

THE CORPORATION OF WALTHAM FOREST COLLEGE

MINUTES OF THE MEETING HELD ON 15 OCTOBER 2019

MEMBERS OF THE CORPORATION

Youness Abidou	present	Member
Nadia Ahmed	present	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
Renatta Nzomono	present	Member
Frank Royle	present	Staff Member
Tim Strong	present	Member, Chair of Search Committee & Remuneration Committee
		Member
Neil Taylor	present	Staff Member
Kalim Uddin	present	Member, Health & Safety Champion
Kapil Wadhvani	present	Member, Vice Chair of the Corporation, Chair of Audit Committee
Graham Woolnough	present	

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)

Executive Team members:	Amir Ahmed, Angela Ainsworth Stella Fleming, Nadeem Khalifa, Darren Kirwin, John Newton, Abena Rodman-Tay,
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The Corporation and members of the Executive Team received a presentation from Debra Summers (HMI) on the new Ofsted Education Inspection Framework -EIF.

A question and answer session then followed with the following noted in particular:

- This new inspection framework is undertaken primarily through a curriculum lens
- Focus on the College vision, social mobility, curriculum, wider outcomes and not just qualifications, the social context of the college (WFC) developing skills and standards
- Governors must be aware of what is going well and not so well in the College, what is being done and its impact. This may take place through paired walkthroughs, deep dives, triangulation etc.

The Chair thanked Debra Summers for her very informative and helpful presentation.

19:10 DS left the meeting

55.19 SAFEGUARDING UPDATE

The Corporation received and noted the Safeguarding Annual Report for 2018-19.

It was recognised that this has been a challenging year in terms of the 52% increase on last year of the number of cases referred to the Safeguarding Team. All cases have now been closed with no on-going concerns. This increase is due, in part, to better identification, staff training and knowledge of the referral process. A new digital system is being introduced to assist with the administration of these referrals.

It was acknowledged that a small number of cases are extremely complex involving multi-agencies. A deep dive analysis of key trends within curriculum area including ethnicity, attendance and vulnerable learners provides information to help with timely interventions and relevant pastoral wraparound support.

It was noted that the College has zero tolerance towards weapons.

The Chair reminded all that he attends the termly Safeguarding Board meetings.

All Governors confirmed that they had read the DfE statutory guidance for schools and colleges September 2019: 'Keeping Children Safe in Education'.

19:30 Exec left the meeting

56.19 APOLOGIES FOR ABSENCE

There were no apologies

57.19 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.

58.19 MINUTES OF THE MEETING OF THE CORPORATION HELD ON 9 JULY 2019

The Minutes of the Corporation meeting held on 9 July 2019 were approved by the Corporation and signed by the Chair as being a correct record.

59.19 MATTERS ARISING

There were none.

60.19 WRITTEN RESOLUTION

The Corporation noted the written resolution regarding the cleaning contract as being agreed since the last Board meeting held on 9 July 2019.

Affirmation was provided by the IDPCR regarding the cost savings for the College and also the potential TUPE arrangements for existing cleaning staff.

61.19 COLLEGE REPORT

The Corporation received an update on the College from the Principal.

Due to the emerging end of year financial out-turn, the Corporation agreed to discuss this in depth alongside the draft and unaudited management accounts for 2018-19.

The following points were highlighted in particular by the Principal:

- The health grade for the College in 2018-19 is under significant pressure.
- The College has achieved a draft unaudited full year actual operating surplus in 2018-19 of £42k compared to the budgeted operating surplus of £131k and a forecast operating surplus of £66k.
- The element of the health grade which is the major cause for concern is the adjusted current ratio.
- The HMRC VAT creditor totals £107k and this has been reported in the I&E and Balance Sheet as at 31 July 2019. This area is still under negotiation with HMRC.

Two factors are at risk that impact on the financial health grade i.e. profitability and the working capital.

The College has grown in its operating income exceeding budget by £322k which is important for the future. All ESFA funding income allocations, which includes 16-19, AEB, Apprenticeships and Adult Learner Loans (ALLS) have been achieved.

Non-pay operating expenditure was £226k lower than budgeted.

However, pay costs, before restructuring costs, were £597k or 5.2% higher than budgeted due to increased partnership delivery and increased agency staff costs. Additional pay costs of c.£228k to deliver growth of ESFA 16-19 income, and achieving unfunded income growth in-year of £322k, meant that the College has also incurred additional pay costs to deliver this income.

Governors then sought assurances as to how they could be confident that the necessary actions are being put in place and, in addition, if there any other underlying issues in the management and operations of the College requiring urgent attention. Has a deep dive review across the college taken place of all processes and procedures?

The Principal assured Governors that this review had taken place and there are now improved monitoring reports which will highlight any gaps, plus there is frequent dialogue across the organisation, with improved consistency and better transparency. However, the triangulation of information between curriculum teams, the MIS team and the Finance Team needs to be improved. It became clear towards the end of the year that the processes were not robust enough and these have been strengthened with more thorough interrogation of data leading to relevant actions

The Principal informed the Corporation that the focus is on multiple income streams including ESFA, Learner Loans and AEB together. Management can view this data at any stage of the year and where targets are not met then plans are in put place to address this. The monitoring of Budget lines with £17m of ESFA income are all coded and there is a costed curriculum plan so it will be easier to see the detail.

In addition, HMRC VAT was an unexpected item and has been built into costs.

Discussion then moved on to the decision making process regarding staffing requests. After much probing and request for openness and assurance, the Principal confirmed that all staffing decisions are made by the SLT at the weekly Thursday morning staffing meeting where reasons for the costs must be justified. It was noted that when costs start to move away past budgets these are signed off by the IDPCR.

Governors then questioned the processes including budgeting.

In light of the above discussions, the Corporation agreed to reconvene the Corporation Strategy Group on Monday 28 October 7-8:30pm and all Governors were invited to attend.

This meeting will have as its context the next 3-5-year period and will include a detailed review of finances and also the following:

- Key headline indicators
- Strategic direction
- Ability to 'weather' the storm and sustainability for the next 3-5 years
- What can be done differently to improve the current position?
- Collaboration
- Capacity
- Ensure actions are put in place internally before external bodies may ask questions of the organisation
- SLT to provide an Improvement Plan going forwards

It was agreed that Governors reflect on these discussions and if they have any further questions of SLT to email them before 28 October to the Chair, Principal and Clerk.

Management Information System – MIS

The Principal informed the Corporation that a new Head of MIS has been recently appointed.

A detailed review of the student record system Unit-e and the alternative system ProSolution has now been completed. This included both the business case and the financial risks including money already spent.

The Corporation was informed that the management decision is to remain with Capita (Unit-e).

A high level MIS Project Plan has now been developed indicating key deliverables and milestones, and updates will be provided to Senior Managers and the Board.

Governors then interrogated the spend to date and reasons behind this decision as a year ago the Corporation had been informed that ProSolution was the preferred route.

Reassurance was sought by Governors, and provided by the Senior team, that Unit-e is now the best way forward with efforts being made to mitigate the money spent to date and its effect on the budget and forecast for 2019-20.

The Corporation then noted the achievement outcomes to date as indicated in the College SAR and agreed that a more fulsome discussion be had at the November Board meeting including the College Self-Assessment Report (SAR).

Meanwhile, the monitoring version of the Operating Plan is available on Sharepoint. Enrolment figures to date were provided in the report and the College has experienced an overall increase in recruitment for 16-18 year olds compared to last year and despite the sector as a whole reporting a decline.

The Corporation noted the letter from the Office for Students, in July 2019, communicating their decision for WFC to no longer be registered as a Higher Education provider.

The College report also included some 'good news' stories with particular attention being drawn to the BBC East Side Story documentary which involved a small group of WFC learners and other east London young people sharing their journey and challenges, with much of the programme taking place within the College buildings.

The Corporation received and noted the College report.

62.19 INCOME AND EXPENDITURE 2018-19 - MONTHLY MANAGEMENT ACCOUNTS FOR FULL YEAR 2018-19

The IDPCR provided the Corporation with a position statement on the financial performance of the College for the year ended 31 July 2019.

It was highlighted that this report and appendices are draft and unaudited and that the external audit of the College's draft financial statements began on 7 October 2019.

The draft operating position for 2018-19 shows that the College's financial health grade is under significant pressure and MINUTE 61.19 above refers to the discussions held concerning this.

The operating income for 2018-19 – excluding deferred capital grant releases (£894k)- totalled £21,062k, this being £313k or 1.55% better than the budget of £20,749k.

All ESFA income allocations will be achieved. However, these areas are all subject to Grant Thornton's external audit of the Financial Statements.

Pay costs were £597k higher than budgeted. Non-pay operating expenditure was £226k lower than budgeted.

£107k has been accrued for the HMRC VAT Inspection. This new creditor has adversely affected the College's current ratio, as it is included when calculating the College's financial health grade.

The Cash flow closing balance at 31 July 2019 is £694k compared with the forecast closing balance of £700k and the budget of £721k.

The key financial risks were noted and that 4 of the 17 are now rated 'red' i.e. at serious risk of not being achieved. The 4 'red' rated risks are:

- Staff costs within budget
- Staff costs as a % of income
- Net current assets/ current ratio
- Financial health target achieved

The Corporation:

1. Received and noted the draft and unaudited Management Accounts relating to the financial performance of Waltham Forest College in 2018-19.
2. Noted the key financial risks being managed and the mitigating actions being taken by the College.

63.19 ACCOUNTING CALCULATION LOCAL GOVERNMENT PENSION SCHEME – FRS 102

The IDPCR provided the Corporation with an update on the Waltham Forest College's Local Government Pension Scheme.

The College is reliant on professional advice from the scheme's actuary, Mercer, to carry out recalculations. The results are independently audited by the College's external auditors, Grant Thornton.

One significant change in these assumptions is that corporate bond yields will be lower a 2.2% in July 2019 than those reported at July 2018 of 2.9%, resulting in a reduction in the discount rate applied to the calculation. The effect on the scheme deficit in 2018-19 is, therefore, significant.

A further exceptional factor affecting the scheme's deficit are the court judgements relating to the McCloud and Sargeant employment cases brought against the government.

The ruling on pension accounts disclosures is that the College reports a 'past service cost' of £375k in 2018-19. This will be reflected in the draft Financial Statements, and subject to external audit. However, it will not be reported in the management accounts, which reflect operational activity.

The net pension liability as at July 2019 is (£20,671k) compared to (£14,160K) in July 2018.

Governors discussed the potential impact of this increase and noted that at this point in time, there is no information forthcoming from the Local Authority or Government regarding any assistance.

The Corporation noted the draft, unaudited increase in the LGPS deficit as at July 2019 when compared with 2017-18.

64.19 GOVERNANCE ISSUES

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

The Chief Executive of the ESFA has written to all colleges referencing an investigation report undertaken at Bournville College. In this letter, attention was drawn to regularity, propriety and compliance, audit and assurance, executive pay, transparency and open and collaborative working between Governors and executive.

A list of ESFA instruction (MUST) or recommendations (SHOULD) accompanied this letter and this will be an agenda item at the Audit Committee meeting on 21 November 2019 alongside a self-assessment to consider the extent to which the current practice/position is consistent with the report's recommendations. Feedback will then be provided to the Corporation in December.

The Corporation agreed that the annual Self-Assessment of Governance be an agenda item for discussion on 12 November 2019.

All Governors were requested to complete the annual Declaration of Interests, Eligibility to Serve and 'Fit and Proper' Person.

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.

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SIGNED

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DATE

The meeting closed at 21:35

ACTION POINTS ARISING FROM MEETINGS OF THE CORPORATION

Minute No.	Issue and Action	Target Date	Achievement Date
94.18	DEPUTY PRINCIPAL CORPORATE RESOURCES 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.	December 2019	
44.19	OPERATING PLAN Updated at each half term – to Corporation on 15 October	Now 12 November	
61.19	COLLEGE REPORT <ul style="list-style-type: none"> Staffing turnover -3-year trend requested 	12 November	
61.19	COLLEGE REPORT <ul style="list-style-type: none"> Corporation Strategy Group Meeting 28 October 2019 from 7pm -8:30pm SLT to provide an Improvement Plan to this meeting 	28 October 28 October	
61.19	COLLEGE REPORT College SAR to be presented to 12 November meeting	12 November	
64.19	GOVERNANCE ISSUES <ul style="list-style-type: none"> ESFA – Letter and instructions to be reviewed by Audit Committee 21 November then to Corporation 10 December Self –Assessment of Governance to be undertaken on 12 November 2019 	21 November 12 November	

