

## **Minutes of the meeting of the Corporation Held on Monday 17 July 2017**

at 4.45.pm in Room R204/205, City Centre Campus

Carole Stott  
Andy Furse  
Laurel Penrose  
Victor da Cunha  
Erica Draisey  
Tesh Baber  
Adam Reed  
Jane Shaw  
Gary Waylen  
Neil Wilson  
Julian Young

Chair  
Vice-Chair  
Principal

Apologies

Apologies

From mid item 5

### **In attendance**

Heather Cross  
Jayne Davis  
Jonathan Creed

Clerk to the Corporation  
Deputy Principal  
ICCA

- 1. Apologies** **ACTION**  
Apologies were received from Tesh Baber and Gary Waylen, and from Julian Young for lateness.
- 2. Declarations of Interest**  
None
- 3. Confidentiality of Items**  
The Chair asked the Board to note the confidential items on the agenda.
- 4. Minutes of the meeting of the Corporation held on 12 June 2017 and any matters arising**  
The minutes of the last meeting held on 12 June 2017 which had been circulated previously were accepted and signed as a true record.
- 5. Budget 2017/18**  
The budget commentary 2017-18 and 2018-19, the recovery plan and the Bath College budget 2017-18 had all been circulated previously. It was noted that the minutes of the Finance and Estates Working Group

which had considered the budget position at the end of the previous week, had been appended to the agenda for reference and to note the committee's recommendations.

Jonathan Creed, ICCA, spoke about the meeting of the Finance and Estates Working group the previous Friday. He commented that the forecast outturn for this year is now £2.5m in deficit, but the budget showed that the college would be back at breakeven in 18/19 and would be generating cash subsequently. He drew attention to the significant operating deficit in the current year, but because of the sale of the Ralph Allen building, the college would have satisfactory financial health as a result of high liquidity and low gearing. The College had two bank covenants and would meet one of them, but one required the college to make an operating surplus. The bank had indicated that they would grant a waiver against this condition, but the final decision had as yet to be provided. The bank's position on the waiver would be needed by the end of this month, i.e. the end of the financial year.

The meeting discussed the risks and the possible mitigation. It was anticipated that there would be a significant charge for the provision of the waiver. Governors asked questions about the possibility of borrowing from elsewhere as an alternative to having to pay a fee and whether the current college loans should be paid down. It was explained that the sector currently generated very little attraction with lenders and even if a change was found to be a possibility, in practice there was insufficient time to carry out a change. Also the calculations had been made concerning paying down the loans and this placed the college in inadequate financial health, so was not recommended.

It was suggested that performance against bank covenants be included in the financial dashboard.

The adequacy of the amount included in the budget for restructuring was queried. Funding for a capital strategy was not included as work on this was ongoing. It was anticipated that proposals on this would be submitted to the Board at its October meeting.

A prudent approach to student income and apprenticeships had been taken in the budget. It was noted that recently the college had been losing student numbers to competitors. The Principal commented that the curriculum plan now tied in with the allocation. The marketing budget had been increased too to seek to address the situation with competitors. Governors suggested that where increases such as this were being made, they be flagged in the overall budget.

**With this amendment, the budget for 2017/18 was approved.** It was noted, however, that should further work on the budget be required once the bank's decision on a waiver of the financial covenant be known, then the Board may be asked to hold a special meeting to reconsider its decision.

Governors asked whether there were further strategic decisions that the college should consider in order to improve its financial health. It

was noted that discussion take place at the Strategy Awayday in January 2018 on this topic.

## **6. Subcontracting arrangements**

The subcontracting strategy cover sheet, the strategy document 2017 and due diligence summaries for providers Learning Curve, NGaged and Premier had all been circulated previously.

It was noted that the arrangements for subcontracting had not changed significantly from the previous year although the use of subcontractors had increased through the allocation shortfall.

The College's policy to sue high quality, low risk contractors was reinforced.

**The subcontracting strategy for the 2017-18 year was approved.**

## **7. Recovery Plan**

The Summary front sheet and the Recovery Plan, July update had been circulated. The detailed recovery plan had also been circulated.

The Principal commented that the Recovery plan gave the detail of how the budget would be addressed. Governors commented that this was a helpful document and noted the importance of developing a five year estates strategy aligned to curriculum plans. It was suggested that the document have the key pages labelled appropriately so that these be easily identified for regular review. Key concerns were 16 to 18, apprenticeships and the adult education budget. The comments in the plan about increasing the type of learning, including distance learning were welcomed. The pre-HE summer school had been planned too late for the current year, but was intended to operate in the following year. Students were to receive a conditional offer for the second year of study. It was understood that apprenticeship work would be responsive rather than pro-active at this stage.

Governors suggested that the plan should now focus more on finalising plans and it would benefit more from further scrutiny and to be tied into the risk register.

The progress with the plan and the assistance which would be provided by further governor scrutiny was welcomed.

## **8. Safeguarding Update**

A Safeguarding and Prevent update report had been circulated previously. A final report on the current year would be provided to governors in October. The college had implemented significant changes through the introduction of a web filter. There was a considerable growth in dealing with mental health issues, which mirrored the national picture.

The Safeguarding Champion governor was thanked for widening her brief to take in mental health issues responses. Governors noted with

regret that the government had not provided any new money to colleges to address this growing concern. It was suggested that the college needed mental health practitioners provided rather than nurses. It was liaising with the local clinical commissioning group which was aware of the work the college was doing and acknowledged this work as very important, although responsibilities could benefit from greater clarity.

Governors welcomed the report and looked forward to receipt of the full year report in October.

## **9. Key Performance indicators**

### **i. Quality Performance Indicators and Dashboard**

The quality performance indicators and dashboard had been circulated previously. Student attendance stood at 89%, vulnerable student attendance at 88% and overall retention at 95%. The chart showed attendance by department, by vulnerable groups and ethnicity and identified under-performing areas in 15/16, showing their progress in the current year. A full data analysis was to be provided after the year end.

The Dashboard was received.

### **Financial Performance Indicators and Dashboard**

An indicative set of financial performance indicators had been circulated. These had been presented for the first time initially to the Finance and Estates Working Group recently and it had been agreed that less information be provided so that the headline performance indicators could be more easily reviewed. Targets, where set, should be included and comparative information provided wherever possible.

Governors were thanked for their comments. An updated version would be provided at the October meeting.

## **10. Applications update**

A report showing the applications position as at 6 July 2017 had been circulated previously.

Governors noted that there was much activity and applications were increasing but the key factors were conversion to enrolment and the achievement of enrolment targets. It was noted that the college needed a 59% conversion rate to meet target.

Significant work would be undertaken at the staff development day in mid-August to ensure that staff were aware of the importance of enrolling to the college and maximising numbers. Performance would be carefully scrutinised in the Autumn term so that a clear position would be obtained to inform any necessary budget adjustments.

## **11. Management Accounts (including cash flow)**

The Management Accounts commentary, balance sheet, cash flow and cash flow chart had been circulated previously. Improvements in reporting were being planned for the coming year.

Jonathan Creed, ICCA, spoke to the figures in the accounts. The College had continued to review its operating financial performance and the revised forecast out-turn showed a further marked deterioration in the position compared to the budget, with a forecast operating deficit of £2.562 million compared to a budgeted operating deficit of £505K. He highlighted the items in the circulated commentary identifying the key factors in the deteriorated financial performance.

It was noted that the reported dilapidation costs associated with the relocation from Bath Trade Park and of decant costs from this and the sale of Ralph Allen were largely newly reported. It had been thought these were originally in the budget but found not to be included. Governors considered whether additional work might be necessary from auditors in order to review the college's control mechanisms and requested that further consideration be given to this and a report made at the next meeting. It was suggested that the original report provided by ICCA should be used and each of the individual items identified there be updated.

**Principal,  
ICCA**

## **12. Corporation Membership update**

The Chair informed the meeting that the recent meeting of the Search and Governance working group had identified that Andy Furse and Julian Young were both due to come to the end of their first terms of office as governors in the Autumn term, with Andy in October and Julian in December. It was recommended that they both be appointed for a second term of office.

**It was agreed that Andy Furse be appointed for a second term of office from October 2017 and that Julian Young be appointed for a second term of office from December 2017.**

The Chair commented that the next appointment which then came up was that of her own in September 2020. This was of course still some way off, but she drew the Board's attention to the length of a recruitment process for a Chair.

## **13. Minutes of working Group meetings**

- i. Minutes of the Search and Governance Working Group 5 July 2017**  
The minutes of the meeting held on 5 July which had been circulated previously were received.
- ii. Minutes of the Senior Staff Employment Committee held on 5 July 2017**  
The minutes of the meeting held 5 July 2017 which had been circulated previously to external members only were received.
- iii. Minutes of the Finance and Estates Working Group held 14 July 2017**  
The minutes of the meeting held 14 July 2017 which had been circulated previously were received.

## **14. Date of Next meeting**

This was as previously agreed – Monday 9 October 2017 at Somer Valley campus, but an Ofsted training day was planned to be held on a date in September, date to be advised.