

## THE CORPORATION OF WALTHAM FOREST COLLEGE

### MINUTES OF THE MEETING HELD ON 11 JUNE 2019

#### MEMBERS OF THE CORPORATION

|                     |                  |   |
|---------------------|------------------|---|
| Youness Abidou      | present          | Member  |
| Nadia Ahmed         | <i>apologies</i> | Member  |
| Steve Besley        | present          | Member, H.E. Champion   |
| Paul Butler         | <i>apologies</i> | Member, Chair of the Corporation and Safeguarding Champion      |
| Joy Kettle          | present          | Member, Principal and Chief Executive                           |
| Oluwatosin Kuforiji | present          | Student Member  |
| Alison Morris       | present          | Member, Careers Champion  |
| Cirielle Mukondolo  | <i>apologies</i> | Student Member  |
| Renatta Nzomono     | <i>apologies</i> | Member  |
| Frank Royle         | present          | Staff Member  |
| Tim Strong          | present          | Member  |
| Neil Taylor         | present          | Member  |
| Kalim Uddin         | present          | Staff Member  |
| Kapil Wadhvani      | <i>apologies</i> | Member, Health & Safety Champion                                |
| Graham Woolnough    | present          | Member, Vice Chair of the Corporation, Chair of Audit Committee |

#### CLERK TO THE CORPORATION

|              |         |                          |
|--------------|---------|--------------------------|
| Val Bartlett | present | Clerk to the Corporation |
|--------------|---------|--------------------------|

#### IN ATTENDANCE

|                |         |                                       |
|----------------|---------|---------------------------------------|
| Lynda Croft    | present | Deputy Principal Corporate Resources  |
| Stella McManus | present | Deputy Principal Curriculum & Quality |

#### 26.19 APOLOGIES FOR ABSENCE

Apologies had been received and accepted from:

Nadia Ahmed - prior commitment  
Paul Butler - sickness  
Cirielle Mukondolo - prior commitment  
Renatta Nzomono - out of the country  
Kapil Wahdwani - work commitment

There were no other apologies for absence.

#### 27.19 DECLARATION OF INTERESTS

The Members of the Corporation confirmed that there were no items on the agenda for the meeting in which they had a personal interest.

#### 28.19 MINUTES OF THE MEETING OF THE CORPORATION HELD ON 7 MAY 2019

The Minutes of the Corporation meeting held on 7 May 2019 were approved by the Corporation and signed by the Chair as a correct record.

## **29.19 MATTERS ARISING**

There were none.

## **30.19 LEYTON ORIENT FOOTBALL CLUB**

The sudden and unexpected death of Justin Edinburgh, the Manager of Leyton Orient football club, was acknowledged by the Corporation. The College has sent its condolences to the club and, on behalf of the College, the Principal had laid a wreath at the football ground.

## **31.19 COLLEGE REPORT**

The Corporation received an update on the College from the Principal and the following points were highlighted in particular.

The Principal's key concerns including five key themes and priorities for the final term:

- Ensure students achieve and progress as well as possible.
- Staff two-way communication and listening to understand concerns.
- Identification how and where costs can be controlled or reduced and to increase income for the remainder of the year and in next year.
- Recruitment of staff to key vacant positions to increase capacity and bring stability.
- Planning and implementing systems change in a manageable way that brings staff along.

Attention was then drawn to the associated risks including:

- Low student attendance and the adverse impact on student outcomes and progression.
- Staffing including communication, staff morale, recruitment, retention and development of staff.
- Financial pressures and implications.

It was noted that the format of the Risk Register has been recently revisited by the Risk Management Group and is to be scrutinised by the Audit Committee on 20 June 2019 and then be presented to Corporation on 9 July 2019.

Governors then discussed the staff sickness data in the report and the Principal confirmed that there are a number of key areas where long term sickness has significantly impacted on students, particularly in Construction and Engineering.

The College is on track to meet its apprenticeship allocation.

The various stages undertaken for the curriculum planning process for 2019/20 were set out and it was noted that Curriculum Managers had been involved at every stage thereby providing them with a better understanding. The key changes arising from this process include a revised curriculum management structure, a clear Study Programme model per level and the development of a focussed tutorial programme. The College will also run 3 Study Programmes throughout the year – using the excellent Princes Trust model – for 'At Risk' learners which will replace the current provision delivered by the Dragon's Pen this year. The achievement rates for Extended Learning includes both Princes Trust (which is predicting 93.5% achievement) and Dragons Pen (which is predicting 81% achievement).

The Corporation was informed that the College had been selected for a routine HMRC review of its VAT matters and that an inspection was carried out on 8 May 2019. A number of queries had been raised and the College has therefore sought support from a VAT specialist from Scrutton Bland (College Internal Audit Service). Governors were alerted that it is likely the College will be required to repay an amount of under-declared VAT.

Governors sought, and were provided with, assurance from the Deputy Principal Corporate Resources that processes are now in place to prevent this re-occurring. In addition, it was confirmed that this will not affect the College's 'Good' financial health grade.

Attendance trends per area were then discussed and the associated impact on student achievement and outcomes. The predicted achievement rates were updated at the meeting and attention was drawn in particular to a drop in Construction (which has experienced staff sickness and recruitment issues) and Public Services in particular. Monitoring of every area is continuing on a daily basis and the introduction of ProMonitor as from September will help on-line tracking in particular. Governors probed the staffing issues further and were informed that there was no common theme. Confirmation was provided that vacancies have been advertised to ensure staff are in place for September.

The predicted achievement rates for Study Programmes by Levels 1, 2 and 3 are all indicating that they will be above the national averages.

There were no major concerns identified for the 19+ predicted achievement areas.

Attention was then drawn to Functional Skills maths and English where low attendance has had a bigger impact. As a result it was reported that maths and English are to be further embedded into the vocational curriculum areas to strengthen their impact.

The Student Conference took place on 14 May 2019 where active discussions were held around how the College can improve the learner experience and ways to engage learners in order to drive improvements in attendance. In response to a Governor's question, it was noted that most of the feedback from students would be able to be resolved. The Student Governor reported on a recent community impact project regarding providing donations to a local foodbank.

The Principal reported that the College has become a partner with London Metropolitan University where there was a launch event today and that this partnership will provide the College with access to a range of facilities.

The final College Open Day was held on 15 May. The number of Study Programme applications to date signifies a strong position when compared to July 2018.

The College has successfully passed the assessment and secured the Matrix Standard kitemark for its Careers provision.

A Governor requested that the Scorecard also include arrows to indicate the relevant directions of travel.

The Corporation noted the College report including the Scorecard.

## **32.19 ALL STAFF SURVEY**

In response to a request from the Corporation, an all staff survey had been undertaken immediately after the Easter break. QDP was used to enable the same questions and approach as previous staff surveys and, therefore, provide college comparisons and sector benchmarking since 2015.

The Principal provided the Corporation with a presentation on the findings from this survey noting that there had been:

- 296 respondents
- 76% return rate in a 10-day window
- over 100 comments
- survey outcomes had been cascaded throughout organisation

The overall satisfaction rate for the College was 58% against a benchmark figure of 77%. Figures are significantly down in all categories compared to the previous survey.

Local line management scored the highest overall satisfaction rate at 78%.

The key perturbing themes emerging were:

- Pay discontent.
- Teaching staff workload.
- Senior Managers not providing clear direction and leadership.
- Communication.

With regard to pay, the Deputy Principal Corporate Resources outlined that it would cost the College an additional c£205k to implement a revised pay structure i.e. c.£100k for the curriculum teams, c.£70k for Business Support and c.£35k for the London Living Wage.

In addition, the increased College contributions towards the Teachers' Pension Scheme will be c.£240k in 2020/21.

There are also other significant cost pressures in the near future to address. The budget for 2019-20 and the three-year forecast will be presented to the Corporation for discussion on 9 July 2019.

Governors then discussed the survey findings in more detail noting that communication was key; the current pace of change needs to be addressed and noted that the Principal had identified some 'quick wins'. Action plans have been drawn up and staff were to be involved in projects arising out of the key themes which the staff survey had identified.

The Principal is to consider the timing of a further staff follow-up, which may be best in the form of in-year staff focus groups with a focus on some of the key themes. The staff survey will continue to be implemented annually in the third term on 2019/20 academic year.

The Corporation noted the update on the staff survey.

20:25 YA left the meeting

### **33.19 COLLEGE OPERATIONAL PLAN 2019-2022**

The Principal had provided Governors with the first draft of the Operational Plan objectives and targets for each of the five Strategic Objectives which are:

- Excellence and Innovation
- People and Culture
- Employability and Future Careers
- Growth and Sustainability (including viability)
- Estates and Facilities for 21<sup>st</sup> century learning

The Principal indicated that there is still more detail to add to the Operational Plan including budget implications.

It had been agreed at the Corporation meeting on 7 May that the strategic objective regarding 'Employability and future careers' be brought back to the next Corporation meeting for further debate in particular on collaborative partnerships, future models and different ways of working.

The Principal reported that working collaboratively with others may involve consideration of sharing corporate resources, working with Higher Education, seeking out specialists, joint tendering, sharing best practice, making connections in order to be stronger together and making economies of scale to seek savings.

The point was made that in order for the College to be as prepared as possible for any potential financial difficulties and to be able to maintain sustainability, there is a need to make savings as there is a limit to what may be achieved in-house.

A Governor then made the point that as the Operational Plan contained 36 different objectives and this may be somewhat over-ambitious. By way of example, objective 3.3 regarding developing strong collaborative partnerships is a major piece of work requiring careful and considered scoping and resources. It was agreed that some prioritisation will be needed to ensure that resources are best focussed.

Governors specifically asked that the plan shows annual targets and budget implications of the proposed actions and not just the three-year target. This is to enable the monitoring of progress and ensure that any necessary corrective actions are taken.

Governors were asked to forward any further comments on the Operational Plan and its format to the Principal in the next week.

## **34.19 INCOME AND EXPENDITURE 2018-19 - MONTHLY MANAGEMENT ACCOUNTS FOR 8 MONTHS ENDED 30 APRIL 2019**

The Deputy Principal Corporate Resources provided the Corporation with a position statement on the financial performance of the College up to 30 April 2019.

At its meeting in July 2018 the Corporation agreed the budget for 2018/19 to generate an operating surplus of £131k from income totalling £21,589k. The full year forecast operating surplus is now c.£66k.

The College has achieved a year to date actual operating deficit of £364k, compared with the budgeted operating deficit of £489k.

Governors were informed that the actual operating position and the forecast for the full year out-turn for 2018-19 would retain the College's 'Good' Financial health grade which is a key priority.

Income was 0.5% lower than budgeted and all ESFA income including AEB and apprenticeship delivery is being closely monitored to ensure the College's funding allocations are delivered and achieved.

Year to date pay costs, before restructuring costs, were £311k higher than budgeted, however, the adverse variance is forecast to reduce during the remaining months of the year.

In preparing for the restructure in Spring 2019, the restructure costs were estimated to total a maximum of £250k, and this was used in the Management Accounts until March 2019. However, as the restructure took shape, it became clear that this new structure could be achieved and implemented without making any redundancies.

As consequence the restructure provision has been reviewed again, and the forecast reduced to £175k.

Management are very pleased that the restructure has resulted in no redundancies, and that the College has been able to retain roles for its existing staff, whom are valued immensely. At this stage, no other redundancies are planned.

Non-pay operating expenditure was substantially better at £602k lower than budgeted.

The Corporation was then informed of the challenging cashflow position during March 2019 and noted the explanation for this. Cash flow has now reverted to its normal profile, however, the cash flow constraints remain under close review.

The cash balances closed at a credit of £1,250k on 30 April 2019.

The forecast closing balance at 31 July 2019 is £700k, that being £21k lower than originally budgeted.

Forecast income is expected to be £510k lower than budgeted due to a combination of:

- A successful income growth award of the Adult Learner Loans funding.
- Full year levy and non-levy apprenticeship income is forecast to be £706k lower than originally budgeted.
- A change in the accounting treatment for the recharges of the operating expenditure relating to the swimming pool CIC totalling £131k.

A Governor queried the budgeted points score for 'Good' Financial Health and the Deputy Principal is to confirm the actual points figure which was agreed in the budget. Given the acknowledged 'tight' headroom, a Governor highlighted the financial KPI of 'green' relating to achieving the financial; health target of 'Good' and that this may not currently be an accurate reflection.

A Governor questioned the differences between the actual year to date figures and 2018/19 budget for full cost fees (£437k v £700k) and Other Income (£1,353k v £2,055k) and the associated risk of not achieving the budgeted figures. Reassurance was provided by the Deputy Principal Corporate Resources that the agreed budget targets will be met.

The non-pay costs favourable variance of £602k was explained further by the Deputy Principal including lower estate costs of £190k, business support costs (excluding Estates) of £185k and lower sub-contracted delivery costs of £124k.

Attention was then drawn to the indicative draft cash flow forecast for 2019/20 as this will also form part of the budget setting for 2019/20.

The Corporation:

1. Received and noted the Management Accounts to 30 April 2019;
2. Noted the key financial risks being managed and the mitigating actions being taken by the College.

## **35.19 DRAFT INCOME AND EXPENDITURE BUDGET 2019-20**

The Deputy Principal Corporate Resources provided the Corporation with an indicative draft budget for 2019/20.

It was noted that the College's overriding priority is to protect and, wherever possible, strengthen its 'Good' financial health grade in 2019/20.

The College has achieved some significant increases in its ESFA income funding allocations for 2019/20:

- ESFA 16-19 funding allocation has been increased. The lagged funding effect of last years' student growth has generated additional funding of c. £400k and the total allocation for 2019/20 is £7,857k.
- Apprenticeship income (both levy and non-levy) is budgeted at similar levels and will total £950k in 2019/20.
- Adult Learner Loan income allocation has grown significantly and the growth bid awarded by the ESFA in September 2018 has been consolidated into the 2019/20 funding allocation which will total £1,920k.
- A cautious approach has been taken with HE income.
- The AEB income funding allocation will be devolved from the ESFA to the GLA for 2019/20 and it totals £6,789k.

The assumptions regarding pay costs were then discussed in detail including reference to the 2019/20 curriculum plan and staff utilisation.

No cost of living pay review has been included in this draft budget. This was then discussed in further detail by Governors. The Corporation expressed concerns that a cost of living pay review had not been included and asked whether this was the right balance - freezing staff pay whilst increasing operating surplus. The DPCR agreed to provide cost implications of a pay award to Corporation so that this could be considered further.

*21:15 SB left the meeting*

The Teachers' Pension Scheme (TPS) employer pension contributions are to increase and from 1 August 2020, it is expected that the College will be required to fund all of these additional costs from its own resources which will total c.£240k in 2020/21.

Agency costs will be significantly reduced in 2019/20 by carrying out thorough reviews of staffing requests.

The ESFA Financial Plan –Year 2- indicated an operating surplus of £491k. This draft budget for 2019/20 now indicates a surplus of £425k.

The Corporation agreed that Governors now further reflect on the above with the DPCR welcoming further input and feedback.

The Corporation received the draft indicative budget for 2019/20 and Governors are to provide further feedback prior to the budget being presented to the Corporation meeting on 9 July for approval.

## **36.19 GOVERNANCE ISSUES**

The Corporation received an update from the Clerk on a number of governance related issues and noted the following:

- The F. E Commissioner's Letter to Colleges 7 May 2019.
- 10 Key characteristics of a well-run college.
- AoC Briefing including the insolvency of Hadlow College.
- The approved the schedule of Corporation meetings for 2019-20.
- The training undertaken by Governors and their attendance at meeting and events during 2018/19.

The Chair of the Remuneration Committee then provided verbal feedback on the Remuneration Committee meeting held on 3 June 2019.

Discussion had taken place regarding:

- The probationary review of the Deputy Principal Curriculum & Quality (Senior Post Holder position).
- The Principal had introduced the proposals and structure charts as to how the College needs to deal with, and realign the organisation to meet the key challenges and agreed strategic priorities. Consultation with staff and the Unions will be held with implementation planned for the commencement of the 2019/20 academic year.

## **37.19 ANY OTHER BUSINESS**

There was none

21:20 LC left the meeting

## **38.19 CONFIDENTIAL STAFFING ITEM**

*The meeting closed at 21:35*

**These minutes have been approved by the Corporation and signed by the Chair as a correct record.**

.....  
**SIGNED**

.....  
**DATE**

## ACTION POINTS ARISING FROM MEETINGS OF THE CORPORATION

| Minute No.   | Issue and Action   | Target Date  | Achievement Date |
|--------------|--|--|------------------|
| <b>88.18</b> | <p><b>PRINCIPAL'S REPORT</b></p> <p>It was agreed that the Principal provide an update on the Ofsted framework consultation at a future Corporation meeting.</p>   | <p><b>7 May 2019</b><br/> <b>Now</b><br/> <b>Sept 2019</b></p> |                  |
| <b>94.18</b> | <p><b>DEPUTY PRINCIPAL CORPORATE RESOURCES</b></p> <p>Review of this position to be undertaken by the Remuneration Committee in September 2019 in order to provide a report to the Corporation in December 2019.</p>   | <p><b>September 2019</b></p>                                   |                  |
| <b>31.19</b> | <p><b>COLLEGE REPORT – SCORECARD</b></p> <p>A Governor requested that the Scorecard also include arrows to indicate the relevant directions of travel.</p>   | <p><b>July 2019</b></p>  |                  |
| <b>33.19</b> | <p><b>OPERATIONAL PLAN</b></p> <p>Governors were asked to forward any further comments on the Operational Plan and its format to the Principal in the next week.</p>   | <p><b>18 June 2019</b></p>                                     |                  |
| <b>34.19</b> | <p><b>MANAGEMENT ACCOUNTS - 30 APRIL 2019</b></p> <p>A Governor queried the budgeted points score for 'Good' Financial Health and the Deputy Principal is to confirm the actual points figure which was agreed in the budget. Given the acknowledged 'tight' headroom, a Governor highlighted the financial KPI of 'green' relating to achieving the financial; health target of 'Good' and that this may not currently be an accurate reflection.</p> | <p><b>9 July 2019</b></p>                                      |                  |
| <b>35.19</b> | <p><b>DRAFT I&amp;E BUDGET 2019/20</b></p> <p>The Corporation agreed that Governors now further reflect on the above with the Deputy Principal Corporate Resources welcoming further input and feedback.</p>   | <p><b>9 July 2019</b></p>                                      |                  |
| <b>36.19</b> | <p><b>GOVERNANCE ISSUES</b></p> <p>The Remuneration Committee agreed to hold a meeting on Monday 12 August 5:30-6:30pm to receive a presentation from the Principal regarding the proposed new structures and to allow for an open dialogue including how they will fit with the Senior Post Holder positions. All Governors are to be invited to attend.</p>  | <p><b>9 July 2019</b></p>                                      |                  |