

MOULTON COLLEGE

Meeting of the Governing Body to be held on Thursday
3rd December 2015 at 9.30 am in Room M6

MINUTES OF MEETING

Present: Mr R Thompson (in the Chair), Mr S Davies, Mr L Howarth, Mrs K Mackaness, Mrs J Morris, Mr K Moulton, Mr R Sadler, Mr R Sanders, Mr M Seymour, Mr A Thomson, Mr M Thomson, Mr M Wakeford and Mrs S Wilkes

In attendance: Mr I Borley¹, Mr G Davies, Mrs S Field, Mrs G Hulley, Mr J Mair, Mrs C Ryan and Mr M Wilkinson

PART 1

15/198 Apologies for absence (agenda item 1)

Apologies were received from Mr R O Driscoll, Mr T Neville and Mrs E Olson-Williams.

15/199 Governor appointment (agenda item 2)

Student Governor interviews were held on 17th November 2015. A recommendation was circulated to the Corporation using a written resolution. Members agreed unanimously with the panel's recommendation. The Chair confirmed that Kieran Moulton had been successfully appointed to the Corporation and the Quality and Standards Committee. Kieran was formally welcomed to the meeting.

15/200 Declarations of interest (agenda item 3)

There were no declarations of interest.

15/201 Minutes of the last meeting (agenda item 4)

The minutes of the meeting held on 29th October 2015 were approved as a true and correct record.

15/202 Matters arising (agenda item 5)

There were no matters arising.

15/202 Audit Committee Annual Report (agenda item 6)

The report was outlined and discussed. Members were informed that the business of the Committee had been completed during the year in accordance with its remit. Assurances provided in the report were reasonable and not absolute. The Audit Committee was of the opinion that the College had an adequate and effective framework for governance, risk management and control and had fulfilled its statutory responsibility for the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets. Following discussion, *the report was noted and the Chairman thanked the Committee for its work during the year.*

(Agenda items 7 to 11 were deferred pending the external auditor's arrival as he had been delayed due to travel problems)

¹ Ian Borley was delayed joining the meeting due to travel problems in Leicester

15/203 Student Recruitment 2016-17 (agenda item 12)

The latest figures were outlined and discussed. Members were informed that it was early in the year to report on recruitment. The report provided a snapshot of the latest figures in relation to student recruitment for full-time further education (FE) and Apprenticeships. There were fewer FE applications compared to the previous year but the number of acceptances had increased. The current conversion rate was also 21% higher than the previous year. A range of strategies were being implemented to maximise opportunities including joint co-ordinated marketing with the FUSE colleges from the South East Midlands Enterprise Partnership (SEMLEP) region. Recruitment numbers for Apprenticeships were slightly higher than the previous year (0.2%). Apprenticeships are growing in the right areas. This is an area of work that will be a key focus for the college which is in line with current government priorities. Following discussion, *the report was noted*.

15/204 Student Retention 2015-16 (agenda item 13)

The report summarised the current position which stands at 99.02%; a 0.5% improvement on last year. This had been the result of implementing various strategies by the curriculum teams including strengthening induction procedures to ensure students are on the correct course. The situation was one that is improving on a daily basis. The use of ProMonitor had also been key. This system allows staff to see patterns of retention, etc. It is also planned that students will have access to ProMonitor which will give them greater control of their learning as well as supporting students as independent learners. Following discussion, *the report was noted*.

15/205 Quality and Standards Committee (agenda item 14)

The minutes of the last meeting held on 12th November 2015 were presented. A range of topics had been discussed. Board members were encouraged to view the Unistats website as this contains a range of comparative information around HE courses including those offered by Moulton College. The major item of business had been to receive the college self-assessment report (SAR) and quality improvement plan (QIP). Members were satisfied with the evidence supplied and judgements made. Actions set out in the QIP were considered appropriate and addressed the identified areas requiring improvement. The Committee recommended the Board to approve both documents. The minutes also included a recommendation for all link governors and members of the Quality and Standards Committee to be involved in learning walks. Following discussion, *the report was noted*.

15/206 Self-assessment report and Quality Improvement Plan 2014-15 (agenda item 15)

The SAR covered the whole college and had been undertaken in line with the revised Common Inspection Framework (CIF) published by Ofsted. There is now a new judgement area of Personal Development, Behaviour and Welfare. Ofsted also now grade according to types of provision rather than curriculum areas. The SAR and QIP had undergone a robust process of scrutiny including the Senior Leadership Team (SLT), Further Education Board, Landex, Quality and Standards Committee before presentation to the Board for approval. Key strengths were shared with the Board. The QIP included a number of areas requiring improvement which had been grouped into 5 development themes. These are priorities for the College during the next academic year and will ensure planned monitoring arrangements are rigorous. The Quality and Standards Committee who had agreed with the grades proposed by the College, and recommended these to the Board for approval. Following discussion, *the SAR and QIP were approved*.

15/207 Self-assessment of Governance (agenda item 16)

The report was outlined and discussed. The report had been discussed in detail by the Quality and Standards Committee who had recommended a grade of Good. Following discussion, *the report was approved.*

(10.02 am - Ian Borley arrived)

15/208 Regularity Audit (agenda item 7)

This questionnaire is issued by the Skills Funding Agency (SFA) under the new Joint Audit Code of Practice (JACOP). The report contained the College's self-assessment of its compliance with the requirements of the regularity audit and supported the opinion of the Financial Statements Auditors on this. Following discussion, *the document was approved for signature by the Chair and Principal.*

15/209 Financial Statements Audit Management Letter (agenda item 8)

External Auditor, Ian Borley outlined the main points in the letter. Members were informed that there are two outstanding issues that need to be addressed before the accounts can be finalised. The first relates to a timing point in relation to receiving SFA and Education Funding Agency (EFA) confirmation of the final funding position for 2014-15. Members received an assurance from the Director of Finance and Corporate Services that these were expected imminently and there was no expectation that there would be any material changes to the Financial Statements. A second point was raised in relation to a technical breach of covenant from 2012-13 which remained unresolved. Members were informed that discussions had taken place with Barclays Bank to resolve the issue. The Bank had promised to issue a waiver in time for the accounts to be signed and submitted to the SFA by the 31st December 2015.

Ian Borley emphasised the importance of reaching a solution with Barclays Bank so that the accounts can be signed.

Continuing with a summary of the rest of the report, Ian Borley confirmed that the overall deficit for the year was £619,000. This reflects a reduction in funding agency income of £1.4 million compared to 2013-14, offset by cost savings in respect of staff costs and non-pay expenditure. The current deficit included restructuring costs of circa £280,000 and FRS 17 charges totalling circa £216,000. The operating deficit is in the region of circa £100,000 before these adjustments.

When reporting on any unadjusted audit differences, there were no such differences in the current year. One medium priority was recommended in relation to the bank loan covenant previously discussed. Any other outstanding points from the previous year had been followed up satisfactorily. There were no specific issues to report on from the regularity audit. A clean opinion is expected. The subsidiary audits were completed. Auditors intend to issue an unqualified report on each subsidiary. There were no concerns around fraud risk.

The College is budgeting for a surplus of £296,000 in 2015-16 and at the time of the September management accounts, financial performance was ahead of budget. There were no concerns around accruals and valuation of the estate. There were no ongoing tax disputes or enquiries.

Ian Borley confirmed that the summary of findings will need to be updated once the issue with Barclays Bank has been resolved. Once this was completed, he would

agree to sign off the accounts from an auditor perspective. Depreciation policy is in line with similar organisations in the sector.

A recommendation from the audit was for current bank loan covenants to be reported both on the current results and on forecast results (where applicable). Issues from the previous year have been dealt with. There were no material audit issues to report. Following discussion, the Chair thanked Ian Borley for his report. *It was agreed that the accounts would **not** be signed until negotiations in relation to the bank loan covenant with Barclays Bank had been concluded to everyone's satisfaction.*

15/210 Consideration of compliance with laws and regulations and related parties transactions statement (agenda item 9)

The letter confirmed the Board's confirmation of its compliance with the various regulations and a declaration that all information relevant to the financial statements had been disclosed. In light of the discussions and earlier recommendation from agenda item 8, it was **agreed** that the Chairman would sign the letter on behalf of the Board at the same time as the accounts were signed.

15/211 Annual Report (agenda item 10)

The members' report presented in the financial statements was outlined and discussed. Following discussion, *the report was approved.*

15/212 Consolidated year end accounts (agenda item 11)

The accounts had been discussed in detail under agenda item 8. Members were informed that due to new accounting rules, the year-end accounts would be presented differently the following year. Following discussion, *Members agreed to give **in principle** approval for the accounts subject to negotiations about the covenant with Barclays Bank.*

(Ian Borley left the meeting)

15/213 College Success Rate Targets 2015-16 (agenda item 17)

The report was outlined and discussed. Targets had been set for FE and Apprenticeships. Higher Education (HE) will be agreed at a later date. The approach for setting targets has been to look at the current national rate (NR) and set a target in excess of this and of what was achieved last year. For areas that were below the national benchmark last year, the NR has been used as a minimum. For GCSE, a rate has been set for A*- C grade which is in line with government targets. Targets for Apprenticeships are for timely and overall. There is now a success rate for Construction at level 4 as the College now delivers this. Following discussion, *the report was approved.*

15/214 Verbal update on Inspection/Reviews (agenda item 18)

The Director of Quality Improvement and Student Services was thanked for all of the work in preparing for the recent external inspections.

(a) QAA Higher Education Review

The report was outlined and discussed. The College met all the UK expectations for 4 criteria. One area of good practice was identified in relation to the emphasis that the College placed on employability skills to enable student to progress into industry. There were three recommendations that will form the basis of an action plan for the College. Following discussion, *the report was noted.*

- (b) **Ofsted Inspection of Residential Provision for Young People aged under 18**
The College received a short notice inspection of its residential provision between 10th and 12th November 2015. The three inspectors who completed the inspection graded the College as Good. The Inspectors' judgement of the accommodation was reasonable. Food was judged as satisfactory. Inspectors also confirmed that students get a good choice of meals. Students provided very positive feedback of their experiences at the college. A final version of the report will be brought to the Board in January 2016. Following discussion, *the verbal update was noted.*
- (c) **Landex Peer Review**
Landex completed a 2-day peer review at the College. A report will be shared with the Board once it is published. Recommendations about areas requiring improvement had previously been identified by the College. The process was positive and although no surprises, it helped to reinforce those key strengths the College has achieved. Following discussion, *the verbal update was noted.*

15/215 Area Based Reviews (agenda item 19)

- (a) **SEMLEP-NEP Report**
The paper was outlined and discussed. It recorded a meeting between representatives from South East Midlands Local Enterprise Partnership (SEMLEP), Northamptonshire Enterprise Partnership (NEP) and the majority of colleges in the area. The purpose of the meeting was to scope out what an area based review (ABR) might look like. The findings in the paper were useful for the Board to see what was being discussed. In addition, the Responsive College Unit (RCU) will use its data set as part of a separate project. This is likely to be available before Christmas. Further challenge and discussion about implications was confirmed for January. The Principal confirmed that this will be a good opportunity to jointly promote what the FE sector can offer. Following discussion, *the report was noted.*
- (b) **Landex Overview**
The paper was outlined and discussed. Various meetings had taken place to date involving key individuals from Department for Business Innovation & Skills (BIS), Nick Boles MP and national agencies. Landex had been invited to lead a national review of the 'Balance and mix of land-based provision' in England. This would not only promote land-based provision but also recognise the contribution it makes towards the Agri-tech strategy. In particular, the Agri-food industry which is a key area of growth for the College. Members were informed that this is important in the context of area based reviews and improving the awareness of enterprise partnerships in this key area of growth. Following discussion, *the report was noted.*

15/216 Growth opportunities (agenda item 20)

- (a) **Saudi Arabia**
There had not been a formal board meeting since the last Corporation meeting in October 2015. Good progress is being made. The next Board meeting on the 14th December will be an opportunity to receive updates on progress with the four colleges. At the last Corporation, it was reported that there had been difficulties in recruiting English Language Teachers (ELTs). As at the end of November, there had been just over 50 confirmed appointments across the four colleges. A report is expected from the CEO and Executive team which will be presented by

the Principal to the Board when it meets in January 2016. Following discussion, *the report was noted*.

(b) Other opportunities – Landex Functions of the National College

The paper was outlined and discussed. Landex is aiming to set up a land-based National College for the sector. The College will be virtual with an administrative base at Stoneleigh, Warwickshire. The National College will be about supporting land-based industries by ensuring that the best possible training and development opportunities are available in a co-ordinated manner. The purpose of the paper is to raise Members' awareness to some examples of what is being considered. Following discussion, *the report was noted*.

(c) Other opportunities – Landex Guidelines for NC Membership

The report was outlined and discussed. Membership criteria were explained together with the fees for Landex members and non-members. Members considered the implications of organisations not meeting membership requirements and mergers. Following discussion, *the report was noted*.

(d) Other opportunities – Midlands Engine Summary

The report was outlined and discussed. It contains a proposal for the College to be part of a regional approach to develop skills for Advanced Manufacturing and Engineering and Food Technology amongst others. The proposal is being driven by Derby, Nottingham, Sheffield and South East Midlands. This type of project will contribute to the Midlands' income and position the FE sector as an effective partner. The Board's awareness of this project is important and agreement in principle was being sought for the College to be involved. The Principal will provide regular updates to the Board. Following discussion, *in principle agreement was confirmed*.

15/217 New Developments – Progress Report (agenda item 21)

(a) Athletics track

Work continues on the clubhouse. There have been some issues with the window manufacturer which has caused some further delays but the clubhouse will, however, be ready before everything else. The Deputy Principal confirmed that College had not received any criticism resulting from these delays. Following discussion, *the verbal update was noted*.

15/218 Commercial Enterprise Report – Farm (agenda item 22)

The report was outlined and discussed. Members' attention was drawn to two areas where performance was satisfactory and in need of improvement; Arable and the Sheep Enterprise. Details of the beef enterprise were discussed. With the enterprise based around a stabiliser with continental breeds running alongside, students will experience a very modern approach coupled with a conventional approach. The Chair extended his thanks to the Farm Manager. Following discussion, *the report was noted*.

15/219 Audit Committee (agenda item 23)

(a) Internal Audit Annual Report

The report confirms what the Committee looked at throughout the year and what the outcomes were. Generally, the performance has been good and the auditors have been very helpful. In all cases, the Audit Committee has been satisfied with the response to the recommendations. Following discussion, *the report was*

noted.

(b) Audit Committee meeting held on 16th November 2015

The Committee spent a lot of time considering the draft Accounts which were considered at today's meeting in more detail. The Committee also considered an Internal Audit Report of HR Strategy and made a number of recommendations. These will be implemented within an agreed set of timelines. The Annual Report was also considered earlier as part of agenda item 8. Following discussion, *the report was noted.*

(c) Appointment of Financial Statements Auditors

The Director of Finance and Corporate Services explained to the Board that KPMG had provided a good level of service during the year. Guidelines for reviewing auditors suggested the need for the Corporation to consider this on an annual basis. In view of the ongoing uncertainty in the sector, it was recommended that the College continues to use the services of KPMG. Following discussion, *the Board confirmed the appointment of KPMG LLP to carry out the financial audit in 2015-16*

15/220 Accounts for the year ending 31st July 2015 (agenda item 24)

(a) Thomas Harrison Demonstration Farm

The Accounts for the year were discussed. Members were informed that as they are all Trustees, formal approval was required before submitting to the Charities' Commission. Income was now restricted to bank interest which was minimal. The Director of Finance and Corporate Services recommended that the Thomas Harrison Trust should settle its debts with the College and invest £15,000 with the CCLA in the same funds as had been invested in previously. Following discussion, *the Board approved this recommendation.*

(b) Thomas Harrison Scholarship Fund

Members were reminded that in the previous year, the Janet Strang Trust was wound up at the request of its Trustees. Its assets were moved into this Fund. The Balance Sheet is showing total assets in excess of £40,000 which was being invested in CCLA as previously agreed. Due to the small level of income, Members a formal audit is not required. Following discussion, *the accounts were approved.*

(c) Moulton College Developments Limited

The Accounts will be approved at the meeting in January. Members considered the impact to the number of Directors following John Gaggini's retirement in April 2015 and the extent to which a third Director should be identified. Members agreed to have two Directors.

The surplus included the College write off of £900,000 of the inter-company loan which had been agreed by the College Board in April. It may be beneficial to the College, for the company to be in the same VAT group from 1st August 2016. The Director of Finance and Corporate Services will present a paper later in the year with options for the Corporation to consider but discussions will be needed with KPMG regarding the Corporation Tax position. Following discussion, *the accounts were noted pending papers to the Board in due course.*

**(d) Moulton Colleges Enterprises Ltd
Moulton Trading Ltd**

The accounts were discussed. Both were trading as expected. Following discussion, *the accounts were noted pending approval.*

15/221 Management Accounts for October 2015 (agenda item 25)

The surplus was £100,000 under the budget. The income is £140,899 below budget with £100,000 relating to staff costs and non-pay items. It is expected that income will be problematic this year with some uncertainty around HE recruitment and the income that will generate. Although pay is under control, the College is still using a number of agency staff. The importance of getting the right staff in place will reduce any further erosion of the variance in pay costs. Catering income across all catering outlets is disappointing. Financial health continues to be satisfactory. Debtors were constant.

Discussions were still needed with Northampton Town who had been given until 2nd December to pay their last invoice. A month's income had been lost and this situation could not continue. A meeting has been arranged with the Principal and the CEO and new Chairman of the club.

15/222 Quarterly consolidated and subsidiary accounts (agenda item 26)

The accounts were discussed. All subsidiary companies were trading as expected. Following discussion, *the report was noted.*

15/223 SFA assessment of financial health (agenda item 27)

The SFA writes to the College on an annual basis after receiving the financial plans for 2014-15 to 2016-17. The purpose of the letter is to explain if they are in agreement with the College's assessment, in particular around financial health. Following a risk in the summer, the College moderated its plan to Satisfactory from Good. The letter from the SFA confirms that they have concluded that an appropriate assessment grade for 2014-15 is Satisfactory and for 2015-16, Good. Following discussion of the letter, the Director of Finance and Corporate Services recommended to the Board that the College thanks the SFA for their feedback and that management accounts will be submitted to the SFA following approval by the Corporation each month. In addition, a letter would be drafted for the Principal's approval and signature to be sent to the SFA about arrangements for meeting the deadline of 31st December pending negotiations with Barclays Bank. Following discussion, the Board approved the accounts.

15/224 Date of next meeting (agenda item 28)

The next meeting will be held on Thursday, 28th January 2016 at 9.30 am in M6.

15/225 Any other business (agenda item 29)

- (a) Carol concert, Monday 7th December at Moulton Parish Church at 6.00 pm – Members were encouraged to attend.
- (b) Christmas Bazaar, 3rd December, Student Social Centre – Members were encouraged to visit after the Corporation meeting.
- (c) Members were informed of the very sad loss of a student who had contracted Leptospirosis (thought to be during his work-experience). His funeral is on Tuesday, 8th December 2015. There is an investigation being undertaken by the local authority and public health department; that advised students should not continue working at this centre until further notice. However, volunteers can carry on working there but at their own risk.

Part 1 of the meeting concluded. Mr L Howarth, Mrs S Field, Mr J Mair, Mr K Moulton and Mrs C Ryan left the meeting.