

Meeting: Part A Corporation Meeting

Date: 03 July 2018

Venue: G56, Bromley College, Rookery Lane campus

Present: Stephen Howlett (Chair), Sam Parrett, Nicholas Bennett, Marek Michalski, Charles Yates, Katy Woolcott, Angela Hands, Kath Clark, Alan Carey, Penny Bance, Barry Spencer, James Jefferies

In Attendance: Jon Allen (Clerk), John Hunt (Deputy Chief Executive Officer)

1	<p>Apologies for Absence Apologies were received from Stephen Brain, David Eastgate, Mark Burnett, and JT.</p>	
2	<p>Declarations of interest Katy Woolcott declared an interest against agenda 7 (London Aerospace College/Biggin Hill), and it was confirmed Katy would withdraw from this agenda item.</p> <p>There were no other declared interests against any of the agenda items.</p>	
3	<p>Minutes of the last Meeting Held 15 May 2018 These were approved as an accurate record of the meeting.</p>	
4	<p>Action Log Updates were received on each of the outstanding action points from the previous meeting and it was agreed that all the action points had been addressed, or were in the process of being actioned.</p>	
5	<p>Principal's Report The report from the Principal was received.</p> <p>The Board welcomed confirmation that the Silver Award has been granted to the college by the Teaching Excellence Framework (TEF) panel of The Office for Students. It highlighted that the college is delivering "...high quality teaching, learning and outcomes for its students... consistently exceeding rigorous national quality requirements for UK higher education".</p> <p>The report confirmed the College has made a detailed application for Chartered Institute status and the review of this submission has now begun. The reviewers are Andrew Tyley, Deputy FE Commissioner, and Beri Hare, previously the Principal of Stroud College and now an Education Consultant and FE Adviser. An outcome of the assessment is expected later in July.</p> <p>Following the commencement in the autumn of political engagement events, and the recent local elections, a programme of visits inviting local councillors to their LSEC campus took place during June. The Principal confirmed excellent attendance from local councilors at each of the three campus events.</p>	

	<p>On the 16 March 2018, Theresa Pearce MP for Erith and Thamesmead and David Evennett MP for Bexleyheath and Crayford visited the Bexley campus for the launch of #theplatform. They returned for a second visit to the campus on the 17 May, this time with the Secretary of State for Skills, Anne Milton. The Leader of Bexley Council, Teresa O'Neill and CEO of Bexley Council, Gill Stewart also attended the event.</p> <p>The report from the Principal outlined a significant number of bid submissions, either having been submitted or in the process of being drafted. In addition, each submission also needs to be project managed. Governors asked as to whether there was sufficient capacity to deal with these demands. The Principal replied that two new posts have been agreed - one will be a project manager to oversee on the various capital projects and the other post will be a bid writer. In addition, external consultants will be used as and when required for bid submissions.</p> <p>Governors asked for an update on the current recruitment numbers. The Principal confirmed that applications are down by some 200 compared with this time last year. A summer marketing and recruitment campaign will take place to maximise recruitment. There has been a significant investment to maximise internal progression and the latest data showed that internal progression/applications were up by 20% compared with this time last year. It is hoped that any shortfall in new numbers will be matched by an increase in internal progression numbers.</p> <p>It was RESOLVED to note the Principal's Report.</p>	
6	<p>Performance Scorecard Exceptions Report and Annual Operating Statement Update</p> <p>The report provided a high-level exception report commentary on progress, key risks and mitigating actions in relation to the College Strategic Goals and the related key performance indicators (KPIs) for 2017/18.</p> <p>Governors noted the following key points from the report:</p> <ul style="list-style-type: none"> ➤ The metrics in Goal One: Excellence in Learner Success, Goal Two: Teaching and Learning and Goal Three: Excellence in Community Responsiveness are all in-line to achieve target at the end of the year. ➤ The key areas of Work Experience, STEM, Business, and Timely Success for Apprenticeships have in-year interventions and will be subject to ongoing robust monitoring. <p>It was RESOLVED to note the report and Performance Scorecard.</p>	
7	<p>London Aerospace Technology College <i>(Katy Woolcott withdrew from this agenda item)</i></p> <p>Following consideration of plans, at the March meeting, to build the London Aerospace Technology College at London Biggin Hill Airport (LBHA), it was requested that a final business case be made available to the Corporation.</p>	

The Project has a total anticipated cost of £11m and was intended to be funded through the gift of Land worth circa £3.4m from LBHA, a £6.4m grant from the GLA and £1.2m from the Local Authority. The College originally had not envisaged contributing any capital funds in support of the project, and options are still being perused to secure additional financial support through sponsorship or grant funding.

A bid to the FE capital fund was submitted on this basis and the College was successful in securing the grant support for the project. Since that time, the local authority has reneged from their original decision to support financially the project and this leaves a shortfall in the project budget of circa £1.2m.

Should Governors agree for the College to make up the deficit in the project budget, the most cost effective way to do so will be through the use of existing cash reserves, which are much higher than anticipated when the bid was submitted. The annual cost to the College of an investment of £1.5m will be circa £14k. It was confirmed the use of £1.5m reserves for this project have been incorporated into the College budget 2018-19, a later agenda item.

The financial plans for the day-to-day operation of LATC show that it is expected to make a loss in the first year of operation. Thereafter, it is expected to breakeven in year 2, before generating a small surplus in subsequent years.

Governors sought assurances as to the demand for student places. In response, it was stated that forecast numbers are based on expansion plans for the airport and labour market information. Forecasting demand for a new initiative is always a difficult science, therefore, there is risk attached to the forecasts. Governors asked as to whether there was a worse case/best case scenario regarding forecast student numbers. In response, it was confirmed student numbers are based on curriculum forecasts and are not presented in a worse case/best case scenario.

The other aspect of the project is that it will enable some curriculum provision, such as leisure and tourism, which is related to aerospace, to be moved into the new building thus freeing up space at the Bromley campus.

Nicholas Bennett challenged the assertion that the Local Authority reneged on the offer of financial support given he had been informed, at Council level, that this is not factually correct and no offer of financial support was made. The Principal was able to refer to a letter from the Chief Executive that made the funding commitment and a copy of the letter was given to Mr Bennett.

It was noted that there could be planning application difficulties and the College should expect the need to go to appeal.

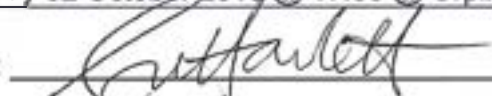
Governors asked if there will be any difficulties in recruiting staff with the required expertise. In response, it was stated that the College believes it has access to the required aerospace expertise.

	<p>The information below summarised the interest cost for each of the options available to raise the required £1.5m shortfall.</p> <table border="1" data-bbox="359 380 1181 660"> <thead> <tr> <th>Funding Source</th> <th>Interest Cost</th> <th>Annual Cost</th> </tr> </thead> <tbody> <tr> <td>Use of Cash Reserves</td> <td>0.90%</td> <td>£13,500</td> </tr> <tr> <td>Drawdown from the £3m RCF facility</td> <td>2.25%</td> <td>£33,750</td> </tr> <tr> <td>Drawdown of additional Barclays term loan funding</td> <td>2.50%</td> <td>£37,500</td> </tr> <tr> <td>Local Authority loan</td> <td>6.00%</td> <td>£90,000</td> </tr> </tbody> </table> <p>Based upon the cost to the College and the impact on cash flow, financial health and bank covenants, it is recommended that, should the investment of up to £1.5m be agreed by the Corporation, the existing cash reserves should be used to fund the project. Should future cash balances be lower than anticipated, the College could reduce future capital investment to compensate or, alternatively, the RCF or term loan facility could be utilised.</p> <p>Following a thorough review, it was RESOLVED to invest £1.5m from the College's reserves to assist in the funding of the London Aerospace Technology College</p> <p><i>(Katy Woolcott returned to the meeting at the conclusion of this agenda item).</i></p>	Funding Source	Interest Cost	Annual Cost	Use of Cash Reserves	0.90%	£13,500	Drawdown from the £3m RCF facility	2.25%	£33,750	Drawdown of additional Barclays term loan funding	2.50%	£37,500	Local Authority loan	6.00%	£90,000	
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8	<p>Child Protection and Adults at Risk Policy and Procedures Policy</p> <p>Dith Banbury was in attendance to present this agenda item.</p> <p>The College Child Protection and Adults at Risk (Safeguarding) Policy is presented to the Corporation for approval at the July meeting each year in order that its provisions and requirements can be in place for the start of the following academic year.</p> <p>The format of the Policy, approved for the 2017/18 year, had been substantially re-written compared to versions in use previously. The proposed policy for 2018/19 contains further significant amendments to the content albeit the overall format is broadly the same. The key influences are the review of College safeguarding arrangements, undertaken by a consultant (Kel Arthur) in January 2018, and the publication of an updated version of Keeping Children Safe in Education, published in May 2018, for implementation from September 2018.</p> <p>The main changes proposed for the 2018/19 were highlighted for ease of reference.</p> <p>The Corporation RESOLVED to approve the revised Child Protection and Adults at Risk Policy and Procedures Policy for use in the 2018/19 academic year.</p>																
9	<p>Minutes of Strategy Group meeting held 19 June 2018</p> <p>The minutes were received and duly NOTED.</p>																

10	<p>Minutes of the Finance Committee meeting held 19 June 2018 and College Budget 2018-19 and Three-Year Financial Forecasts</p> <p>It was confirmed preparation of the annual budget was a challenging process of reducing the operating deficit in the context of reduced enrolment levels, increasing pressure on annual pay awards and static funding rates per learner. It was noted, and welcomed, that the budget for 2018/19 includes realistic assumptions of enrolment levels and modest growth in only a few areas of income.</p> <p>The draft College budget for 2018/19 forecasts a deficit before FRS102 pension adjustments and merger related costs of £0.42m. The deficit is in accordance with the Three Year Financial Plan agreed in July 2017, and it is currently expected that the operating position before FRS102 pension charges will return to breakeven in 2020/21.</p> <p>The overall operating deficit is budgeted to be £2.47m after estimated FRS102 pension charges of £2.05m are included. The FRS102 pension costs are a non-cash item over which the College has no control, and the actual value of this item may be significantly higher or lower than budgeted.</p> <p>The budgeted Education Specific EBITDA for 2018/19 is a surplus of £2.6m (6.1% of income, 2017/18: 7.2%) which is £0.65m lower than that forecast for the current year.</p> <p>The budget, together with the planned annual capital expenditure for the year of £1m, College contribution to the Biggin Hill LATC project, and loan repayments would generate a net cash outflow for the year of circa £0.3m. This assumes there are no material changes to debtor and creditor values. This would decrease forecast cash reserves to circa £7.6m by 31 July 2019.</p> <p>The continued improvement to the budgeted operating position will secure an increase in the financial health score with a return to a grade of 'Good'.</p> <p>Following a thorough review, and based on the recommendation from the Finance Committee, it was RESOLVED:</p> <ul style="list-style-type: none"> (i) To approve the College Budget 2018-19 (ii) To approve the Three Year Financial Forecasts; and (iii) To note the minutes of the Finance Committee meeting held 19 June 2018 	
11	<p>Minutes of the Audit Committee meetings held on 12 June 2018 including Risk Management</p> <p>The minutes of the Audit Committee meeting held 12 June 2018 were received and duly NOTED.</p>	
12	<p>Minutes of the Curriculum & Quality Committee meeting held on 22 May 2018</p> <p>The minutes of the Curriculum & Quality Committee meeting held on 22 May 2018 were received and duly NOTED.</p>	
13	<p>London South East Colleges Group (LSEEG) Structure and Impact on the London South East Academies Trust (LSEAT)</p>	

	<p>At the last Board meeting, a concern was raised that there had been little or no consultation with Trustees on the Board of the Multi Academy Trust as to the proposal of introducing a Group Structure with an overarching Group Board advising the independent Boards on strategic matters. In response, the Clerk stated that the first requirement was to seek, and obtain, LSEC Corporation approval for the proposed London South East Education Group (LSEEG) Structure and the direction of travel outlined in the draft LSEEG Scheme of Delegation. Once approval has been confirmed, consultation will then take place with Trustees, the two Trust's Executive Headteachers, the Trust's Education Adviser, as well as Trustees from London Skills for Growth.</p> <p>Following the Board's approval of the LSEEG Group structure, the Clerk drafted a briefing paper outlining the relationship between the London South East Academy Trust (LSEAT) and the LSEEG Board and this was circulated to all LSEAT Trustees, the two Executive Headteachers, and the Trust's Education Adviser. The Clerk offered follow-up meetings with any of the individuals if further information was required.</p> <p>The report was made available to the College Board for information purposes and the report was duly NOTED.</p>	
<p>14</p>	<p>London South East Colleges Group (LSEEG) Scheme of Delegation</p> <p>At the last Board meeting held in May, a draft of the London South East Education Group's Scheme of Delegation was made available for initial review and comment.</p> <p>The Clerk was able to confirm, at the May Board meeting, that the draft LSEEG Scheme of Delegation was fully in-line with legal advice made available from Julian Blake who, at the time of making the advice available, was the External Governance Consultant Partner, Social Enterprise, Charity, Public Services and Education at Bates Wells Braithwaite. The Clerk also confirmed the draft LSEEG Scheme of Delegation concurred with the Terms of Reference for the LSEEG Group Board drafted by Julian Blake that had been approved at the March LSEC Corporation meeting.</p> <p>At the May Board meeting, the following was resolved after the initial review of the draft LSEEG Scheme of Delegation:</p> <ul style="list-style-type: none"> (i) To note the direction of travel outlined in the draft Scheme of Delegation for the LSEEG Group; (ii) For the draft LSEEG Scheme of Delegation to be subject to further review involving the Group Chief Financial Officer; (iii) For the final draft of the LSEEG Scheme of Delegation to be subject to legal review to ensure full compliance with all statutory requirements, and (iv) That approval for the final draft of the LSEEG Scheme of delegation is sought from the LSEC Corporation, LSEAT Trust Board, and the LSfG Board at their respective July Board meetings. <p>The Group Chief Financial Officer reviewed the Scheme of Delegation and his comments have been incorporated into the final draft.</p>	

	<p>The Scheme of Delegation has been subject to legal review as outlined in agenda 12.</p> <p>The Scheme of Delegation has to be approved by the LSEEG Group Board and the three independent Boards within the Group - LSEC Board, LSEAT Board and LSfG Board.</p> <p>In approving the Scheme of Delegation, it is important to note that the document will be subject to regular review and updating, especially during earlier stages of the Group.</p> <p>Clarification was sought as to the power of the Group Board to approve expenditures when it is not a legal entity. The Clerk confirmed that this is permissible as the Group Board will be a committee working on behalf of the independent boards, and any of the independent boards can delegate to the Group Board or, indeed, to any committee. What the independent Boards cannot do is to delegate its ultimate financial responsibilities to another body. For additional assurance, it was AGREED to seek further legal advice on this and to review, in particular, the capital expenditure levels delegated to the Group Board.</p> <p>Subject to receipt of this legal advice, it was RESOLVED to approve the LSEEG Scheme of Delegation.</p>	
15	<p>Meeting Schedule 2018-19 The meeting schedule for all LSEEG Governor and Trustee meetings was received and duly NOTED.</p>	
16	<p>Any other Business There was no other business</p>	
17	<p>Governor Farewells The Chair presented farewell gifts to those governors (Angela Hands, Caroline Joliffe, James Jefferies, Peter Absalom, Nicholas Bennett and Stephen Brain) who were leaving the College Board and who were not continuing to serve either on the Group Board or any of the other independent Boards.</p> <p>The Chair thanked the governors above for their services to the College, and also thanked those governors who were leaving the College Board but remaining within the Group - these being JT, Alan Carey, Kath Clark, Marek Michalski, and Mark Burnett.</p> <p>The Chair thanked all governors for their active participation in the governance of the College during 2017-18 and looked forward to the governors' farewell dinner which is to take place in BR6 on Friday 13 July.</p>	
15	<p>Date of Next Meeting Tuesday 02 October 2018 @ 17.30 @ Orpington Campus, C1/C2</p>	

Signature of Chair: 

Date: 2/10/18

