

THE CORPORATION OF WALTHAM FOREST COLLEGE

MINUTES OF THE MEETING HELD ON 9 JULY 2019

MEMBERS OF THE CORPORATION

Youness Abidou	present	Member
Nadia Ahmed	present	Member
Steve Besley	present	Member, H.E. Champion
Paul Butler	present	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	present	Member
Frank Royle	present	Staff Member
Tim Strong	present	Member
Neil Taylor	<i>apologies</i>	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	Interim Deputy Principal Corporate Resources (IDPCR)
Stella McManus	present	Deputy Principal Curriculum & Quality (DPC&Q)

39.19 APOLOGIES FOR ABSENCE

Apologies had been received and accepted from:

Cirielle Mukondolo - prior commitment
Neil Taylor- previous commitment
Kapil Wadhvani - work commitment

There were no other apologies for absence.

40.19 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.

41.19 MINUTES OF THE MEETING OF THE CORPORATION HELD ON 11 JUNE 2019

The following corrections and additions were agreed by the Corporation:

31.19 College Report - superfluous word "*including*" on second line of Page 3.

33.19 College Operational Plan 2019-2022

To add: 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 Corporation to monitor progress and ensure that any necessary corrective actions are taken.

35.19 Draft Income and Expenditure Budget 2019-20

To add: 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.

The Minutes of the Corporation meeting held on 11 June 2019 were then approved by the Corporation and signed by the Chair as a correct record.

42.19 MATTERS ARISING

There were none.

43.19 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 themes remain as previously reported in June, whilst the associated risks include:

- Low attendance and adverse impact on student outcomes and progression
- Managing staff morale in times of change
- Impact of failure to achieve standards at external quality reviews e.g. Office for Students, Ofsted
- Failure to recruit, retain and develop staff to key positions slows capacity to achieve strategic objectives

Attention was then drawn to the Borough's consultation process on the allocation of High Needs Funding for 2020-21. There should be minimal direct impact on the College's funding. However, there is no guarantee that the College will receive funding for any places over the number already allocated and so there will need to be agreement for funding for any additional places. If agreement is not forthcoming, this could have a negative financial impact.

In addition, the Local Authority is also considering Alternative Provision (14-16-year-old students) and a separate consultation document is expected which will revise the provision and commissioning to bring in a new more cost-effective model. The risk for the College is either partial or complete loss of the contract of c.£352k. Mitigating actions include a review of the provision and the College has been assured that it will be part of the consultation process.

The swimming pool in the College is currently managed by The Community Pool CIC which is a Community Interest Company limited by guarantee. The College has been advised that the directors of the CIC are considering adopting a new governance model through a Charitable Community Benefit Society. Furthermore, the College and the current CIC Management Team are also seeking ways to collaborate more effectively, to drive up use of the pool by the local community and by College students and staff. The CIC Management Team are keen to secure long term capital investment from their external funders, to update and improve the pool's facilities. However, to attract such funding the CIC / BenCom would require a longer lease and with no break clause. The College is supportive of maximising the use and benefits of the pool and it is currently seeking professional advice to ensure that any risks are removed or mitigated.

An update on the software systems, Unit-E and ProSolution was then provided to the Corporation. Management indicated that it is estimated that it will require a further 12-18 months of detailed systems work to develop ProSolution so that it matches the current functionality of Unit-E. Governors were informed that due diligence work (including costs, risks, resources, lessons learnt) is to be undertaken in the next 4-6 weeks by the Head of IT who will then present a project plan to the Executive Team including a clear route of ways to move forward at an operational level and a 3-5 year plan to ensure there is a stable system in place.

Governors highlighted that discussions held at a 'round table' meeting on 26 April 2019 had particularly included management concerns regarding MIS issues and, therefore, there was disquiet by the Corporation that this project work had not already been undertaken by management. The Corporation is to be updated following the due diligence work.

The Corporation was informed that the Curriculum and Standards Working Group had met on 25 June 2019. The Chair of this working Group provided Governors with an overview of the discussions held at this meeting including:

- Actions and targets for the first strategic priority in the draft Operating Plan
- An update on the new Ofsted Educational Inspection Framework (EIF) – which is also to be provided to the Corporation in the autumn term
- Predicted achievement, Attendance, Applications
- Teaching, Learning and Assessment
- Quality of provision
- Professional Development

Governors then scrutinised the predicted achievement rates for Study Programme learners. It was noted that several areas were predicting achievements below that attained last year. A Governor questioned why there is a downward trend. The DPC&Q acknowledged the deterioration, highlighting that relevant issues had been identified in the College SAR where Study Programmes were graded 3 as the past 2 years indicated a decline in achievement. In addition, further development is needed for the monitoring and tracking of learner progress, tackling non-attendance, as well as for early interventions and acknowledging recruitment of some learners from very challenging backgrounds. A Governor acknowledged these explanations but indicated concern at this apparent decline.

It was noted that the predicted achievement per area for 19+ learners is indicating an increase on last year.

Discussion then took place on attendance and the DPC&Q informed the Corporation that the College introduced 3 programmes in 2018-19 for students who may otherwise have been NEET. Therefore, their poor attendance has somewhat skewed the attendance data and so, for next year, these particular programmes will be shown separately. In addition, Managers have been made aware of their role in setting high expectations and ensuring consistency of approach. The recent management restructure will bring various areas together further enabling sharing and learning from each other.

Attention was then drawn to teaching, learning and assessment including the range of strategies and related activities which have been carried out this year, including Learner Area Reviews, Talk Teaching Group, Practitioner Led Action Research and Team supported experiments.

A Governor then referred to the learner achievement performance and queried if there was an issue with the current infrastructure and capacity and asked what the main gaps were which need to be addressed. By way of response, the DPC&Q identified access to data, tracking and monitoring, assessment planning, ensuring consistency and high expectations, sharing best practice more and having confidence to manage performance and the associated consequences.

A Governor questioned that as the issues have been identified and assurance provided that clear strategies will be in place as from September, how will it be ascertained if these have succeeded. By way of response it was noted that this will be through achievement, with progress reviews throughout the year and after the 6 week 'cut-off' from enrolment, attendance will be rigorously monitored.

It was noted that the College is performing well with recruitment numbers compared to a similar time last year and that a recent Welcome Day for new students was very successful.

The Corporation then considered a draft Pay Strategy and Review 2019. The purpose of this review was to identify anomalies within the pay structure for both curriculum and support staff and to recommend an approach to address these including looking at costs. It was noted that the issues as outlined in the covering report were consistent with those which were discussed at the pre-budget task group meeting held on 2 July 2019.

The Corporation approved the Pay Policy and associated recommendations subject to the approval of the 2019-20 budget figures. (See Minute 47.19).

A Governor requested that the Scorecard also include actual figures alongside the arrows indicating the relevant directions of travel.

The Corporation noted the College report including the Scorecard.

44.19 COLLEGE OPERATIONAL PLAN

The Principal reported on the final draft Operating Plan for 2019-22.

It was noted that, following feedback, the key objectives have been prioritised for scrutiny and progress monitoring.

Governors requested that the Operating Plan also includes current position (baseline) and year 2 targets.

Attention was then drawn to Objective 3.3 and developing collaborative partnerships. The Principal reported that she is meeting with Principals from other local colleges and that the Chair is also meeting with other local college Chairs, thereby ensuring there is commitment and meaningful foundations in place at all levels.

The Operating Plan will be subject to annual review, but will also be updated every half term and next be presented to the Corporation at its meeting on 15 October 2019.

45.19 HMRC – VAT AUDIT OF WALTHAM FOREST COLLEGE

The Corporation was informed that the College had been randomly selected for a HMRC VAT inspection which subsequently took place on 8 May 2019.

The College engaged the services of its Internal Auditors VAT Team from Scrutton Bland, to review the College's recent VAT management and practice, and to provide advice and support to the College to manage the inspection.

The inspection reviewed the College's VAT for four complete financial years, dating back to 2014/15. Three areas have been queried by HMRC with two of them now being completed and the third, relating to the application of the HMRC Capital Goods Scheme to be completed by 10 July 2019.

At this stage the College's exposure is still under review, however, it is likely that the cost to the College could be c.£100k. This amount will therefore be reported as a creditor in the year end accounts.

A Governor asked what lessons have been learnt from this and the IDPCR informed Governors that there will be an annual review of the College's VAT practices and procedures, by a qualified VAT professional advisor.

A Governor queried why the external auditors had not identified this issue. By way of response, it was noted that Grant Thornton, the External Auditors of the Financial statements audit the balance sheet along with the underpinning assumptions and reconciliations of selected balance sheet categories. As VAT has not been a contentious area for over 10 years, (that being the date of the last HMRC inspection) and the creditor in the balance sheet has been less than the audit sample threshold (approx. £28k) at each year end, it hadn't been perceived as a high risk area in recent years.

The IDPCR assured the Corporation that the College's systems and procedures to manage and monitor the College VAT have been updated and implemented, relevant staff are now fully aware of the required procedures and there is to be an internal audit of VAT at some point in the near future. The College is now VAT compliant for 2019.

The IDPCR is to keep the Corporation fully informed on these matters.

46.19 INCOME AND EXPENDITURE 2018-19 - MONTHLY MANAGEMENT ACCOUNTS FOR 10 MONTHS ENDED 31 MAY 2019

The IDPCR provided the Corporation with a position statement on the financial performance of the College up to 31 May 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 with a forecast income of £21,079k.

The College has achieved a year to date actual operating deficit of £158k, compared with the budgeted operating deficit of £129k.

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 1.3% better 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 £494k higher than budgeted, however, the adverse variance is forecast to reduce during the remaining months of the year.

Non-pay operating expenditure was £218k lower than budgeted. Discretionary non-pay costs continue to be tightly controlled.

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

The Balance Sheet and especially its cash and working capital have, and will continue to be, pro-actively managed to protect the 'Good' financial health grade.

The key financial risks have not changed in their associated RAG ratings. A governor queried that if the College is on target to achieve the KPI was it an accurate reflection to be considered as 'amber'. By way of response it was noted that there is still a 'risk'.

It was acknowledged that the Audit Committee had recently reviewed the College Risk Register and it was agreed that that the financial risks also be integrated into this.

Attention was then drawn to pay costs as a percentage of income and it was noted that whilst the College is beginning to deliver more in-house, it is still heavily reliant on sub-contracting.

A Governor then raised a concern regarding the pipeline of £1,240k ESFA AEB income still needed in order to meet the full year budget of £6,520k and questioned how this is to be achieved. The IDPCR assured Governors that the position is regularly reviewed and monitored at Executive meetings. This position is not unusual for the time of year, due to the R13 data (to be filed in September 2019) and the R14 are still to be filed with the ESFA. The deadline date for the R14 return is 17 October 2019, which will confirm the College's final ESFA income totals and there is confidence the budget figure and ESFA Funding Allocation totals will be met, as per last year.

The Corporation:

1. Received and noted the Management Accounts to 31 May 2019;
2. Noted the key financial risks being managed and the mitigating actions being taken by the College.

The Chair, on behalf of the Corporation, thanked Oluwatosin Kuforiji for her outstanding contribution as a Student Governor and wished her every success for her future.

20:30 OK left the meeting

47.19 DRAFT INCOME AND EXPENDITURE BUDGET 2019-20

The IDPCR provided the Corporation with a draft income and expenditure budget and balance sheet for 2019-20.

The IDPCR thanked those Governors for their input at the pre-budget task group meeting held on 2 July 2019.

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 proposed draft 2019-20 budget would ensure that the College continues to be in 'good' financial health, however, this would be with narrow available headroom in the I&E of only c.£250k.

The proposed budget is based on the ESFA's confirmed funding allocations and a prudent view continues to be taken regarding income generation.

The proposed budget is indicating an Operating Surplus of £137k for 2019-20.

The Corporation then held detailed and lengthy discussions regarding the pay costs and options arising from a review of the College's pay structure and pay grades currently in place.

It was acknowledged that the impact and effect of the College's pay costs are challenging as the Management recommendations include:

- Implementing the London Living Wage
- Pay Grade Anomalies, Curriculum Staff (cost of c.£100k)
- Pay Grade Anomalies, Business Support Staff (cost of c.£70k)
- Increase in Employer Contributions: Teachers' Pensions Scheme (from 16.48% to 23.60% from September 2019)

The total increase in pay costs, if all pay measures are implemented is £205k in 2019-20 and £445k in 2020-21.

No cost of living pay award had been included in the draft pay budget for 2019-20. An increase of 1% in basic pay for all staff would total approx. £90-100k per year.

The Corporation was informed that if all of the pay measures were to be implemented in 2019-20, this would put the College's financial health grade of 'good' under extreme pressure with very limited headroom. Such financial fragility risks the College slipping into ESFA financial health grade of 'requires improvement', therefore, management do not recommend implementing all of the pay measures as from August 2019.

Governors then carefully considered the risks associated with the pay costs including the need to be cognisant of the current unfavourable financial position, the ability to continue as a going concern, communication and engagement with staff, seeking to make pay measures but balanced with affordability, the exploration of other non-financial methods and options, and external factors such as Brexit and uncertainty in the financial markets.

It was also noted that the Government may have an emergency budget in 2 months' time with a potential for favourable increases in ESFA 16-18 funding.

Attention was then drawn to the College's requirement to submit a detailed three-year financial forecast to the ESFA before 31 July 2019.

The College has extended this period to five years, for its own internal review, to match the duration of the College's strategic plan.

The Capital budget of £875k in 2019-20 includes a summer works programme of £100k with the refurbishment of the Construction Area, curriculum equipment, IT equipment and improvements to the West Wing.

The Corporation:

- 1. Approved the London Living Wage be applied immediately and to be backdated to 1 November 2018; and for any future increases to be implemented on the date of each anniversary review, usually in November each year**
- 2. Approved the proposed 2019-20 pay recommendations in principle, to be implemented as from 1 February 2020 and subject to an assessment of the College's performance as at the end of November 2019.**
- 3. Approved the College's Income and Expenditure budget for 2019-20;**
- 4. Approved the College's capital budget of £875k for 2019-20;**
- 5. Approved the College's Balance Sheet as at 31 July 2020; and**
- 6. Approved the 3 Year Financial Plan**

48.19 AUDIT COMMITTEE MEETING 11 JUNE 2019

The Corporation received and noted the unconfirmed Minutes of the Audit Committee meeting held on 20 June 2019.

The Chair of the Audit Committee then provided a verbal update from this meeting drawing attention to the Internal Audit reports on Governance, Lecturer Deployment, Subcontracting ESFA External Controls Assurance, follow up of previous recommendations, and in particular, the internal audit report on GDPR which had received a 'limited' assurance level. One of the recommendations arising from the GDPR audit was to review the Data Protection Policy and it was agreed that this will be circulated to Governors and also be published by 31 July 2019.

The Audit Committee had also received and discussed the Internal Audit Assurance Strategy and Annual Plan for 2019-20, the audit arrangements for the Financial Statements, the HMRC VAT audit of the College and the College Risk Register.

The Audit Committee had also held a confidential session to further discuss the internal audit findings in particular.

The Corporation approved the Internal Audit Assurance Strategy and Annual Plan 2019-20.

50.19 COLLEGE RISK REGISTER

The Corporation received and noted the College Risk Register which had also been subject to review at the Audit Committee meeting on 1 June 2019.

51.19 GOVERNANCE ISSUES

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

A meeting of the Search Committee had been held immediately prior to the Corporation meeting. The Committee had discussed the re-appointments of Graham Woolnough whose term of office comes to an end on 31 July 2019, and Tim Strong, whose term of office comes to an end on 21 September 2019.

Having due regard to the Corporation Standing Orders regarding re-appointments of Corporation members, the Search Committee recommended to the Corporation that both Graham Woolnough and Tim Strong be re-appointed for a further term of 2 years.

The Corporation approved the re-appointments of Graham Woolnough to 31 July 2021 and Tim Strong to 21 September 2021.

The Corporation also noted the following:

- ETF Governance Development Programme
- Corporation and Committee meeting dates for 2019-20
- Governor Training and attendance at events in 2018-19
- A Corporation Strategy meeting is to be held on Saturday 25 January 2020 from 9am to 1pm

52.19 APPOINTMENT OF CHAIR AND VICE CHAIR OF THE CORPORATION

The Clerk informed the Corporation that the term of office for Paul Butler as Chair of the Corporation and Graham Woolnough as Vice Chair of the Corporation will come to an end on 30 September 2019.

Attention was drawn to the Instrument and Articles of Government and the Standing Orders regarding the appointment of Chair and Vice Chair of the Corporation

Paul Butler then stepped down and Steve Besley took the Chair for this item.

The Clerk informed the Corporation that there had been one (1) nomination received for Chair and one (1) nomination received for Vice Chair.

Youness Abidou proposed Paul Butler as Chair and this was seconded by Renatta Nzomono.

Tim Strong proposed Graham Woolnough as Vice Chair and this was seconded by Alison Morris.

Paul Butler was duly elected as Chair of the Corporation and Graham Woolnough as Vice Chair of the Corporation, both for a two (2) year term until 30 September 2021.

Paul Butler then took the Chair and informed the Corporation that this would be his final two years as Chair.

53.19 ANY OTHER BUSINESS

Resignation of Steve Besley

The Corporation received and accepted the resignation of Steve Besley as a Corporation member, effective from 9 July 2019.

The Chair, on behalf of the Corporation, thanked Steve Besley for his valuable and significant contribution as a Governor.

21:25 LC and SM left the meeting.

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

.....
SIGNED

The meeting closed at 22:00

.....
DATE

ACTION POINTS ARISING FROM MEETINGS OF THE CORPORATION

Minute No.	Issue and Action	Target Date	Achievement Date
88.18	<p>PRINCIPAL'S REPORT</p> <p>It was agreed that the Principal provide an update on the Ofsted framework consultation at a future Corporation meeting.</p>	7 May 2019 Now Autumn term	
94.18	<p>DEPUTY PRINCIPAL CORPORATE RESOURCES</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>	December 2019	
36.19	<p>GOVERNANCE ISSUES</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>	9 July 2019	12 August 2019
43.19	<p>SCORECARD</p> <p>To include actual figures alongside arrows indicating relevant direction of travel</p>	15 October 2019	
43.19	<p>MIS</p> <p>The Corporation is to be updated following the due diligence work regarding ProSolution and Unit-e</p>	Following Summer 2019	
44.19	<p>OPERATING PLAN</p> <p>Updated at each half term – to Corporation on 15 October</p>	15 October 2019	
48.19	<p>AUDIT COMMITTEE</p> <p>Data Protection Policy to be reviewed, published by 31 July 2019 and then circulated to Governors.</p>	15 October 2019	