



**SOUTH GLOUCESTERSHIRE AND STROUD COLLEGE**  
**FURTHER EDUCATION CORPORATION**

Approved minutes of a meeting of South Gloucestershire and Stroud College  
Further Education Corporation  
Held on 4 December 2017  
At Stroud Campus, Stratford Road, Stroud, Gloucestershire

**Present:** John Huggett (Chair)  
Mike Croker  
Phil Eames  
Kevin Hamblin (CEO & Executive Principal)  
Martin Jones  
Joe Lamonby  
Moyra Pascoe  
Carrie Pickford

**In Attendance:** Jude Saunderson (Chief Financial Officer)  
Sara-Jane Watkins (College Principal)  
Sharon Glover (Clerk)

1. **Apologies for Absence**

Apologies were received from Laura Boutle, Mike Cogger, Roger Ellis, Moira Foster-Fitzgerald, Emma Jarman, Richard O'Doherty and Andy Slaney.

2. **Declarations of Interest**

John Huggett declared his interest in the Search Committee agenda item relating to his re-appointment.

3. **Staff Member appointment**

The Clerk reported that one nomination had been received for Craig Dickinson and that he would therefore be "elected unopposed". Corporation approval of this appointment was invited.

**It was resolved:**

**To appoint Craig Dickinson as Staff Member from 5 December 2017 for a 4-year term of office.**

4. **Other Items of Urgent Business**

There were no items of urgent business.

5. **Minutes of Previous Meeting**

One member raised that the wording in the last sentence of minute 7a was confusing and clarity was sought. Following discussion, it was agreed that the last sentence should be reworded to read:

“Currently, the College is in the 90<sup>th</sup> percentile for 7 of the 27 qualification type categories”.

Subject to the above change, the minutes of the meeting held 9 Nov 17 were approved and signed as a correct record.

6. **Matters Arising From Those Minutes**

a) Members monitored actions on the action log and updates were provided. The Clerk read out an e-mail from the Vice Principal, Quality & Learner Services in response to her action relating to Single Equality Objectives, which will be presented for Corporation approval prior to March 2018. It was also agreed that the HE action (minute 11) would transfer to the Principal and carried forward to the next meeting. The Principal also agreed to circulate a response to the questions raised about KPIs (minute 8b). Members also asked that the second external health check report is circulated to Governors.

**Action: Principal.**

**Vice Principal, Quality & Learner Services.**

7. **CEO & Executive Principal's Report**

The CEO & Executive Principal reported on the following:

a) Metro Mayor visit to Filton campus – Members were updated on a very positive meeting held with the Metro Mayor. The CEO & Executive Principal received the impression that the Mayor was minded to look at infrastructure

funding, as a source for skills funding as well as for transportation. The aging building stock at Filton Avenue was recognised and also that a plan was needed for post-16 provision. The Mayor was not averse to considering a radical solution. The Mayor had requested a strategic vision for the College and the CEO & Executive Principal is also looking at options with the engagement of South Gloucestershire Local Authority. The aim being to have an outline case by March 2018.

- b) Confidential Item.

## 8. **Principal's Report**

The Principal reported on the following:

- a) Appraisal completion rate – Currently this stands at 25% however the College is going through a large data cleansing exercise. Members questioned whether this was a good or poor outcome. Although not where the College would want it to be there would be further clarity in the New Year and the Corporation will be updated at the next meeting.

Members noted that, in the Monday Memo, attendance in Maths and English and Levels 5 and 6 were cause for concern. Members were informed that attendance was better than this time last year and initiatives have been introduced in the Sports Academies to improve attendance in English and Maths. The Principal agreed to find out the reasons behind the lack of attendance and report back at the next meeting.

- b) Staff pay award 2016/17 - The Principal reported that at the July Corporation meeting it was approved that for 2016/17 a non-consolidated pay award of up to 1% of total net pay costs would be paid subject to the College achieving a good financial health for 2016/17, with delegated authority provided to the Executive Team to decide when and how the award is distributed.

Confirmation was received that a "good" financial health has been achieved for 2016/17 and that the pay award has been budgeted for. Corporation endorsement was sought, and received, for the pay award to be paid in December for all staff as a minimum of 1% or £220, in line with previous years.

- c) Christmas Closure – Dates were provided.
- d) Ofsted – Members received the Ofsted report from the recent short inspection and confirmation was received that clear action plans are in place.
- e) Devolution of Adult Education Budget (AEB) – Due to a number of different factors it is now the Government's intention to devolve responsibility to the West of England Combined Authority for the 2019/20 academic year, as opposed to earlier.

- f) Replacement to ESF funding – Members were updated on a meeting the College attended on the replacement to ESF funding.
- g) Confidential Item.
- h) Confidential Item.

**The report was noted.**

**Action: College Principal.**

9. **Annual Report of the Audit Committee**

The Chair of the Audit Committee advised that he would be changing the order of items to be presented on the agenda.

- a) SGS Group Services Annual Report and Financial Statements 2016/17 – The Chief Financial Officer reported that there had been no expenditure and that the accounts reflect the movement during the year. This is now a dormant company. Members noted SGS Group Services Annual Report and Financial Statements 2016/17.
- b) SGS Commercial Services Limited Annual Report and Financial Statements 2016/17 - Members received the approved accounts and Letter of Representation. The Chief Financial Officer reported that there had been a slight improvement on the budgeted position, however, cashflow remained a concern. The final instalment of the lease has been paid and there will be the need to draw down the loan during the year. As with last year, the Board of SGSCSL is requesting a Letter of Support from SGS Corporation. Members noted SGS Commercial Services Limited Annual Report and Financial Statements 2016/17 and Letter of Representations.

The Clerk advised that Kevin Hamblin, Martin Jones and Moyra Pascoe, as Directors of SGSCSL, would need to declare an interest in the approval of the Letter of Support, which meant that there were insufficient non-conflicted Corporation Members to make a quorate decision. The Clerk suggested, and the Chair approved, that approval is sought via written resolution.

**Action: Clerk.**

- c) Financial Statements Auditor's Management Letter – The Chief Financial Officer confirmed that the final statement has been received from the ESFA and that KPMG have completed all audit work. The Chief Financial Officer reported that, subsequent to the Audit Committee meeting, the College/KPMG had identified a significant adjustment in the year-end audit on deferred income calculation which needed to be adjusted. This resulted in an additional income figure of £250k. Audit Committee had been immediately made aware of this difference. Assurance was provided that reporting has been revisited

and new systems are in place. The Audit Committee recommended that Corporation approve the FSA's Management Letter.

- d) SGS College Members' Report and consolidated Financial Statements 2016/17 - Members were informed that KPMG have issued an unqualified report, including an unqualified opinion on regularity. The Chair of the Audit Committee made reference to the KPMG training, previously provided to Corporation, relating to the areas Governors should be focusing on in the Financial Statements. The Chair of the Audit Committee provided a hand out to evidence that the Audit Committee had considered these points. The Chief Financial Officer reported that the consolidated deficit had been impacted by the pension adjustment. Reference was made to the reconciliation between management accounts and financial statements. Members raised that the comparative figures from last year had changed on the cashflow statement and the Chief Financial Officer explained that there had been greater clarity this year on where to report the movement for the deferred capital. The Chair of the Audit Committee advised that KPMG reported that there had been a very positive performance by the College, in particular in comparison to other Colleges, and that this audit had been a positive outcome. The Audit Committee are therefore recommending Corporation approval of the SGS College Members' Report and consolidated Financial Statements 2016/17.
- e) Members received and noted the reconciliation between management accounts and financial statements.
- f) 2016/17 Annual Report of the Audit Committee – The Chair of the Audit Committee presented the annual report, which included the Committee's terms of reference and annual risk management report. It was reported that the Committee had been well supported by the Clerk and College management. The Internal Audit annual report was also referenced, which had provided an overall reasonable assurance as there was a minor concern relating to internal controls but nothing of huge concern. During the year College management had been invited to attend Audit Committee meetings and this was a positive aspect that the Chair of the Audit Committee would like to see continued. The Committee were content with the performance of the auditors and the Chief Financial Officer had provided challenge, where appropriate. The Clerk raised that as KPMG had reported one further recommendation, subsequent to the Audit Committee meeting, there would be a minor amendment required to the report to reflect this change. Subject to this change, the Audit Committee were recommending Corporation approval of the 2016/17 Annual Report of the Audit Committee and thanks were extended to the Clerk and SGS management.
- g) Minutes of a meeting held 13 Nov 17 were noted. Phil Eames (Chair of the Audit Committee) reported:
  - i) The Committee had considered an internal audit report on recruitment and selection controls and the Chief Group Services Officer had

attended and responded to actions raised. A follow up report will be presented at the next meeting.

- ii) Letter of Representation – the Audit Committee are recommending approval of this letter.
- iii) Members were informed of the extensive work undertaken to cleanse the bad debt and attention was drawn to the summary, in the minutes, of the bad debt written off, dating back to 2011/12.
- iv) Following consideration of KPMG’s performance the Audit Committee are recommending their re-appointment as Financial Statements Auditors for a three year period from 2017/18, subject to acceptable annual reviews and to recommend Corporation approval of their fee proposal.

**It was resolved to approve:**

- a) **The 2016/17 Annual Report of the Audit Committee, subject to the one change raised.**
- b) **The Internal Audit Service Annual Report.**
- c) **The Financial Statements Auditor’s Management Letter.**
- d) **The SGS College Members’ Report and consolidated Financial Statements 2016/17.**
- e) **The Letter of Representation to KPMG.**
- f) **KPMG’s re-appointment as Financial Statements Auditors for a three year period from 2017/18, subject to acceptable annual performance reviews, and to approve their fee proposal.**

Corporation provided their thanks to the Chief Financial Officer and her team.

10. **Modern Slavery Act 2015**

Members were informed of reporting requirements under the Modern Slavery Act 2015. Due to the turnover of the College this year, there is a need to comply with the act and to publish the College’s anti-slavery and human trafficking statement on the College website and include a link to the statement in a prominent place on the homepage. Members questioned how the College would seek assurances from those who supply goods or services. The Principal suggested that this would be part of the due diligence process and members suggested that this should also be written into partnership contracts and that procurement policies and procedures are reviewed. The Principal agreed to investigate further and update the Corporation. Following review of the statement, one typographical error and one addition was raised under section 3.3.

**The report was noted and it was resolved:**

- a) **To approve the anti-slavery and human trafficking statement, subject to changes raised, for publishing on the College website and to delegate authority to the Group CEO & Executive Principal to sign the statement.**
- b) **To approve that the anti-slavery and human trafficking statement is presented annually for Corporation approval at the same time as the**

**Members' Report and Financial Statements and published on the College website at the same time as the audited accounts.**

**Action: Principal.**

11. **Management Information**

- a) Management Accounts exception report – The Chief Financial Officer reported that income is currently being profiled. Although there is a positive variance on pay costs the College is struggling to recruit and there are high levels of sickness so not a good position to be in. Although the surplus position is currently better than forecast it is anticipated that the final figure will be closer to the budget figure. Although there are slightly less learners than last year the impact on the bottom line has been mitigated by 16-18 apprenticeship growth and increased allocation for high needs learners. It was reported that all European projects will be available up until 2019. Members noted that there was an over spend on premises expenditure year to date and were advised that this was a timing issue with some capital that needs to be removed and further work to be undertaken on profiling of the budget. Assurance was received that the College will remain in budget. Members noted that other income activities were down and questioned if this related to the profiling of ESF income and the Chief Financial Officer agreed to double check. Members asked if there were any areas of concern and the Chief Financial Officer advised that she would be in a better position to provide a response once the ILR had been submitted.

**The report was noted.**

**Action: Chief Financial Officer.**

- b) KPIs – The Principal reported that the first Individualised Learner Record 2017/18 is not reported until December 6<sup>th</sup> therefore the College is unable to provide accurate KPI data in relation to the current year. The purpose of the report being to seek Corporation approval for 2017/18 KPI targets. Proposed targets were received, based on the information presented during the recent Ofsted inspection and the incremental performance required between 2017/18 and subsequent years to secure outstanding by 2020.

Following scrutiny of the targets, queries were raised in relation to the targets proposed for Functional Skills 16-18 Level 1 Maths and English, Functional Skills 16-18 Level 2 Maths, Functional Skills 19+ Levels 1 and 2 Maths. The Principal agreed to review and report back.

Members concurred that the approach was right but that the targets needed to be realistic and were assured that a realistic bottom-up approach had been adopted. Members were informed of the need to be mindful of the pressure placed on staff, especially as sickness levels had increased. Members were informed of three tensions of growth/quality/surplus and of the need to

understand where the Corporation's priorities lie. It was suggested that this could be debated at the next strategy away day.

**It was resolved:**

**To approve the 2017/18 KPI targets, subject to clarification of queries raised.**

**Action: Principal.**

12. **College Self-Assessment Report 2016/17)**

Members noted that this item is to be carried forward to the next meeting.

13. **Queen's Road**

Confidential Item.

14. **Search Committee**

Minutes of the meetings held 1 Nov 17 and 21 Nov 17 were noted. Moyra Pascoe (Vice-Chair of the Search Committee) reported:

*At this point John Huggett was invited to leave the meeting.*

- a) Due to his exceptional performance and experience, the Committee had no hesitation in recommending the re-appointment of John Huggett for a further 4-year term of office, with effect from 5 Jan 18. The Committee are continuing to focus on succession planning for the replacement of the Chair of the Corporation however John had indicated that he would be more than happy to mentor his successor.

**It was resolved:**

**To approve the re-appointment of John Huggett for a further 4-year term of office, with effect from 5 Jan 18.**

- b) Confidential Item.
- c) Following consideration of the size of the Corporation, the Committee was recommending to Corporation that Corporation membership is increased from 15 to 17 members.

**It was resolved:**

**To increase the size of the Corporation from 15 members to 17 members.**

- d) Revisions to the Search Committee's Terms of Reference were presented for approval, primarily to reflect the role of the Search Committee in identifying and interviewing prospective candidates as Directors for the College's subsidiary companies.

**It was resolved:**

**To approve revisions to the Search Committee Terms of Reference.**

- e) Members were informed that non-material changes had been approved to the Procedure for the appointment, reappointment, induction and training of Corporation Members.

*At this point John Huggett re-joined the meeting.*

- f) Confidential Item.

15. **Sustainability Policy**

The Sustainability Policy was presented for approval.

**It was resolved:**

**To approve the Sustainability Policy.**

16. **Student Union Financial Statements and Annual Report**

Members noted that this item is to be carried forward to the next meeting.

17. **Curriculum Conference**

Members noted a report on the Curriculum Conference held 1 Nov 17.

18. **Confidentiality**

Members agreed that due to business sensitivities the confidential part of the CEO & Executive Principal's report (item 7), confidential part of the Principal's Report (item 8), confidential minutes of 13 Nov 17 Audit Committee meeting (item 9g), Queen's Road (item 13), confidential minutes of Search Committee meetings (item 14) and Appendix 1 of the Curriculum Conference report (item 17) are to be treated as confidential.

19. **Assessment of meeting**

A summary of feedback in relation to the meeting held 9 Nov 17 was received. The Clerk distributed forms to members so that an assessment of the Corporation meeting could be undertaken.

20. **Date of Next Meeting**

Thursday 25 January 2018 at 5pm, Filton Campus.

The Chair reminded members of the annual Christmas Service taking place on 15 December, 11.30am at Stroud campus.

The meeting commenced at 5.00pm.

Carrie Pickford left the meeting at 6.45pm (after agenda item 12)

The meeting closed at 7.00pm.

The meeting was quorate.