



CORPORATION MEETING

5.00pm Tuesday 17th September 2019

Room BT3, Plumpton College, Ditchling Road, Plumpton, East Sussex, BN7 3AE

MINUTES

Present: Stan Stanier (Chair), Jeremy Kerswell (Principal), Julie Dougill (Vice Chair), Mike Atkinson, Leeni Lear, Robbie Nicolle (Academic Staff Governor), Sarah Blake (Support Staff Governor) Stephen Waite, Bill Pepper, John Evans, Helen Atkinson, and John Moore-Bick

In attendance: James Hibbert (Deputy Principal), David Stokes (Vice Principal), Alison Kent (Vice Principal), Chris Knell (Director of Finance), Laura Holt (Clerk to the Corporation)

Apologies: Ruby Franklin-Goddard (Student Governor), Tim Laker, Sally Kinsey, Doug Jackson, Helen Key (Co-opted Member)

Minute no.		Action by whom	Action by when
GOV/19 20/09	<p>Governor Training – Insolvency Regime</p> <p>Jonathan Creed (Head of Internal Audit Services at ICCA – College Internal auditor) delivered a training session to governors on the Insolvency Regime. Key points included:</p> <p>Further Education Insolvency Regime reinforces and clarifies the responsibilities of the Executive and Corporations, but also the accountability of Individual Governors which have been implicit in Post-16 Audit Code of Practice for many years.</p> <p><u>Hadlow College Group ‘In Administration’</u></p> <p>Hadlow College ‘Group’ was not a legal entity. Hadlow College was placed into ‘Education Administration’ by the High Court on 22 May 2019. West Kent and Ashford College were placed into ‘Education Administration’ by the High Court on 16 August 2019. Both boards failed in their fiduciary duty, putting the sustainability of both colleges and learners at risk.</p> <ul style="list-style-type: none"> • The Commissioner found that Governance failures across the board put learners at risk. Several of the Colleges’ functions were governed by joint-committees, with members drawn from both Colleges’ boards. • The Boards only found out shortly before the FE Commissioner visited about the “extremely serious” financial situation the Colleges and the other Hadlow Group organisations were in. The board took 		

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	<p>the information they were given at face value and never questioned it.</p> <ul style="list-style-type: none"> ➤ Plumpton College Governors reflected on the level of challenge they provide to management. Robust challenge had been provided in respect of the AgriFood project, as well as the college's financial position over the past year • Senior post holders cut the executive teams out of decision making. The Principal and Deputy Principal, "regularly made decisions themselves outside of executive and any open discussion – and reacted strongly to questioning or challenge". There had been a breakdown of trust between staff. <p><i>(Stan Stanier and Bill Pepper joined the meeting)</i></p> <ul style="list-style-type: none"> • The Hadlow Board lacked experience in finance, audit and accounting. • The Board planned to sell a subsidiary, BKSB, to avoid financial instability and when this plan failed there was no contingency in place. This has still not been sold. • The Board had failed to satisfactorily oversee the senior post holder succession planning and the loss of a long serving FD proved a serious blow for the College. • The Board's oversight and challenge around the crucial change from subcontracting of apprenticeship provision to direct delivery within the schools of learning in line with national policy has been lacking and has had a damaging effect on the College. <ul style="list-style-type: none"> ➤ SMT reassured governors that Plumpton college do not subcontract or franchise as it is too high risk. <p><u>FE Insolvency Regime</u></p> <p>An ESFA Assessment of 264 colleges in Summer 2018 showed that 24 had an inadequate health rating. There was an average of 75 cash days but 70 colleges had less than 30 days which is an indicator of weak liquidity.</p> <ul style="list-style-type: none"> ➤ Governors asked the number of cash days at Plumpton. The FD advised that at low points in the past year this reached 10 days. The re-finance loan includes up to £1.0m working capital, the college will then always hold more than 30 days cash. <p>All corporate insolvency regimes will apply to Colleges (Administration /Liquidation – Voluntary and Compulsory/Voluntary Arrangements). DfE expect insolvency to be rare and expect colleges to recognise it before it happens, advising ESFA/DfE.</p> <ul style="list-style-type: none"> ➤ A governor commented that at a previous college where she was a governor, the college realised that they would run out of cash in 2 years and looked for a partner for a merger. <p><u>Special Educational Regime</u></p> <p>'Special objective' is to avoid or minimise disruption to the studies of existing students. The Educational administrator has to achieve the best result for creditors but only as far as it is consistent with the 'special objective'. The special objective can be achieved through:</p> <ul style="list-style-type: none"> • Rescuing the College as a 'going concern'; • Transferring some or all of its undertakings to another body; 		

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	<ul style="list-style-type: none"> • Keeping the College going until all current students have completed their studies; or, • Making arrangements for existing students to complete their studies at another institution. <p><u>Test for insolvency:</u></p> <ul style="list-style-type: none"> • Cashflow Test – Can the College pay its debts as they fall due? • Balance Sheet Test – Is the value of the College’s assets less than the amount of its liabilities, taking into account contingent and prospective liabilities. <ul style="list-style-type: none"> ➤ Discussion took place regarding the impact of the liability of the local government pension scheme on the balance sheet. Colleges are obliged to offer the scheme to employees. When assessing financial health, the ESFA and banks do not include pension liability. <p><i>(Jeremy Kerswell joined the meeting)</i></p> <p><u>Governor liabilities and disqualification</u></p> <ul style="list-style-type: none"> • Wrongful trading has personal liability for governors if at some time before the commencement of the insolvency of the college, the governors knew or ought to have concluded that there was no reasonable prospect of the college avoiding insolvency. The court will not impose liability if it is satisfied that the governors took every step with a view to minimising the potential loss to the college’s creditors. • Fraudulent Trading – where, upon insolvency, it becomes clear that the business of the College was carried out with the intent to defraud the creditors of the College. • Preference – where the College is insolvent and is influenced by a desire to prefer the interests of a particular creditor ahead of others. • Transaction at Undervalue – entering into a gift or other transaction where the value of the consideration in money or money’s worth is less than the value of the consideration given by the College. <p><i>Q: Is there any precedent of governors being held personally liable?</i> A: Jonathan Creed was not aware of any. Principals of colleges have been prosecuted.</p> <p><i>Q: Is this a new liability?</i> A: No the Insolvency Regime reinforces and clarifies the responsibilities of governors, but the accountability of Individual Governors have been implicit in Post-16 Audit Code of Practice for many years. The Act applies the Companies Directors Disqualification Act 1986 to governors. Governors found liable of certain wrongdoing can be disqualified. This can impact other corporate directorships. The Act applies provisions such as wrongful trading, preference, transactions at undervalue and transactions to defraud creditors. Directors’ and officers’ insurance can be obtained to provide some protection.</p>		
GOV/19 20/010	ICCA report on discrepancies between the Finance Record and the Annual Report and Accounts 2017/18		

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	<p>The Chair advised that this item had been brought forward on the agenda so that Jonathan Creed could provide input. <i>(James Hibbert joined the meeting)</i></p> <p>At the request of College Management, ICCA have carried out a review of the College Finance Record for 2017/18 against the financial statements in order to identify any amendments required. This followed a visit from the FE Commissioner, which indicated that some errors were included in the Finance Record which impacted upon the view of the College finances. The ESFA ask every college to enter information from the college accounts on to a standard finance record. The ESFA then use this information to provide benchmark data and analyse college financial health. There are classification problems when mapping to a standard file. For example assessors will be classified as support staff in some colleges, academic staff in other colleges.</p> <p><i>Q: Is there not a standard chart of accounts?</i> A: No there is a single finance system for schools, however there are 30-40 different finance systems in the FE sector.</p> <p>The differences between the two documents were largely attributed to differences in the way the following have been treated:</p> <ul style="list-style-type: none"> • Release of Capital grants • Bursary funding • Non cash pension costs <p>Discussion took place regarding whether the college should consider amending the notes to the accounts to identify where items will be included in the finance record. Jonathan Creed did not endorse this approach.</p> <p><i>Q: What would the ESFA financial health rating have been if there had not been any errors in the submission?</i> A: The updated finance record has been submitted to the ESFA, we await the result.</p> <p>Discussion took place regarding how governors could be assured that there would be no errors in the finance record moving forward.</p> <p>Actions:</p> <ul style="list-style-type: none"> • Statutory Accounts and Finance record to be presented to Corporation for approval simultaneously. • Mazars to audit the finance record before it is submitted to the ESFA • A copy of the minutes from this Corporation meeting, a copy of the Internal Auditor report and the revised Finance record to be sent to the FE Commissioner <p>The Chair thanked Jonathan Creed and he left the meeting.</p>	<p>CK</p> <p>CK JK</p>	<p>Dec 19</p> <p>Dec 19 Nov 19</p>
GOV/19 20/011	<p>Welcome and apologies</p> <p>The Chair welcomed everyone to the meeting. Apologies were received from Sally Kinsey, Sarah Blake, Tim Laker, Ruby-Franklin-Goddard, Doug Jackson and Helen Key.</p> <p>The Chair introduced Helen Atkinson, who subject to approval later in the meeting, would be joining the governing body. Helen gave a brief outline of her skills and experience. Helen retired from the University of Brighton in</p>		

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	July, where she had worked for 30 years, most recently as Director of Education. Helen has extensive knowledge of the HE sector and has served as a governor of a primary school. She is a Chartered Management Accountant.		
GOV/19 20/012	<p>Minutes from the last meeting and matters arising</p> <p>Members considered and approved the minutes of the Corporation meeting held on 9th July 2019 as an accurate record of the meeting. The minutes were signed by the Chair. Members noted the matters arising report.</p> <p><u>Reserves Policy</u></p> <p>A standalone Statement of Risk Appetite is outstanding, this will be considered by the Audit Committee.</p> <p><u>Agrifood</u></p> <p>Action – Base cost to be added to Plumpton on line for future reference</p> <p>Discussion took place regarding Corporation monitoring of the project. Regular project highlight reports will be presented to Corporation. In addition biweekly reports for the project steering group will be added to Plumpton on line.</p>	LH	Oct 19
GOV/19 20/013	<p>Recommendations from Committee meetings</p> <p>Members considered the recommendations from the Task and Finish Group: KPI Data Dashboard and Search and Governance Committee</p> <p>Approved:</p> <ul style="list-style-type: none"> • Terms of Reference – Task and Finish Group KPI Data Dashboard • Helen Atkinson to be appointed as a governor for a four year term of office 		
GOV/19 20/014	<p>Principals report</p> <p>The Principal highlighted key items in his report:</p> <p><u>Recruitment</u></p> <p>Recruitment has been positive. 16-18 Full time study programme enrolment is expected to hit 16-18 funding target over the next two weeks, currently 30 students short. 19+ Full time study programme enrolment has exceeded target by 60-70. There are currently 96 new students for HE against a target of 100. With a target of 160 new apprenticeship starts for September and October, the current pipeline of known apprentices and employers is 120.</p> <p><i>Q: When do target numbers need to be achieved by?</i></p> <p>A: By the RO4 submission in December (for study programmes – i.e FE full time), SMT are confident targets will be achieved by that date.</p> <p>Recruitment has been lower than anticipated based on strong application numbers. Further analysis is needed. There has also been a very high number of late applicants.</p> <p><i>Q: How many residential students do you have?</i></p> <p>144 in total. A lot of time and resource has been put in to ensuring that we retain residential students. The feedback from the residential food focus groups is very positive.</p> <p>Having capacity in halls has allowed the college to block book for groups</p>		

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	<p>from RHS and National Trust. Consideration is being given to Air B&B style booking of the wales lane hostel (11 beds).</p> <p><i>Q: What factors are affecting residential numbers?</i> A: Students are not in college for 5 days, most students are in 3 days per week. If students are only in college 3 days per week they are more willing to travel further.</p> <p><i>Q: How many students have the college turned away?</i> Very few students are turned away we are an inclusive college.</p> <p><i>Q: What financial risk is there regarding High Needs Students this year?</i> The financial risk to the organisation is significantly reduced due to ESFA intervention to increase direct funding from £275k to £560k this is in recognition that ESCC have had the funds to support these students but is not releasing them as they should.</p> <p><i>Q: Is this agreement for this year only or will this be an ongoing arrangement?</i> The college is in the final stages of an agreement for future years.</p> <p><i>Q: Is there an operational risk from increasing the number of high needs students?</i> The number of students with high needs has not risen, the number of students that the college will be paid for has. The college secured funds for a project to work with a college rated outstanding for high needs students to inform the delivery model at Plumpton. (Reminder that this was the SCIF project reported last year that we worked on with East Kent College)</p> <p><u>Impact assessment of redundancies</u> Actual enrolment numbers support decisions made in the Forestry and Arboriculture curriculum areas and the joining of Equine and Sport divisions. An interim Curriculum Manager has been appointed for Equine/Sport and a permanent post is being advertised.</p> <p><u>Environment Agency Prosecution</u> The College pleaded guilty at trial in Hove Crown Court on 4 September 2019. Co-defendant (ex-staff member) pleaded not guilty and a trial date has been set for March, after which sentencing will take place. Financial impact of a fine or EA prosecution costs will therefore be felt in 2019/20.</p> <p><u>Staffing</u> The college is recruiting a new Head of Finance as the current postholder has been offered an attractive well remunerated role in another organisation. SMT are comfortable with the change to the role of Head of Finance and that the salary range is right for the college. The college is struggling to attract the right talent pool for the role. Over 90 applications, multiple of high calibre, have been received for the Head of Estates post which has been recently advertised. To address the failure to attract the right talent pool, the person specification has been reviewed. The college will take a more flexible approach to whether a person is qualified. A part qualified accountant, who is three years in to their qualification would be considered. The college will also work with an agency.</p> <p><i>Q; Do you need to appoint an interim? Do you have capacity in the department?</i> A: First interviews are due to take place on 8th October, a decision on whether an interim is needed will be made then, depending on whether the college appoints and whether they will need to serve a long notice period.</p>		

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	<p><i>Q: Do you need to reconsider the interview process?</i> SMT are happy with the process.</p> <p><i>Q: You mention a visit to RAU in your report, when will further details be reported to Corporation?</i> A: A there was a return visit by RAU on Friday. More detail will be provided in the next Principals report.</p> <p>Action – Principal to include RAU update in his next Principals report for Corporation</p> <p><i>Q: In the last prospectus I saw, a number of courses were ‘subject to validation’, how many courses are awaiting validation by RAU?</i> A: None. All courses which were previously validated by the UoB are now fully validated and running successfully with RAU</p>	JK	Oct 19
GOV/19 20/015	<p>Insurance From 1st August 2019 the College insurers have changed from NFU Mutual to FE Protect for a 3-year agreement with rate protection as long as claims ratio's remain favourable. As a result the cost of insurance has reduced significantly and provides an increased level of cover. Governors endorsed the change. A governor commented that a previous college he had worked for had made the same move.</p>		
GOV/19 20/016	<p>Management Accounts P1 Members noted the period one management accounts. Focus is on the cash position until the working capital facility is in place. Risk is low as the college has a £1m facility with Sancus.</p> <p><i>Q: How much of the £1m facility has the college drawn down at the moment?</i> None.</p> <p>Governors expressed concern at the low use of purchase order numbers. SMT advised that the impact of the staff training at the end of August and one to one meetings with budget holders would not be seen until September, and then further again in October (due to most of the training and 1:1 work with budget holders being in late August and early September) A lot of work has been done with three key areas; Catering, Estates and the Farm. The percentage use in these areas will be closer to 80%. Value based PO's have been introduced which will increase usage. Governors were of the opinion that the PO system appeared voluntary and asked for systems to be out in place to ensure that all staff use purchase orders.</p> <p><i>Q: Following on from the training session earlier, are the number of cash days included in the report?</i> The format of the management accounts is in the process of being updated, the number of cash days will be included.</p> <p><i>Q: Will the reforecast be updated on a monthly basis?</i> The reforecast will be updated following the PPM meetings, the first reforecast will be completed in October once enrolment is complete.</p>		

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GOV/19 20/017	<p>DRAFT Annual Report and Accounts</p> <p>The FD advised that the figures in the Draft Annual Report and Accounts were draft figures presented to Mazars ahead of the audit field work which will commence on 30th September. This is an interim position and will change with adjustments made during the audit process. Pension adjustments have not yet been included.</p> <p>Impairment of the welsh facility (Bwlch Mulchan) does pose a risk, however this is only if the college chooses to realise it.</p> <p><i>Q: What is the latest position regarding the sale of Flimwell?</i></p> <p>Woodland Enterprise Ltd have asked for 3-4 months to consider their position. In the meantime, potential tenants have shown interest in renting units 5 and 6 which demonstrates the commercial potential.</p> <p><u>Pensions update</u></p> <p>The impact of pensions adjustments for 2018/19 will be:</p> <ul style="list-style-type: none"> • a £688k cost (in Income and Expense Account), this will reduce the year end surplus position in our Statutory Accounts to a deficit. The ESFA and the bank will consider the financial health of the college before this adjustment. • £2m liability on the balance sheet. This will reduce the college reserves from £9m to £7m. <p>The Chair requested comments on the text for the Chairs introduction and governance section of the Annual Report and Accounts by e-mail.</p> <p>Discussion took place regarding the format of the Annual Report. Last year a decision was made to produce another glossy publication in addition to the Annual Report and Accounts. As the college may look for co-funders in the future they will look at the Annual Report and Accounts for vision and the college may wish to consider including more on the strategic aims and achievements of the college.</p>		
GOV/19 20/018	<p>FEC final report and progress against FEC Action Plan</p> <p>Members noted the final FE Commissioner report. The Principal highlighted one key difference between the draft and the final report. A recommendation that governors should consider making the director of finance post a senior post holder position has been amended to <i>'as a matter of urgency the College Governors should make the director of finance post a senior post holder position' accountable to the Board.'</i></p> <p>Further clarification is being sought on this point from the FE Commissioner. The Search and Governance committee will consider making the FD post a senior post holder at the meeting on 1st October and make a recommendation to Corporation.</p> <p>The Principal highlighted key points in the action plan in relation to the final report.</p> <p>Discussion took place regarding action point R4.4: Review of finance system to be commissioned, to identify where improvements can be made to support the 80% target (eg in the use of serial POs).</p> <p>The FD advised that he had had discussions with Unit 4 regarding a full review of the system. The cost will be £5k. This full review will need to take</p>		

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	<p>place before Unit 4 is able to provide a quote for an upgrade. The review will be commissioned soon, in the meantime some continued operational challenges are likely to persist but not prevent PO target being met.</p> <p><i>Q: What support contract do you have for Unit 4?</i></p> <p>When the system was implemented four years ago, it was not the latest model. The model is still supported by Unit 4 but not under the terms of the Service Level Agreement so response times are slower.</p> <p><i>Q: Is there likely to be a hefty bill to upgrade and has there been provision made in the budget for an upgrade?</i></p> <p>It will be a major upgrade and will need to be completed in 2020/21 or it will need to be funded from the contingency if it is to be completed in 2019/20.</p> <p><i>Q: As part of the upgrade will integration with other college systems be considered?</i></p> <p>There is one way integration from Pro-solution to Agresso. No college in the country has two way integration.</p> <p>Discussion took place regarding R:9.1: <i>'Alternative approaches to borrowing (and notably provision of security and repayment period) to be prepared through discussions with Lloyds.'</i></p> <p>Following feedback from the FE Commissioner the college is looking at alternative options for securing loans. Heads of Terms are awaited from Lloyds regarding the re-financing loan. The West Wing will be offered as security rather than college houses, as the latter can be realised more quickly. Governors cautioned that the college should be careful to not over provide security for the re-financing loan. A proposal for borrowing for AgriFood will be brought to Corporation at a later date.</p> <p>The Principal has met with the Principal of Nescot College in Surrey to discuss parameters for joint working between respective FDs. Chris and the NESCOL FD will work initially on financial reporting.</p> <p>Action – Update on the FE Commissioner action plan to be presented at each Corporation meeting.</p>	JK	Oct 19
GOV/19 20/019	<p>Operational Development Plan 2019/20 (ODP)</p> <p>Members considered the above report which includes measurable priorities for the next two years. This has been created from the bottom up to ensure buy in from staff.</p> <p><i>Q: How often will management report on this plan to Corporation?</i></p> <p>The KPI's from the ODP will be reported on at every meeting in the KPI data dashboard which is being developed. Every meeting there will be a more detailed report on two of the strategic aims.</p> <p>Approved: Corporation approved the Operational Development Plan 2019/20.</p>		
GOV/19 20/020	<p>Health and Safety year-end report 18/19</p> <p>Members noted the above report. The link governor for Health and Safety voiced concerns that the college had struggled to secure external scrutiny of Health and Safety. The need for external scrutiny has become more important and urgent with the recent changes in staffing and management</p>		

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	<p>of Health and Safety. Discussion took place regarding the high cost of an external assessor. It was agreed that peer review from another college could be a cost effective means of obtaining external assurance. Action: Principal to use Landex network to find an appropriate partner for peer review. The Audit Committee will follow progress. <i>Q: Please could you explain the grading of the H&S Management Cycle submissions and why some areas have not provided a return.</i> The grading relates to the timeliness and quality of the submission. This report was produced as at July 19, all submissions have now been received. <i>Q: Where is Health and Safety in work placements reported?</i> A new specialist team are responsible for Health and Safety for work experience students and apprentices. They are working through a new process which is front loaded. Apprentices are required to have an annual check, however this is now being completed with the employer before the apprentice has been recruited. Students are also asked to bring details of potential placements to enrolment to ensure that employer checks are made promptly.</p>	JK	Autumn 19
GOV/19 20/021	<p>Approval of Policies The FD outlined key changes to the policy from the previous year:</p> <ul style="list-style-type: none"> • Removal of obsolete Career Development Loan • Incorporating a percentage refund relating to how much of the year the student has completed • Provision for students who enter year 2 of a course directly • Simplifying the bus fees. <p>Moving forward this policy will be presented for approval in April before enrolment. The image in the policy is 6MB, governors requested more efficient use of 'gifs'. Approved Corporation Approved the Fees policy.</p>		
GOV/19 20/022	<p>Impact of Governance in month Leeni Lear reported that she was following a cohort of Motor Vehicle students through the year. She has attended enrolment and will drop in and observe the cohort at various points throughout the year. Leeni was asked to share the highs and lows of enrolment. Leeni enjoyed chatting with the students who were very positive about enrolment, even though there was lots of hanging about they accepted that it was just something that had to be done. The lows were the technology, there was definitely room for improvement. John Moore-Bick met with James Pashley regarding Forestry and Arboriculture. James Pashley will write a short piece setting out the direction of travel for the department. The RFS are interested in holding the world tree climbing competition at Plumpton.</p>		

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	<p>John Evans reported he had visited the wine department and had a very positive meeting with the new Curriculum Manager. John has offered his assistance in writing the commercial business plan.</p> <p>Stephen Waite reported on his meeting with the RAU and also the botanical survey completed on college land.</p> <p>The Environmental Annual Report will be presented to the October Corporation meeting. This will report on progress against targets from last year and make recommendations for targets for this year.</p>		
GOV/19 20/022	<p>AOB</p> <p>All governors confirmed that they had read the new Keeping Children Safe in Education Part One and had familiarised themselves with changes to the document from September 2019.</p>		
	Meeting closed at 7.35pm		

Signed _____ Date _____