the case that the College is not generating a loss at the end of the first quarter.

AGREED: to note the update provided.

**15.45 ACTION PROGRESS REPORT**

Members reviewed the action progress table and were happy that matters were being dealt with as required.

AGREED: to note the update provided.

**15.46 KPI REPORT**

Andrew King introduced this item and circulated data information requested. He confirmed that the first report provided is the headline information and that the second report is in more detail. Key points brought to members attention.

- In the main customer satisfaction is going up in College but there is a decline in the work place
- Employer satisfaction has increased
- Classroom success rates – some are not at the national average rate and need to be reviewed
- Level 4 classroom success rate is significantly below national average. The senior team are undertaking a review to see whether the College will continue with some areas of provision.
- Destinations – there is positive progression regarding entry level 1, level 1 and level 2. Positive progression for level 3 into work and HE but there is a need to look at lower level provision in to employability rather than predominantly level 3.

Governors indicated that they would wish to see a summary of both targets and the progress towards achievement of these targets at each point in time that the reports are presented. In terms of destination

Andrew King 2015

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information Governors indicated that they wanted to see; a) numbers and not just percentages, b) when students have gone in to work they would like to know if it is employment related to the education /course taken or whether they have moved in to another sector.

Andrew King 2015

Governors requested that the reports add a target line in for the current year but still provide trend data to show progression.

Andrew King 2015

- Learner number by types – there is a big increase in 19+ classroom based learners and 24+ apprenticeships for 13/14, these were significantly influenced by VWS.
- Customer satisfaction – Governors reviewed the data table provided and questioned why 100% of customers did not feel that they were treated fairly, they also questioned why there was a dip in 12/13, it being the case that it was a significant dip. It was acknowledged that some answers are subjective. The Board were given assurance that the senior team review all answers, where students say they aren't treated fairly, in more detail and address any problems identified.
- Lesson observations, particularly for partners is a big concern as the College is looking at a downward trend. The Board indicated that as we rely so much on partners this needs to be a priority to review and address.
- Classroom success rates reviewed by subject sector areas in detail.

Governors generally questioned what action is now taken with the data that is available and how it is being progressed with management. Andrew King confirmed that all schools have access to this information and can analyse responses individually. Whilst acknowledging that there was benefit in this, the Board felt that there needs to be a champion who drives forward the actions/improvements required.

Governors all agreed that they found the information presented helpful but all acknowledged that there was still work to do to refine the reporting format. For the next meeting it was agreed that information would be posted out well in advance of the meeting rather than being circulated on the day. In addition to this Andrew King will be provide a one page summary summarising key points and actions being taken. All agreed that there is a need for consistency in the way that information is presented and compared. All agreed that mechanisms for capturing information were key going forward and there needs to be continual improvements in this area.

Andrew King Feb 2015

For the next meeting Governors indicated that they would also want to know where the College needs to be in terms of an OFSTED outstanding judgement. What needs to be done and in what areas. Governors accepted that an outstanding OFSTED judgement includes a package of component parts, they would like to see a one page summary of the component parts explaining where the College is in relation to each and

Andrew King Feb 2015

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where it needs to be to get to outstanding.

One other comment made by the Board was to question whether or not it was possible to see if the trend dips are as a result of changing policy initiatives rather than as a result of student ability.

AGREED: to note the update provided.

#### **15.47 HEAD OF SCHOOL UPDATE – CONSTRUCTION AND BUILDING SERVICES**

Julian Walden introduced this item and provided a presentation to the Board. Key items noted:

- Areas and staffing – this explains the size of the school and the component parts. He explained that Professional Studies includes students who go on to be Architects, Quantity Surveyors and other professional qualifications. In terms of full cost work the target for the department is £100k and in addition to this there are 154 apprentices who don't sit within the school. They are with CITB and Vision Apprentices.
- Recruitment and growth – the department has added extra qualifications to meet the demand that is evident.
- Income and contributions – the department has struggled to hit the 40% contribution target. It has been acknowledged that the staff cost percentage is too high and this is being reduced.
- Area success – some positive areas but some areas have fallen back. The team use Pro Monitor to assess and analyse. There is the belief that study programmes introduced have impacted, students are keen on the vocational aspect of the course but wider learning, particularly in relation to English and Maths is not so popular. He explained that study programmes emerged because of the national acceptance that students historically were not getting employability skills. As a result work placement/ experience was made mandatory. The Principal explained that Governors need to monitor and be assured that study programmes are working well. She indicated that the policy change was a challenge particularly in relation to securing work placements and the continued requirement to study English and Maths.
- Good progression statistics
- TL and A grade profile – looking at 90% good or better and 50% outstanding
- Citizenship – students are very engaged and work well to raise money for charity and other projects
- Strengths – these include;
  - a) Excellent physical resources
  - b) Entrepreneurialism and employability
  - c) Citizenship
  - d) Curriculum development
  - e) Good employer links
  - f) Quality of learners work

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- Competitions – the College has hosted the regional skills build competition and has had some success
- Areas for improvement include;
  - a) Continue to improve teaching and learning
  - b) Improve communication between English and Maths team and vocational teams
  - c) Improve success rates
  - d) Improve use of ILT in teaching, learning and assessment resources
  - e) Create more opportunities for work placements.

In general discussion Governors questioned how the department aligns its provision to expected national spend. Julian Walden provided assurance that he and the team are aware of where the skills gaps are and the College will respond accordingly. He accepted that high level skills is a gap to address.

- Gender balance varies through different trades. Electrical, painting and professional studies is a positive picture with more females recruited. There is a less positive picture regarding plumbing, plastering etc.

AGREED: to note the update provided.

(Julian Walden left the meeting at 6.05pm)

**15.48     2013/14 FINANCIAL STATEMENTS – AUDIT MANAGEMENT LETTER**

The Director of Finance introduced this item and confirmed that the report had been considered by the Audit Committee at its meeting yesterday. This is an annual report in a standard format. Key points brought to members attention were;

- Audit work covers both the College and subsidiary companies
- Page 16 – confirms that audit work is substantially complete and the expectation is that auditors will give a clean, unqualified opinion. Three things still outstanding are;
  - a) Receipt of Skills Funding Agency and EFA confirmation of the Colleges final funding positions for the 13/14
  - b) Receipt of the management letter
  - c) Approval of the financial statements by the Audit Committee and Corporation (this is scheduled later on the agenda)
- Page 17 – provides a summary of the financial position. Governors were reminded of the large loss for the year which was influenced by VWS. The group operating deficit for the year was £6,255k (10.8% of total income), a deficit of £5,468k higher than that reported in 12/13. This is mainly due to the operating loss of £5,091k reported by VWS a subsidiary that has now ceased trading. The College also reported an operating deficit of

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£2,317k whilst the BKSBS subsidiary reported a surplus of £1,152k.

- Page 21 – this has 2 recommendations;
  - a) A requirement to make a reconciliation of the Further Education income to the student database. He explained that additional training is to be provided to officers responsible for completing reconciliations together with a review and oversight from the Head of Finance to ensure that FE income is reconciled in an accurate and timely manner. He explained that the recommendation specifically related to two fee paying students. He provided assurance that there were no significant errors and that it was simply a process issue to address.
  - b) Breach of loan covenant – as at the balance sheet date the College was in breach of one loan covenant. I&E reserves were £6,989k which was £511k short of the £7,500k required in the loan covenant. Without confirmation of a waiver of this covenant from the bank the loan would have been reclassified as current and repayable on demand. He explained that he has discussed the position with Lloyds who are favourable in their view of the Colleges position and have provided a letter confirming an extension of the covenant conditions. Auditors are therefore satisfied that the bank will not ask the College to repay the loan during the course of the next period because of the breach of covenant.
- Page 25 is the income and expenditure account
- Page 26 is the balance sheet
- This page also confirms that auditors have reviewed the outstanding liabilities of VWS that are due to be settled in 2014/15, they are satisfied that they are accurate and sufficient.
- Page 27 this is the financial forecast
- Page 28 and 29 summarises the pension liability. The liability has increased because of actuarial calculations. All acknowledged that this was a significant number but there were limited steps that could be taken to reduce and mitigate. One comment made by auditors is that the difference between RPI and CPI using the assumption is 0.8%. This is just outside their benchmark range at the prudent end and is consistent with the prior year compared to their benchmarks.
- Page 30 onwards provides sector updates.
- Blue text in the appendices are items that auditors wish to flag up to the College in terms of matters that they need to address and/or action.

AGREED: to note the content of the 2013/14 Financial Statements Audit Management letter.

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## 15.49 2013/14 MEMBERS REPORT AND FINANCIAL STATEMENTS

The Director of Finance introduced this item and drew members' attention to some specific changes in terms of format.

- Page 42 – this now includes a public benefit statement
- Page 46 – summarises the financial results.

(John Robinson left the meeting at 6.20pm).

In terms of the report key items noted were:

- Page 50 – principle risks and uncertainties
- Page 57 – statement of corporate governance
- Page 62 – this sets out a new requirement in terms of governing body statement regarding the College's regularity, propriety and compliance with funding body terms and conditions of funding. He indicated that the ILR audit completed earlier this year provides the assurance that the Board requires in this area.
- Page 66 and 68 – these are two statements to be signed by the auditors, KPMG.
- Page 70 onwards is the numbers which have previously been discussed. It was noted that one additional comment is to be added at page 70 which will be a further explanation in relation to the operating position and the impact that the VWS loss has had on the group. The intention is to split the losses out more clearly to ensure any readers of the accounts are fully informed of the contributing factors to the outturn position. He explained that if the group strips out VWS performance then the old College group performed better in 13/14 than 12/13.

(Diana Meale joined the meeting at 6.24pm)

- Page 72 is the balance sheet. This shows that tangible assets and cash balances are increasing.
- Page 74 onwards are notes to the accounts
- Page 79 - the yellow highlighted section explaining distributable reserves of subsidiary companies was explained in detail. The Director of Finance explained the gift aid changes and the implications. He confirmed that the changes do not affect the group level but there will be changes within the financial statements of subsidiary companies. He explained that more money has to remain with subsidiary companies to comply with the new requirements. One consequence of this is that subsidiary companies in the future could have taxable profits. The current assessment is that the changes could impact upon Vision Apprentices to the sum of £1,200 but there will need to be a HMRC ruling on the position.

AGREED: to approve the 2013/14 members report and financial statements.

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**15.50 LETTER OF REPRESENTATION 2013/14**

The Director of Finance introduced this item and confirmed that this is a letter that the College sends to auditors. It is provided in a standard format. He provided assurance that the content was accurate.

AGREED: to approve the letter of representation 2013/14.

**15.51 LETTERS OF SUPPORT 2013/14**

The Director of Finance presented letters of support drafted for Safety Plus Training and Consultancy Ltd, Vision Apprentices Ltd and Vision Workforce Skills Ltd.

He explained that initially it had been envisaged that BKS B would also need one but that this was not now the case given the change in the Gift Aid rules and regulations.

He explained that the content of the letters were in the same format as approved in previous years.

AGREED: to approve the letters of support presented for 2013/14.

**15.52 HR ANNUAL REPORT FOR 2013/14**

The HR Director introduced this item and drew a number of matters to member's attention by way of presentation.

- 1) Setting the scene
  - Positive picture
  - Significant progress on major projects
  - Early intervention strategy successful
  - Managing improvement strategy is having an impact
  - Consistency remains a key challenge although the College does have the structure and strategy in place.
  - Structure in place to continue improvements
  
- 2) Staff turnover – 7% increase since previous year, from 16% to 23.6% (AOC benchmark is 18.2%) findings:
  - Similar picture to the last peak in turnover
  - Improved confidence in the economy
  - Drive and improvements in performance increasing resignations
  - Four fold increase in redundancies
  - Increased use of fixed term contracts
  - Higher turnover in support teams
  - Morale is good
  - Challenge is recruiting to some vacant posts. She explained that she and the team were looking to be more inventive in terms of the way that the College recruits in some areas.

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- 3) Management of organisational change
  - 242 colleagues at risk during 13/14
  - 115 colleagues left the group as a result
  - 1 appeal – she explained that a lot of work went in to proper consultation and that only one appeal shows that the hard work was well worth it and processes were effective.
  
- 4) Absence and wellbeing – headline targets
  - Targeted 1% reduction in absence achieved
  - 3.4% compared to 4.2% AOC benchmark
  - 21% less staff had an absence compared to the previous year (61% - 40%)
  - Musculoskeletal disorders – the number of days lost due to MSD has reduced by 54.8% in the last 3 years. She confirmed that the team were really proud of proactive management in this area. In the last year 66 people had absence due to MSD compared to 75 in the previous year.
  - Stress – days lost due to stress reduced by almost 60% in the last 3 years. In the last year 6 less people absent compared to previous year (45-39) a 15% reduction. Number of days lost were 1717 compared to 2905 in the previous year, a reduction of 40%. The College has had positive feedback from regional union representatives regarding staff treatment in this area.
  
- 5) Training and development impact, tangible measures
  - Improvement and absence in wellbeing management
  - Effective management of workforce changes programmes
  - Improvement in hair and beauty SAR from 3-2 with interventions led by head of school and management teamSofter measures include:
  - Highly qualified workforce – professionalised teaching team
  - English and Maths – improvements in corrected learner work
  - Support for new teachers reflected in quality of their teaching, learning and assessment
  - Improved reduction – reduction in turnover of staff in their first 2 years.
  - Evidence of aspects of external training embedded in improved teaching and learning practice.
  
- 6) Next steps, these include:
  - People strategy to Finance and Estates Committee in February 2015 and main Board in March
  - Update and implement people action plan
  - Continue with existing good practice
  - Evaluation of training and development focus.

In general discussion members asked how morale is assessed and tracked. The Director of HR explained that the College has carried out staff surveys in the past but are not completed every year and simply

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represent a snap shot in time. Areas monitored are:

- Exit surveys
- Pattern of grievances
- Causes of absence
- Turnover
- Speaking to union representatives. She reminded Governors that the Trade Unions recognised in College are UCU who mainly have teaching staff, UNISON who are support staff and AIME who are management.

It was confirmed that a full copy of the People Report was available for Governors on the portal.

The Principal took the opportunity to thank the Director of HR for an amazing job done in what has been very challenging circumstances this year.

AGREED: to note the update provided.

**15.53 2013/14 INTERNAL AUDIT ANNUAL REPORT**

The Director of Finance introduced this item and confirmed that the full report and the component parts of the field work have been reviewed by the Audit committee in detail. All felt that the contents were self explanatory.

AGREED: to note the content of the report provided.

**15.54 FINANCE REPORT FOR SEPTEMBER AND OCTOBER 2014**

The Director of Finance introduced this item and confirmed that the information has been reviewed by the Finance Committee. He confirmed that the October data shows a positive improvement. College group, after interest and depreciation is £517k against a £367k budget. He explained that one of the significant reasons for the improvement is that figures previously provided as estimates can now be calculated as actuals. He indicated that albeit that the College is in a positive position against budget it is however behind on income and the reason for hitting budget is because of underspends. He explained that he and the team were particularly focused upon income in relation to apprenticeships which is down.

In relation to the breach of covenant referred to earlier in the meeting he confirmed that the bank have issued a waiver and the College is required to make 'progress' to getting back to the £7.5 million required. The bank intends to reset the covenants. He gave assurance that corrective actions have been explained to the bank and they are happy with the plans proposed. To ensure that they are kept fully up to date he explained that management accounts would be shared with the

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bank on a monthly basis.

The Director of Finance circulated updated management accounts for the period to 31<sup>st</sup> October 2014. Key items brought to members attention;

- The report provides an update on the financial performance for the group and College for the first quarter of the 14/15 financial year.
- For the period covering the quarter to the end of October 2014 the College group performance had delivered an overall operating surplus before interest and depreciation of £1,148k (last month £580k). After interest and depreciation the surplus remains positive at £517k (last month £203k) and now slightly ahead of the budgeted result of £367k. This represents an encouraging start to the year for the group as it aims to rebuild reserves following the losses of 13/14.
- The submission of the College ILR for period 3 now represents a more robust picture of the actual activity delivered in the period and removes the uncertainties reported during the last period.
- Across the component parts of the group the College performance is now back in line with budget with the surplus before interest and depreciation of £698k (last month £126k) and a budget of £628k.
- BKS B has had a slightly weaker month than of late and has returned an operating profit of £313k against a budget target of £299k which is not as favourable a position as reported last month.
- Vision Apprentices has produced a close to breakeven position in the period, whilst Vision Workforce Skills has delivered an operating surplus of £136k following a number of property exits.
- The group balance sheet remains impacted by the deficit from the 13/14 financial year but reserves continue to rebuild. Reserves have now reached £7.208 million, approaching the £7.5 million the covenant level required at the end of last financial year.
- Cash levels remain strong at £11.695 million although are lower than at the yearend due to payments for building investment and exit payments on a number of VWS properties.
- Group performance for the first 3 months of the financial year includes turnover of £13.657 million which is behind budget of £813k largely due to the College reported income within the Adult Skills budget and specifically within adult apprenticeship activity.
- After interest and depreciation the group operating surplus remains positive at £517k compared to a budgeted £367k. At the same point last year the group position was a deficit of £1.339 million underlining the significant impact of the actions

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taken to align VWS provision and College activity resources accordingly.

- At this point in the year, despite being down on income generated, close control of costs has enabled the group result to be positive for the quarter and in line with the budget set to deliver a positive 14/15 financial year.
- Adult apprenticeship remains the key challenge and is currently £1,113k behind plan with College delivery of 89% of plan and partners 71%.
- Adult learner responsive income is £276k ahead of plan.

AGREED: to note the content of the Finance Report presented.

**15.55 BUSINESS UPDATE – EMPLOYER ACTIVITY**

Sacha McCarthy introduced this report which was an update simply for noting. The Board agreed that the information was self explanatory.

AGREED: to note the content of the report provided.

**15.56 EXCEPTION REPORT – SAFEGUARDING, EQUALITY AND DIVERSITY**

The Deputy Principal introduced this item and drew members' attention to the summary of statistics; all agreed that they were self explanatory.

AGREED: to note the content of the report provided.

**15.57 AUDIT COMMITTEE ANNUAL REPORT FOR 2013/14**

The Clerk introduced this item and confirmed that the report presented is the Committees summary of activity and methods of assurance provided throughout the year. She confirmed that a copy of this report, having been approved by the Audit Committee, would be submitted to the SFA together with the Members Report and Financial Statements.

AGREED: to note the content of the Audit Committee Annual Report presented.

**15.58 CONFIDENTIAL MINUTES OF THE FINANCE & ESTATES COMMITTEE MEETING HELD 10<sup>TH</sup> NOVEMBER 2014**

AGREED: to note the content of the minutes provided.

**15.59 AOB**

There were no items of additional business.

**15.60 DATE OF NEXT MEETING**

The Clerk reminded Governors that there was a training and

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Date:

development session scheduled for 19<sup>th</sup> January 2015. Full details of the programme would be circulated to Governors as soon as it is finalised. The Board were reminded that the next scheduled Board meeting was on 9<sup>th</sup> February 2015 and not 15<sup>th</sup> January as previously scheduled.

(staff and students left the meeting at 7.00pm)

**15.61**      **CONFIDENTIAL ITEMS**

**MINUTES OF THE VWS BOARD MEETING HELD ON 10<sup>TH</sup> NOVEMBER 2014**

AGREED: to note the content of the minutes

**MINUTES OF THE BKSBOARD MEETING HELD ON 12<sup>TH</sup> NOVEMBER 2014**

AGREED: to note the content of the minutes

Meeting closed at 7.10pm.

Signed : \_\_\_\_\_Chair

Date: