

## THE CORPORATION OF WALTHAM FOREST COLLEGE

### MINUTES OF THE MEETING HELD ON 10 DECEMBER 2019

#### MEMBERS OF THE CORPORATION

Youness Abidou	present	Member
Nadia Ahmed	<i>apologies</i>	Member
Paul Butler	present	Member, Chair of the Corporation and Safeguarding Champion
Joy Kettle	present	Member, Principal and Chief Executive
Alison Morris	present	Member, Careers Champion
Priscile Mbuka	present	Student Governor
Renatta Nzomono	present	Member
Lutfiya Othman	present	Student Governor
Frank Royle	present	Staff Member
Tim Strong	present	Member, Chair of Search Committee & Remuneration Committee
Neil Taylor	present	Member
Kalim Uddin	present	Staff Member
Kapil Wadhvani	present	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
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#### IN ATTENDANCE

Lynda Croft	present	Interim Deputy Principal Corporate Resources (IDPCR)
Stella McManus	present	Deputy Principal Curriculum & Quality (DPC&Q)

#### **78.19 APOLOGIES FOR ABSENCE**

Apologies had been received and accepted from:

Nadia Ahmed - previous commitment

#### **79.19 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.

#### **80.19 MINUTES OF THE MEETING OF THE CORPORATION HELD ON 12 NOVEMBER 2019**

**The Minutes of the Corporation meeting held on 12 November 2019 were approved by the Corporation and signed by the Vice Chair of the Corporation as being a correct record.**

#### **81.19 MATTERS ARISING**

There were no matters arising.

## **82.19 COLLEGE REPORT**

The Corporation received an update on the College from the Principal with the following being highlighted.

Student recruitment remains strong and the College is on track to meet all of its funding allocations. The Open Day held on 6 November 2019 showed an increase in numbers attending of 11% compared to the previous year.

Under the lagged funding model, the number of additional 16-18-year-old students recruited over the allocation for 2019-20, could result in additional funding of c.£250k in 2020-21. There will be an opportunity for the College to apply for additional Adult Learner Loans monies in March/April 2020.

A successful Student Conference was held on 27 November where discussion was held around reasons for poor attendance and strategies to improve this and also feedback on student progress. The two Student Governors provided the Corporation with some insightful verbal feedback including timetabling particularly for GCSE maths and English, and the need for lessons to be engaging to ensure learners are motivated. The Corporation was assured that student feedback is shared with Curriculum Heads and Managers for relevant actions.

Discussion was then held on student attendance which is currently indicating a 1% decrease on this time last year, The DPC&Q assured Governors that a deep dive has been undertaken looking at both the College and the learners. Feedback from the Student Conference has proved helpful, and issues regarding timetabling for maths and English – which need to be tighter, stronger, high expectations and consistency of approach - are all actions to improve upon.

A 'Floor to Board' initiative to improve staff communication is to be launched shortly.

The Corporation congratulated the Marketing Team for winning the College Marketing Network (CMN) Targeted Recruitment Campaign Silver Award. The College is also to launch the H.E IAG Hub for the Borough of Waltham Forest, in partnership with London Metropolitan University, as from January 2020, which is the first of its kind in the borough and will provide high quality information, advice and guidance.

The College priorities and aims, as outlined in the Strategic Plan, were then highlighted by the Principal and that these have been mapped to some of the features arising from an interim report on the 'College of the Future' as they may be used in future curriculum planning. A Governor requested that as the Strategic Plan is well into its first year, it would be advantageous to now include milestones as to the current position, and this information will be very helpful at the forthcoming strategy day on 25 January 2020.

The College Risk Register was the same as that presented to the Audit Committee on 21 November 2019. The Corporation was informed that discussion had been held by the Audit Committee regarding the RAG rating and ordering of the risks as Governors wished to understand from Management how they use the Risk Register, manage risk, what is being done about the risks and how they move over time.

Arising from these discussions, the Principal it was accepted that the current format is difficult to digest, and the Principal is to condense the register into the 10 main risks which may include 5 critical risks and to review those risks which are similar but appear twice on the register. Actions required may then be detailed as to how to improve the control element, with new controls being introduced over time, thereby providing more comfort.

The Corporation was informed that the ESFA has introduced an Integrated College Financial Model (ICFM) which requires all colleges to complete and return by 28 February 2020 and will require Corporation approval before submission.

It was agreed that the Clerk liaise with Governors to ascertain a date for an additional Corporation meeting in February.

In response to a Governor's question, it was noted that completion of this return will be time-consuming, and it was agreed that the newly appointed interim DPCR will be best directed to concentrate on the College operations, and the SLT was duly tasked with sourcing additional support for the completion of this ICFM.

Governors were also informed that the ICFM will be used by the ESFA to plan and monitor, with benchmarking from the 2018-19 Financial Statements helping to profile all colleges to provide comparisons and rankings, thereby identifying those colleges in need of support.

The Scorecard was then referred to and the Principal explained that adult college delivery and enrolments are incomplete at this stage of the year, and a re-assessment of the position will be made in January 2020 when January starts are enrolled.

Governors were then informed that pay costs as a percentage of income are high and this represents a risk to the College, and while there is a gap to close between the current position and target, this is exaggerated until mid-year enrolments are captured.

It was noted that the Equality and Diversity annual report may be found on the Corporation Sharepoint site and that it includes data from the College SAR regarding student outcomes and achievement gaps.

The Corporation received and noted the College report.

## **83.19 AUDIT COMMITTEE MEETINGS - 21 NOVEMBER 2019 AND 9 DECEMBER 2019 AND DRAFT FINANCIAL STATEMENTS 21018/19**

The Corporation was informed that following the Audit Committee meeting on 21 November, the Committee had reconsidered the appointments of Committee Chair and Vice Chair at its subsequent Committee meeting held on 9 December.

Taking into consideration the current position of the college and the involvement Graham Woolnough has had to date in leading on an active role in reviewing the ongoing financial matters currently being considered, the Audit Committee concurred that the appointment of a new Audit Committee Chair be postponed until a more appropriate time in 2020.

**The appointments of Graham Woolnough as Audit Committee Chair and Youness Abidou as Audit Committee Vice Chair were duly approved by the Corporation.**

**The Corporation approved the Audit Committee Terms of Reference for 2019–20 for immediate application.**

The Chair of the Audit Committee reported on the recent Audit Committee meetings which had received and discussed reports including:

- Health and Safety Annual Report 2018-19
- Draft Financial Statements 2018-19
- Internal Audit Annual Report 2018-19

The IDPCR then updated the Committee on the current financial position which is indicating a deficit before other gains and losses in the year of (£482k) (2017/18 deficit of (£463k)); from a total income of £21,892k (2017/18: £20,369k). Excluding FRS102 pension adjustments of £376k (2017/18: £499k), the College achieved a deficit of £109k (2017/18: surplus £37k).

<b>Operating surplus/(Deficit)</b>	<b>2018/19</b>	<b>2017/18</b>
Total Income	21,892,000	20,369,000
Total Expenditure	22,374,000	20,832,000
(Deficit) before tax	(482,000)	(463,000)
Add back: restructure costs	140,000	67,000
Add back: FRS102 (section 28) pension adjustments	376,000	499,000
Adjusted operating surplus	34,000	103,000

The above has resulted in a financial health grade of 'requires improvement' as calculated by the ESFA.

The current Balance Sheet as at 31 July 2019 indicates total net assets of (£5,323k) compared to £1,294k the previous year due to the impact of the increased pension deficit.

The cash position was then explained with a net cash outflow of (£751k) in 2018/19 compared to (£529k) in 2017/18.

The Audit Chair then reported on the current position statement reconciling the draft unaudited Management Accounts for the year ended 31 July 2019 as had been reported to the Audit Committee on 9 December 2019.

Governors were informed that audit work is still on-going, with reference to 'Going Concern' and discussions with the bank regarding a potential short-term overdraft facility during March/April 2020 when the operating cash flow becomes challenging; which is in line with many other Colleges at this time. The external auditors are being kept updated upon on these discussions with the bank.

The Corporation was informed that the Financial Statements are due to be submitted to the ESFA by 31 December 2019.

The Corporation requested that the Principal keep Governors and the ESFA fully informed including the reasons if and why the submission may be delayed and asked that a clear and managed communication strategy now be prepared regarding this position.

### **The Corporation approved the re-appointment of Grant Thornton as the Colleges' Financial Statements auditors for 2019-20.**

The Corporation noted that a tender is to be prepared in the new year for the Internal Audit Service, with a view to holding interviews on 10 March 2020 i.e. in advance of the scheduled Audit Committee meeting on 10 March 2020.

The Corporation received the Internal Audit Annual Report which informed Governors that, in their opinion, for the year ended 31 July 2019, the College;

- Has adequate and effective risk management processes;
- Has adequate and effective governance processes;
- Has adequate and effective control processes in the majority of areas, with the exception of the control weaknesses identified during the audits of GDPR and Anti-Fraud Framework; and
- Has adequate and effective efficiency, effectiveness, noting that there are opportunities to improve efficiency through the use of technology.

Governors were assured that the identified control weaknesses regarding GDPR and the Anti-Fraud Framework will be subject to further scrutiny including:

- Internal Audit Follow-up reports on recommendations
- To be an Agenda item at the next Audit Committee meeting
- Internal Audit to work closely with management on improving the relevant areas of 'limited' assurance

The Corporation:

1. Received and considered the draft Financial Statements for 2018-19 and the associated Audit Findings report prepared by Grant Thornton and noted the update on the current year-end draft financial position for 2018-19.
2. Received and noted the Regularity Audit;
3. Received and noted the Annual Internal Audit Report for 2018-19 from Scrutton Bland;
4. Received and noted the draft 2018-19 Annual Report of the Audit Committee to the Corporation;
5. Received and noted the latest report on Risk Management and the Risk Register

## **84.19 INCOME AND EXPENDITURE 2019-20- MONTHLY MANAGEMENT ACCOUNTS TO 31 OCTOBER 2019**

The IDPCR provided the Corporation with a position statement on the financial performance of the College for the two months ended 31 October 2019.

The IDPCR reported that, following a challenging year in 2018-19, the Executive Team has implemented an improvement plan to strengthen the College's financial health, focusing on generation operating cash, and strengthening its working capital.

The Corporation was informed that, at this stage, the College expects to exceed its originally budgeted operating surplus of £137k and to achieve an operating surplus of £377k and 'Good' financial health.

It was noted that pay costs continue to be challenging and all individual departments' pay costs are being reviewed in detail.

Non-pay operating expenditure continues to be tightly controlled and is currently £403k lower than budget.

The Operating Surplus full year forecast is £377k against a budget of £137k.

The capital budget was reviewed, and Governors requested that this be more explicit and detailed in future reports.

Governors then scrutinised the accounts in further detail noting the negative net asset position which is impacted by the pension deficit.

A Governor requested that the breakdown of agency costs against established posts carried as vacancies and covered by interims need also to include travel and subsistence costs in order to provide a true comparison.

The Corporation noted that c.78% of the College funding is reliant on the ESFA and was informed that for most other colleges this is lower at c70%.

The Corporation:

1. Received and noted the draft and unaudited Management Accounts relating to the financial performance of Waltham Forest College to 31 October 2019.
2. Noted the key financial risks being managed and the mitigating actions being taken by the College.
3. Received and noted the 'Early Intervention' letter from the ESFA due to significant cash flow pressures, where 'cash days' is equal to or less than 15 days, and that representatives from the ESFA will meet with the Principal and the IDPCR at the end of January 2020.

## **85.19 GOVERNANCE ISSUES**

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

The Corporation is to hold a Strategy Day on Saturday 25 January 2020.

The Self-Assessment of Governance questionnaire is to be completed by Governors in advance of the Strategy Day as well as the annual Skills Audit as this information will help inform an agenda item on governance.

The Corporation noted the ESFA letter regarding intervention at Bournville College. The ESFA's accompanying list of all College 'Must Do's' has been reviewed and the responses provided by the College were satisfactorily reviewed by the Audit Committee on 21 November 2020.

The Clerk reported that, as part of the AoC Remuneration Code, there is now a requirement to produce an Annual Report of the Remuneration Committee. This annual report for 2018-19 was noted by the Corporation and that most its content is also included in the Financial Statements.

Members of the Remuneration Committee reported that they had reviewed tenders received from agencies for the recruitment process for the appointment of a permanent Deputy Principal Corporate Resources, which is a Senior Post Holder position. It was duly agreed that AoC undertake this recruitment process and once a timeline has been confirmed, this will be shared with Governors and an appointment panel agreed.

The Corporation attendance at events and training undertaken in 2019-20 was noted.

The Chair then thanked Lynda Croft for her work over the past 20 months as Interim Deputy Principal Corporate Resources and wished her well in her retirement.

The Corporation noted that., following an interview process, Alastair Milloy has been appointed by Management as an Interim Deputy Principal Corporate Resources and commenced his duties in December 2019, initially on a part time basis but will be full time in the New Year.

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

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**SIGNED**

*The meeting closed at 22:30*

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**DATE**

## ACTION POINTS ARISING FROM MEETINGS OF THE CORPORATION

Minute No.	Issue and Action	Target Date	Achievement Date
44.19	<p><b>OPERATING PLAN</b></p> <p>Updated at each half term – to Corporation termly- include milestones</p>	<b>Spring term 2020</b>	
64.19	<p><b>GOVERNANCE ISSUES</b></p> <ul style="list-style-type: none"> <li>• Self –Assessment of Governance to be undertaken on 12 November 2019</li> </ul>	<b>10 December Now 4 February 2020</b>	
74.19	<p><b>MONTHLY MANAGEMENT ACCOUNTS</b></p> <ul style="list-style-type: none"> <li>▪ Financial KPI’s RAG rating to be reviewed</li> </ul>	<b>10 December 2019 now 4 February 2020</b>	
75.19	<p><b>GOVERNANCE ISSUES</b></p> <ul style="list-style-type: none"> <li>▪ Completion of the Self-assessment of Governance</li> <li>▪ Completion of skills audit</li> </ul>	<b>4 February 2020</b>	
82.19	<p><b>COLLEGE REPORT</b></p> <ul style="list-style-type: none"> <li>• Risk Register to be reviewed for comment by Audit Committee, then to Corporation</li> <li>• ESFA – Completion of ICFM – Senior Team to source additional expertise to assist with this completion</li> <li>• ICFM- additional Corporation meeting to be arranged to approve the ICFM</li> </ul>	<b>10 March  ASAP  4 February</b>	
83.19	<p><b>FINANCIAL STATEMENTS 2018/19</b></p> <ul style="list-style-type: none"> <li>• Additional Corporation meeting to be convened once confirmation from the Bank and auditors has been received.</li> </ul>	<b>December 2019</b>	
84.19	<p><b>MANAGEMENT MONTHLY ACCOUNTS</b></p> <ul style="list-style-type: none"> <li>• Capital Expenditure budget- more detail to be included in the management accounts reports</li> </ul>	<b>February</b>	
85.19	<p><b>DEPUTY PRINCIPAL CORPORATE RESOURCES</b></p> <ul style="list-style-type: none"> <li>• Timeline to be circulated and appointment panel agreed</li> </ul>	<b>4 February 2019</b>	

