

**MINUTES OF THE MEETING OF COULSDON COLLEGE CORPORATION
HELD ON 04 JULY 2016**

Present: Mr Robert Hails (Chair)
Mr Mark Coleman
Mr Ian Fortune
Mr Michael Jones
Ms Phidelma Keating
Ms Yvonne White
Mr Chris Wright
Mr Del Attah
Ms Sharmin Joarder
Mr Steve Oxlade (Executive Principal)
Mr Brett Freeman (Principal)

In Attendance: Ms Kim Saw (Director of Finance)
Mr Richard Beales (Deputy Principal)

APOLOGIES, QUORACY & WELCOMES

96. Apologies were received from Mr Andy Booth. It was confirmed the meeting was quorate.

DECLARATION OF INTERESTS

97. The interests of Robert Hails, Mark Coleman, Ian Fortune, Michael Jones and Steve Oxlade were declared given their membership of the Corporation of Reigate College.

MINUTES

98. It was **RESOLVED** to approve the minutes of the meeting held 14 March 2016 as an accurate record of the meetings and to authorise the Chair to sign (Paper 1).

99. It was **RESOLVED** to approve the confidential minutes of the meeting held 14 March 2016 as an accurate record of the meetings and to authorise the Chair to sign (Paper 2).

MATTERS ARISING

100. The Chair provided a progress update on the appointment of a Vice Chair and it was noted this was still an on-going action point.

PRINCIPAL APPOINTMENT

(The Principal withdrew for this agenda item).

101. The Executive Principal circulated the evaluation of the Principal appointment following the conclusion of the 2-day interview. The evaluation provided an assessment against each criterion used during the selection process.

102. Following review of the evaluation, and on the recommendation from the appointments panel, it was **RESOLVED** to appoint Mr Nuweed Razag to be the Principal of Coulsdon College.

103. The Corporation **AGREED** a salary range for the Chair to propose to Mr Razag.

104. The Chair and Executive Principal left the meeting to inform Mr Razag of the Corporation's appointment decision.

105. On their return, it was confirmed Mr Razag had accepted the offer to be the Principal of the College. The official start date would be 01 January 2017 but it is hoped to bring this forward to the October half term week.

106. The Chair thanked those governors involved in the interview process.

(The Principal returned to the meeting at this point).

FEDERATION & AREA REVIEW UPDATE

107. The Executive Principal informed the meeting of the agreement to set up a Federation Executive Committee whose membership would be the Principal of Coulsdon College, the two Principals of Reigate College, the Chair of Coulsdon Corporation and the Federation Consultant. The Committee would work together on high level strategic matters with the aim of reaching a consensus/agreement between the two College senior management teams. The work of this Committee would be reported back to both College Corporations through the Chair of Coulsdon Corporation.

108. In terms of Area Reviews, it was confirmed the London South East timetable has been extended to September/October to enable all London Area reviews to report on their conclusions at the same time.

109. The Corporation received, for review, the draft of a Memorandum of Understanding with John Ruskin College (Paper 3). The document has been written as a first step towards building a positive working relationship between the two colleges and will form part of the Area Review process as evidence of effective collaboration between Coulsdon and John Ruskin College. The intention is to promote a positive working relationship between the two colleges, with both looking forward to future collaboration e.g. sharing of resources, shared CPD and effective progression of students between the two colleges.

110. It was **RESOLVED** to approve the draft of the Memorandum of Understanding between Coulsdon College and John Ruskin College.

111. The meeting received a progress update on an Area Review proposal for 16-19 education in Croydon. After a thorough discussion on the matter, the Corporation supported the approach for Coulsdon and John Ruskin College to be the provider of sixth form provision in Croydon. The Corporation **AGREED** to progress this strategic aim further and mandated the Principal to progress this further with the Principal of Croydon College and the Principal of John Ruskin College.

DATA DASHBOARD/MONITORING OF COLLEGE PERFORMANCE

112. The College report '*Data Dashboard*' was received (Paper 4). This '*Data Dashboard*' is a standing agenda item at all Corporation meetings.

113. The Dashboard included a RAG (Red/Amber/Green) rated assessment to highlight key issues or changes to enable governors to monitor performance against agreed targets.

114. As requested, the KPI dataset now includes value added data. The College's target for this summer's results is to show further improvements particularly with A Levels, with at least a neutral score for AS and a marginal improvement in the very strong BTEC score.

115. It was **RESOLVED** to note the '*Data Dashboard*'.

PLANNING & PERFORMANCE COMMITTEE

116. The Chair of the Committee presented the draft minutes/report from the meeting of the Committee meeting held 16 May 2016 (Paper 5). The Committee had reviewed the following:

- College's progress against KPIs
- College Quality Improvement Plan
- Progress against Minimum Target Grades
- Attendance Report
- Success, Retention & Achievement
- Teaching, Learning & Assessment
- Staff Development Plan

117. It was **RESOLVED** to note the minutes.

QUALITY IMPROVEMENT PLAN (QIP)

118. The College '*Quality Improvement Plan*' (QIP) was received (Paper 6). The College QIP takes forward the actions from areas for improvement, identified during Ofsted Inspections and the College's self-assessment activities. The QIP presented approximately three key strands: outcomes; quality of provision and teaching, learning & assessment; and leadership and management.

119. The Deputy Principal confirmed that the majority of targets had been achieved. There were some aspects that would continue, and be included in the next QIP for 2016/17, which would soon be created by the SLT. It was noted, and welcomed, that forecast success rates for 2015-16 are expected to show an improvement on 2014-15. The Corporation noted that no issue of concern was reported to the Committee.

120. It was **RESOLVED** to note the '*Quality Improvement Plan*' and for the minutes to record the Corporation has a high level of assurance that the QIP has either addressed, or is in the process of addressing, the identified areas for improvement.

FINANCE & GENERAL PURPOSES COMMITTEE

121. The following items were received:

- College Management Accounts 30 April 2016 (Paper 7)
- College Budget 2016/17, (Paper 8)
- 2 Year Financial Plan 2015/16 and 2016/17 (Paper 9)
- Funding Bodies Financial Planning Handbook (Paper 10)

122. It was noted there was no meeting of the Finance Committee during the summer term.

123. Budget income for the 2015-16 is based on funded student numbers of 787, whereas the forecast position at the year-end is based 913 students and includes exceptional in-year funding of £631k; the EFA have confirmed this will be paid in instalments between March and July 2016.

124. The EFA have also provided a letter of comfort for the next academic year, confirming that further in year funding will be available if there is exceptional in year growth in student numbers. In the I&E on page 4, it has been assumed that 1,053 students will enrol in September 2016 (whereas lagged student numbers of 930 were assumed in the plan) and 2016-17 funding income has been adjusted accordingly.

125. The following headlines were noted from the Management Accounts:

- Surplus before non – cash items for April £248k (YTD actual loss £693k vs. YTD budgeted loss £1,008k). Forecast loss before non-cash items at year-end is £627k.
- Retained surplus (after deduction of depreciation and release of capital grants) for April £235k (YTD actual loss £800k vs. YTD budget loss £1,143k). Forecast retained loss at year-end is £779k.
- Financial health grade is Satisfactory (moderated from Good) as at April and at the year-end.
- Bank & Cash and Investments as at 30 April £1,598k, £554k more than the budgeted figure of £1,044k. Projected cash balances (including Amenities account of £97k) at 31 July 2016 are £1,583k vs. budget £871k.

126. The following points were noted regarding the proposed budget for 2016-17:

- The EFA have confirmed funding for 2016-17 of £4.537m, based on 912 students.
- The budgeted funding income also includes exceptional in year funding of £695k. This is calculated using the target number of students on roll in September 2016 of 1,052 (i.e. 140 extra students above the lagged number of 912, representing a 15% growth in student numbers). The EFA has issued a letter of comfort for 2016-17 agreeing fully to fund student growth for a minimum of 40 students, up to a maximum of 180 students.
- Of the additional students, 32 are expected to come to the college under the agreement with Fulham Football Club Foundation (FFCF) for the football programme. The associated cost of £43.2k is included in the budget (£1,350 per student).
- Based on the number of applications received to date, expected progression and improved retention, this level of student numbers for 2016- 17 is achievable.

- The pay budget includes all known staffing requirements, as well as increases in the rates of National Insurance and Pension contributions for the full year, and a 1% pay award (pensionable).
- Other non-pay costs are based on current year forecast levels plus some allowance for inflation in certain areas.
- The financial statements for the year ended 31 July 2016 will be the first to be prepared under 'Statement of Recommended Practice: Accounting for Further and Higher education (SORP 2015)'. The change in presentation of the accounts affects the Financial Health Grade and Bank covenants.

127. The proposed budget is based on income of £5,534m with expenditure at £5,728m, resulting in a deficit before non-cash items of £274k. The retained deficit, including non-cash items, is £420k.

128. The financial statements for the year ended 31 July 2016 are the first to be prepared under 'Statement of Recommended Practice: Accounting for Further and Higher education (SORP 2015)'. The major impact for the College is the disclosure of deferred capital grants as liabilities rather than being included with reserves.

129. Under SORP 2015, the financial statements must include an accrual for holiday pay due to staff at the year-end; no provision for this has been made in these accounts, as the impact of this change in accounting policy will not be material.

130. The changes in SORP 2015 also have an impact on the financial ratios used to assess financial health. The changes which affect the College are:

- Financial performance will be measured using a sector EBITDA (earnings before interest, tax, depreciation and amortisation) as a percentage of adjusted income instead of the previous performance ratio.
- Borrowing as a percentage of income will replace gearing as one of the measures of financial health.

131. The Financial Health Assessment is for the College to be 'Satisfactory' at year-end 31 July 2017.

132. The adoption of SORP 2015 and FRS102 will mean that some of the financial covenants under the loan facility currently in place with Lloyds Bank will not be met. The bank has suggested the covenants should be amended as follows:

- Total external debt shall not exceed 70% of total net assets (excluding pension reserve) (previously total external debt not to exceed 20% of total net assets excluding pension reserve); and
- Total borrowing costs shall not exceed 7% of total income (unchanged); and
- General reserves are not less than 20% of total income (unchanged).

133. The existing facility letter also states that the college should break-even; it may, however, incur a historic cost deficit in two of any consecutive three financial years. The college will be in breach of this requirement in 2016-17 - a deficit was reported in 2014-15, and the forecast/budget positions show deficits for 2015-16 and 2016-17. The bank have, therefore, requested that management accounts (including projected cash flow to 2018-19) are submitted on a monthly basis, instead of quarterly, as is currently the case.

134. It was confirmed the amended covenants are to be finalised by the bank and in place before 31 July 2016. The amendment letter issued by the College's bank dated 04 July 2016 confirmed the amended covenants and a copy of the letter was made available, along with the required resolution wording requested by the bank.

135. The 2- Year Financial Plan 2016/17 & 2017/18, that has to be submitted to the EFA, confirms the College is rated as 'Satisfactory' for both years of the Plan.

136. Following review, it was **RESOLVED**:

- (i) To note the Management Accounts;
- (ii) To approve the revised College Budget 2016/17 including a 1% non-consolidated ¹ (and non-pensionable) pay award for all staff;
- (iii) To approve the 2 Year Financial Plan 2016/17 & 2017/18;
- (iv) To note the Funding Bodies Financial Planning Handbook;
- (v) It was resolved that the loan facility in an original principal sum of up to £4,300,000 arranged with Lloyds Bank plc (the "Bank") in a letter dated 11th January 2007 (the "Facility Letter") be amended in the manner proposed in a letter from the Bank dated 04th July 2016 (the "Amendment Letter"); and
- (vi) It was further resolved that Mr Michael Jones and Mr Brett Freeman be authorised to make the necessary arrangements with the Bank and to sign on behalf of the College the Amendment Letter which was produced to the meeting and its terms and conditions approved.

AUDIT COMMITTEE

137. The unconfirmed minutes from the meeting of the Audit Committee meeting, held 13 June 2016, were received (Paper 11). The Committee had reviewed the following:

- Internal Audit Reports
- Financial Statements & Regularity Audit Plan Year Ended 31 July 2016 (Paper 12)
- Risk Management & Board Assurance Framework (Paper 13)

138. Two Internal Audit reports were reviewed by the Committee – Board Assurance Framework and Risk Management; and Key Financial Controls. Both reports made only one 'Low' recommendation and confirmation was given that the 'Low' recommendation relating to the Board Assurance Framework (to have risk scores of 1 to 5 instead of 1 to 3) had already been implemented. The 'Low' recommendation on Key Financial Controls related to a situation that was unique and was unlikely to happen again (the signing of a termination of employment form after the employee had left the college - the employee left the College on compassionate grounds).

139. The Corporation noted the financial statement audit would be focussing on the following key business and audit risks:

- Going concern
- First year of adoption of F & HE SORP 2015
- Management override of controls
- Pension scheme liabilities

140. The Committee reviewed in detail the identified risks for 2016/17 from the College's Risk Register. It was confirmed the Chair of the Audit Committee had put forward, at the meeting, the proposition that it is good practice for organisations to have no more than 5-6 critical risks that are reviewed at a strategic level. These critical risks might have low risk scores allocated to them but they remain critical as, without any form of mitigation action, the risk could undermine the organisation in achieving its strategic objectives.

141. From the Risk Register the Audit Committee identified the following 'critical' risks: for 2016-17 to be reviewed at each meeting of the Corporation.

R1	Failure to meet the minimum target for student recruitment and therefore secure adequate funding required for the effective operation of its mission.
R2	Failure to meet quality targets (outcomes; quality of teaching, learning; personal development) and therefore impacting the College's reputation, the Ofsted grades and its ability to attract and retain students.
R13	Failure to maintain and develop the benefits of the Federation with Reigate College
R4	Failure to recruit, manage and retain high performing staff – both teaching and support - resulting in poor success rates
R6	Failure to provide suitable, adequate or robust physical resources , especially IT provision, for students, teachers or support staff, resulting in an inability to carry out College activities effectively and efficiently.

141. It was **RESOLVED:**

- (i) To approve the Financial Statements & Regularity Audit Plan for the year-end accounts 31 July 2016
- (ii) To approve the Board Assurance Framework, the Risk Register, and the Risk Management Action Plan 2016-17; and
- (iii) To note minutes from the meeting of the Audit Committee meeting held 13 June 2016.

DATES OF NEXT MEETINGS

142. The Corporation noted the programme of committee meeting dates for 2016/17.

ANY OTHER BUSINESS

143. As this was to be the last meeting to be attended by the Executive Principal, the Chair made a presentation to the Executive Principal and proposed a vote of thanks for his excellent leadership and management of Coulsdon College and of the Federation. All Governors extended their good wishes for his retirement.

PAY AWARD 2016-17

(College officers, the Principal, and the staff governor withdrew for this agenda item)

144. It was noted the College budget 2016-17 agreed through an earlier agenda item incorporated a 1% non-consolidated pay award.

145. It was, therefore, **RESOLVED** to award a 1% non-consolidated pay award (pensionable) for all staff (including senior post holders) effective from 01 August 2016.

The meeting closed at 19.50.

Signed: _____ Date: _____
(Chair)