

**MINUTES OF THE MEETING OF THE CORPORATION MEETING
HELD ON TUESDAY, 2 APRIL 2019**

Present:

Margaret Eva OBE (Chair)
Dr James Sarmecanic (Vice-Chairman)
Jeff Alexander
Roy Bowden
Anne Curle
Andy Davies
Jane Dodsworth
Nick Fox
David Hobson
Helen Kilpatrick
Shelagh Legrave OBE
Nick Sutherland
Caroline Wood
Paul Wright

In Attendance:

Sally Challis-Manning, Deputy Principal, Quality
Steve Coulthard, Chief Financial Officer
Andy Green, Executive Principal
Vicki Illingworth, Principal, Crawley College
Julie Kapsalis, Managing Director Commercial
Paul Riley, Principal, Worthing College
Julie Sleeman, Chief Operating Officer
Catherine Vinall, Clerk to the Corporation
Lissie Whitaker, Co-opted Member

APOLOGIES FOR ABSENCE

118. Apologies for absence were received from Marilyn Billingham, Steve Cooper, Tom Crowley, Ryan Sallows and Sophie Sargent.

DECLARATION OF INTERESTS

119. The Chairman drew the attention of Governors and those in attendance at the meeting to the requirement to declare any interests they might have in any of the items on the agenda, as detailed on the agenda sheet.

MINUTES

120. The Minutes of the Meeting of the Corporation meeting held on Wednesday, 12 December 2018 were taken as a correct record and signed by the Chairman.

CHIEF EXECUTIVE'S TERMLY PROGRESS REPORT - SPRING TERM 2018/19

121. Shelagh Legrave gave a presentation to update the Corporation on progress against the objectives in the Strategic Plan. The Corporation also received a report to provide an overview of progress against the key performance indicators in the Group's Strategic Plan.
122. Firstly, Shelagh Legrave confirmed that the merger with Worthing College had completed. Shelagh welcomed Worthing College to the Group and thanked all staff who had been involved in additional work associated with the merger. In particular, Shelagh thanked Steve Coulthard and Paul Riley for their work to ensure that the merger completed on time.
123. Shelagh stated that the first objective related to outstanding teaching, learning and assessment, progress against this objective would be covered by the performance report to be presented by Andy Green under the next agenda item. The second objective related to the Group's curriculum offer. For the key performance indicator relating to university applications, Shelagh reported that 84 per cent of applicants had been successful in gaining a place, against a target of 80 per cent. For the target for HE growth, Shelagh stated that there had been growth of 30 per cent in HE at Chichester and seven per cent at Crawley. The third objective related to providing an education fit for employers and the community. The aim of the objective was to grow the Group's internal delivery of apprenticeships and reduce reliance on partner delivery. The information showed that the Group was reducing partnership activity, a review of which would be given to the summer term Corporation meeting. However, new apprenticeship starts were down for the current year in comparison to 2017/18. The cash figure for internal delivery was up but this was because the Group was providing more higher value apprenticeships.
124. The fourth objective related to the growth of commercial businesses, progress would be measured when year end information was available. The fifth objective related to staff satisfaction and would be updated at the next Corporation meeting when staff survey results were available. Objective number six was to create a strong College Group. The first key performance indicator linked to significant improvements at Crawley College, this would be discussed later in the meeting. With regard to the performance indicator relating to growth in student numbers at Brinsbury,

Shelagh reported that this was a work in progress, growth for the current year had been approximately three per cent. The last objective was linked to financial performance, again a report would be given later in the meeting.

125. Moving on to provide an update on funding allocations for 2019/20, Shelagh stated that the allocations did not include Worthing College. For 16 - 18 funding, there had been an increase of almost £900,000 due to an increase in student numbers at both Chichester and Crawley. For Adult Skills there had been a cut of approximately £1m. The allocation had been based on numbers for 2017/18 and had been cut as in devolved areas the budget it would be directly allocated to Mayoral Combined Authorities. This created an issue with income which the Group Leadership Team had started to investigate as part of planning for 2019/20.
126. Finally, Shelagh returned to the College's mission to change lives through learning and shared some of the College's good news stories. Chefs from Crawley College had been delighted to be invited to 10 Downing Street to cater for an event celebrating the Chinese New Year. Martyn Holmes, TV's Extreme Hair Wars Judge, had held a masterclass for Hair students at Chichester College. High street retailer, Lush, had been working with Foundation students on reducing packages for their products. Chichester students had been selected to represent both mens' and ladies national college teams and there had been an excellent event at Crawley College to celebrate International Women's Day. Both staff and students, including Executive Principal, Andy Green and Student Governor, Sophie Sargent, had raised funds for Rise by abseiling from the i360 in Brighton.

CHICHESTER COLLEGE GROUP TEACHING, LEARNING & ASSESSMENT PERFORMANCE REPORT 2018/19

127. The Corporation received a presentation to provide an overview of performance at Chichester College and Crawley College during the spring term 2018/19.
128. Andy Green reported that attendance to date at Chichester and Brinsbury was 88 per cent. At Crawley attendance had dropped to 80 per cent, compared to 83 per cent for the previous year. At Group level, to date, this produced an attendance rate of 85.4 per cent. Retention at Chichester and Brinsbury for learners aged 16 - 18 was 97.2 per cent. For 19+ learners it was exceptional at 97.9 per cent. At Crawley retention for 16 - 18 learners was 96.3 per cent. For 19+ learners it was 95.2 per cent. The Group retention rate to date was 97 per cent for 16 - 18 learners and 97 per cent for 19+ learners. Andy confirmed that work would take place to investigate attendance at Crawley. It was thought that the improvement in retention at Crawley could be impacting attendance.

129. Turning to the analysis of equality & diversity data for attendance and retention, Andy reported that at Chichester and Brinsbury the attendance for female learners was higher than male learners. For retention the only no significant gap at Chichester and Brinsbury was that learners who received Additional Support had higher retention than those who did not receive additional learning support. For Crawley College the information showed that attendance for learners aged 19+ was higher than 16 - 18 learners, learners from non-disadvantaged postcodes outperformed those from disadvantaged postcodes and Black Minority Ethnic (BME) learners were slightly behind on attendance compared to non-BME learners. For retention at Crawley the only gap for retention was that overall retention for learners from non-disadvantaged postcodes was 96.2 per cent and for learners from disadvantaged postcodes retention was 92.6 per cent. At Group level there were no gaps for retention when comparing equality and diversity data. At Group level for attendance there were gaps for learners by gender, additional learning support and ethnicity. These would be investigated through the curriculum area progress review meetings.
130. With regard to apprenticeship performance at this point in the year the prediction was made by targeting the mid-point between the actual and best case scenario achievement. For Chichester and Brinsbury the prediction for overall achievement was 82.6 per cent. For Crawley it was 77.7 per cent. For the Group this produced an achievement rate for apprenticeships of 81.3 per cent.
131. Finally, Andy stated that the National Achievement Rate Tables 2017/18 for classroom based provision and apprenticeships had just been released. The information showed that Chichester College Group had the highest achievement rate in Sussex for apprenticeships at 78.9 per cent and the highest achievement rate in Sussex for classroom based provision for learners of all ages at 86.1 per cent. A full report on the National Achievement Rate Tables would be given to the summer term Quality & Stakeholder Board meetings. The Corporation congratulated the Group on a fantastic set of results for 2017/18.

RISK MANAGEMENT AND ASSURANCE REPORT

132. The Corporation received for consideration a report on Risk Management and Assurance and the updated Risk Registers and Assurance Frameworks.
- Copy attached at APPENDIX 1.
133. James Sarmecanic stated that the overall risk rating for Chichester College Group remained high. A number of factors were impacting the Group's

level of risk, including the forecast year end position for 2018/19. By area, James reported that the rating for Finance and MIS was high, the factors impacting the rating included financial challenges faced by the whole FE sector but also the work that was taking place on the budget for 2019/20. The rating for Governance and Integration was rated as moderate to high. In the main this was due to the recent merger with Worthing College and plans to re-open the college at Haywards Heath. The rating for HR and Corporate Services was high, in part this related to difficulties in recruiting staff. The rating for Quality and Curriculum was moderate to high, again in the main this related to the recent merger with Worthing College. The rating for Commercial and Growth was high. This was due to the ambitious targets that had been set for apprenticeship growth following the merger with Central Sussex College. In response to a question from the Corporation, Shelagh Legrave confirmed that apprenticeship targets for 2019/20 had been reviewed through the due diligence process for the merger with Worthing College and would be amended.

134. James confirmed that the Audit & Risk Committee acknowledged that the risk environment had been consistently rated as high but felt this was a realistic assessment and recommended that the Risk Registers were adopted. It was

Resolved

That the Risk Register for Chichester College Group, as set out at APPENDIX 1, be adopted.

CORPORATION CALENDAR OF MEETINGS 2020

135. The proposed dates for Corporation meetings in 2020 were noted as follows:

Wednesday, 1 April 2020;
Wednesday, 8 July 2020;
Wednesday, 9 December 2020.

CRAWLEY COLLEGE OFSTED MONITORING VISIT REPORT

136. The Corporation received for information the Ofsted report arising from the Monitoring Visit to Crawley College which took place in February 2019.

Copy attached at APPENDIX 2.

137. Andy Green stated that Central Sussex College had experienced a full Ofsted inspection in October 2016 when the College had been graded as Requires Improvement. Following the merger with Chichester College, Ofsted had visited Crawley College in May 2018 and in February 2019 Ofsted had visited Crawley College again for a formal Monitoring Visit to check on progress since the inspection in 2016. Similar to a full inspection, there was a two day notice period for the Visit which had been undertaken by two inspectors for two days. The outcomes which could be given as a result of a Monitoring Visit, were that the College was making insufficient progress, reasonable progress or significant progress. The areas for focus for the inspectors were the quality of teaching and learning, progress made in strengthening leadership and management, tracking student progress and implementing cultural change. The inspectors had met with staff, students and Governors as part of the Visit.
138. Andy was delighted to report that Ofsted had concluded that significant progress had been made in all four areas reviewed at Crawley College. The Group Leadership Team were extremely proud of the cultural shift that was taking place at Crawley where it was clear that staff and students felt they were valued. Andy stated that the outcome of the visit was a credit to the work Vicki Illingworth and Sally Challis-Manning had undertaken at Crawley College. Both Andy and Vicki were delighted with the response from staff to the Visit and it appeared to have been a positive and lifting experience for everyone involved. To support the Ofsted report Vicki shared a film that had been made by students at Crawley College to showcase the development of the student voice.
139. On behalf of the Corporation, Margaret Eva OBE thanked the staff and students at Crawley College for the effort and work they had put in for the Monitoring Visit.

CRAWLEY COLLEGE STEM PROJECT

140. Julie Sleeman gave a presentation to the Corporation on the project to develop a new STEM building at Crawley College. Julie stated that Chichester College had made a bid to the Coast to Capital Local Enterprise Partnership (LEP) for capital funding at the point of the merger with Central Sussex College. This had been successful and the Group had been granted £4.8m to spend on a new STEM building at Crawley College. It would be a three storey, 1,500 square metre building which would be situated adjacent to the ATC building. It would accommodate HE provision, IT and media delivery which was currently in the Longley building as well as higher level Apprenticeships. Julie hoped that the STEM building would enable the redevelopment of the Crawley Campus but creating space to develop other areas of the campus. Julie confirmed that the project plans had gone through a pre-planning application

process. The project was supported by Crawley Borough Council and was a good fit with the plans to redevelop Crawley town centre. Preparatory work would start on site over the summer 2019, the aim was for the building to open in September 2020.

141. In response to a question from the Corporation, Julie confirmed that local employers had been involved in discussions about the development of the curriculum which would be based in the new building. Julie stated that plans had been discussed with staff but the Group had only recently received the contract for the funding from the LEP. A communication plan was in place for staff and students.

MANAGEMENT ACCOUNTS TO 28 FEBRUARY 2019 AND MID-YEAR UPDATE 2018/19

142. The Corporation received the Management Accounts for the period to 28 February 2019 and the Mid-Year Update for 2018/19.

Copy attached at APPENDIX 3.

143. Steve Coulthard stated that the Management Accounts to the end of January 2019 had included a detailed mid-year forecast with all budget holders. The work had shown that there had been a deterioration in the financial position and the Group was some way off the budgeted year end target. The Group was approximately £1m down on income, with the shortfall forecast to extend to around £1.5m by the year end. In the main this was due to Apprenticeships and ambitious targets which had been set in the plans linked to the merger with Central Sussex College. The Group continued to hold a positive pay variance which was approximately £900,000. In the coming months this would be impacted by increments and some posts which had previously been funded through the Transaction Unit grant would come back in to the pay line. Steve felt that positive variance would increase but not at the rate it had to date. There had been a considerable increase in spending on agency staff. This was shown in the non-pay line and had not previously been an issue for Chichester College. Turning to the Operations Summary, Steve stated that all areas were forecasting to end the year behind budget. It was hoped that the Commercial and Conferencing area would improve over the second half of the year. In response to a question from the Corporation, Steve confirmed that capital spending had been scaled back.
144. Overall, the Group had set a budget for a deficit of £2.4m. At this point, it was forecast that the Group would end the year around £800,000 behind that target. This would result in an EBITDA of £1.5m. Steve confirmed that he had discussed the position with the Group's banks who had been supportive, nonetheless it had been an uncomfortable discussion.

Barclays Bank had agreed to a waiver on the Group's covenants as part of the discussion over the merger with Worthing College. Steve confirmed that the bank covenants were being re-negotiated in the light of the merger with Worthing. With regard to the key performance indicators against the financial objective in the Strategic Plan, Steve stated that the Adult Education budget should be achieved, as previously stated the budget for 2018/19 would not be achieved. A further item on the actions in place to manage the Group's financial position would be presented under the confidential agenda.

MAZARS LLP INTERNAL AUDIT REPORTS

145. The Corporation received for information the Internal Audit reports for GDPR, IT Security, Core Financial Systems Forecasting and Planning and the Assurance Framework and Risk Management Follow Up.

Copies attached at APPENDIX 4.

146. James Sarmecanic stated that the internal auditors, Mazars LLP, had reviewed four areas during the spring term. The review of GDPR had concluded that adequate assurance could be placed on the effectiveness of internal controls. There had been two significant recommendations and two housekeeping recommendations. Overall, the audit team had felt that good progress had been made to meet the relatively new GDPR requirements. The reviews of IT Security, Core Financial Systems (Planning and Forecasting), Assurance Framework and Risk Management Follow Up had concluded that substantial assurance could be placed on the effectiveness of internal controls. James confirmed that the Audit & Risk Committee were content with the detailed and rigorous work that had taken place to assess the risks faced by the Group.

COLLEGE INSOLVENCY REGIME

147. The Corporation received for information a report on the new College Insolvency Regime.

Copy attached at APPENDIX 5.

148. Catherine Vinall stated that the Insolvency Regime for Colleges had been introduced by the Department for Education in January 2019. The process meant that an insolvent college would be dealt with in a similar manner to an insolvent company. In most cases the Secretary of State would appoint an education administrator with the duty to protect courses for learners and to secure the best outcome for creditors. For Governors the key issues included their duty to protect and safeguard the assets of the

college and the duty to act with reasonable care and skill. The Corporation were reminded that they should ensure that, at the earliest sign of financial difficulty, colleges needed to liaise with their bank and the Education & Skills Funding Agency. Prior to the formal insolvency process, creditors had the ability to commission an independent business review to assess the options and strategy in the event of insolvency proceedings.

CONFIDENTIAL REPORTING

149. The Corporation received for information a report on managing confidential reporting to Corporation, Committee and Board meetings.

Copy attached at APPENDIX 6.

150. Catherine Vinall stated that the Governance & Search Committee had approved a proposal to clarify the process for managing confidential business considered by the Corporation, Committees and Boards. This included the requirement that, where a report included confidential information, that section of the report would be redacted to produce a public and confidential version of the report. Where information was deemed to be confidential it should meet one or more of the criteria set out in the Corporation's Standing Orders.

HAYWARDS HEATH POST-16 PROVISION

151. Shelagh Legrave reminded the Corporation that Chichester College Group had been selected to re-open the college at Haywards Heath to provide post-16 provision. An implementation group had been set up to oversee the opening of the college at Haywards Heath. The membership included the Education & Skills Funding Agency, Mid-Sussex District Council, the Director of Education & Skills for West Sussex County Council, Sussex University and Chichester College Group. The group would meet on a monthly basis and had met twice to date. At present the most challenging issue was managing the ownership of the site. In response to a question from the Corporation, Shelagh stated that in terms of resources for the project, it was mainly her time being utilised at present. This was linked to the implementation group and any negotiations with the Education & Skills Funding Agency over the ownership of the site. A further update would be provided under the confidential part of the Corporation meeting.

ESFA FINANCIAL HEALTH AND FINANCIAL CONTROL ASSESSMENT 2017/18

152. The Corporation received for information a letter from the ESFA confirming their assessment of Chichester College Group's financial health and financial control in 2017/18. The letter included the ESFA Finance Dashboard for Chichester College Group for March 2019.

Copy attached at APPENDIX 7.

153. Shelagh Legrave stated that following the submission of the audited financial statements to the ESFA, the ESFA reviewed the financial position health of the colleges in the sector. Following this review the ESFA had concluded that Chichester College Group's financial health was satisfactory. No significant financial control concerns had been identified as a result of the review. Shelagh confirmed that the Group's financial health had gone from good to satisfactory and this was due to the post-merger financial plans. The Group continued to meet with the ESFA and Transaction Unit on a regular basis to monitor progress against the Merger Transition Plans.

SUMMARY OF COMMITTEE BUSINESS

154. The Governing Body received and noted a summary of the business which had been undertaken by the Standing Committees during the autumn term 2016/17.

Copy attached at APPENDIX 8.

DATES OF FUTURE MEETINGS

155. It was noted that the next meeting of the Corporation would take place on Wednesday, 10 July 2019. The date for the next Governor Development/Strategy Event would take place on Tuesday, 21 May 2019.

CONFIDENTIAL BUSINESS

156. It was

Resolved

That, in view of the confidential nature of the business to be dealt with, the Minutes for the remainder of the meeting be recorded on a

confidential basis and remain so unless and until they become public in the ordinary course of the Corporation's business.