

**FURTHER EDUCATION CORPORATION MEETINGS 2019/20**

**MINUTES OF THE FURTHER EDUCATION CORPORATION MEETING**

**Held at 5pm on Monday 9th December 2019**

**Nelson and Colne College, Boardroom**

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| **Members present:** | Stephen Barnes (Chair), Phil Wilkinson (Vice Chair), Amanda Melton (Principal), Mike Phelan, Nadeem Rashid, Jane Cleaver, Stephanie Bridgeman, Emma Schofield, Tom Gee, David Whatley, Rob Pheasey, Will Cook, Waheeda Khatun |
| **In attendance:** | David Rothwell (Deputy Principal – Finance and Resources)  Alison Rushton (Vice Principal – HE, Adult Learning and Apprenticeships)  Sam Mercer (Assistant Principal – Planning and Performance)  Claire Jarvis (Assistant Principal – Finance and HR)  Fionnuala Swann (Assistant Principal – Academic Curriculum)  Kurt Hall (Governance Advisor) - AoC  Debbie Corcoran (Clerk to the Corporation) |

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| **Item 1.** | **Welcome and Apologies for Absence** |
|  | Stephen Barnes (Chair) welcomed everyone to the meeting, and introductions were made.  Waheeda Khatun was warmly welcomed to her first meeting as a new Student Governor, following her recent appointment to the Board after her becoming President of the Group’s Student Hub. Kurt Hall, AoC Governance Advisor, was introduced and welcomed as an observer to the meeting, to offer insight into the ways of working of College Boards in support of his role at the AoC.  Apologies for absence were received and accepted from Lee Burton, Steve Hughes and Tim Webber OBE.  The Chair and Board took the opportunity to recognise the contribution made by Wendy Higgin to both Accrington and Rossendale College and the new Group post-merger, and to wish her well with her next steps after she leaves the Group at the end of December. |

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| **Item 2.** | **Declarations of Interest** |
|  | The Clerk confirmed that those Governors whose terms of office would be considered under item 10 would leave the Board meeting for this review and that the Remuneration Committee’s recommendations on pay award for Senior Postholders (SPH) will be considered in part 2 of the meeting.  Other than this, members and officers present declared they had no interests, personal, fiduciary, or otherwise in any item on the open agenda for the meeting. |
| **Item 3.** | **Minutes of the Previous Meeting (25th September 2019)** |
|  | *Submitted: ‘Minutes of the Board of Corporation Meeting held on 25th September 2019’ (circulated in Board papers)*  The Minutes of the Board of Corporation Meeting held on the 25th September 2019 were reviewed and agreed as an accurate record, for the signature of the Chair. |
| **Item 4.** | **Matters Arising** |
|  | **Office for Students (Ofs)**  David Rothwell (Deputy Principal – Finance and Resources) updated the Board that the Group's payment of the £4,656 annual fee to QAA (the Designated Quality Body of the Office for Students) had been made 9 days outside of the required payment date. Payment within the required timescale of 30 days is an Office for Students (OfS) condition of ongoing registration. Payment was late due to delays in internal processing of the invoice and was explained in the meeting.  The Board were assured that in order for this to not occur again, QAA are now agreed on the finance system as a supplier with immediate payment terms. The OfS is not imposing conditions of non-compliance, which it technically could. 250 providers failed to pay the annual fee to QAA by the required deadline this year, and OfS recognise that this is the first time that this type of regulatory requirement has been underpinned by statute, that the culture of previous regulatory regimes was different and that many providers may not have taken all steps necessary to embed their new responsibilities in the way they run and oversee their business. OfS had required that the matter be formally reported to the Board and for the Board to be assured it will not occur again, and it was agreed that this assurance was in place. |
| **Item 10.** | **Membership – renewal of Corporation member’s terms of office** |
| *Submitted: Report (circulated in Board papers)*  To support smooth-running of the meeting, the Board agreed to consider at this point of the agenda the reappointment of those 2 members (Brian Fisher and Tim Webber OBE) whose terms of office were ending shortly. Brian Fisher left the meeting, Tim Webber OBE was not present.  Following consideration of the member’s attendance and contribution to the Corporation, the Board agreed for their reappointment for an additional 3 year term of office ending 25 September 2022. Brian Fisher re-entered the meeting and was updated on the outcome, and thanked for his ongoing contribution to the Board and Group.  The Clerk updated that a Search Committee will be scheduled early in 2020 to consider Board succession planning. Ahead of this, it was noted that the Board would like to strengthen its skills base around strategic finance, particularly welcoming recruitment of additional members with formal finance qualifications. It was agreed for Board members to link with the Clerk should they be aware of possible candidates, who could then be considered through the usual recruitment process.  **Resolved: To appoint Brian Fisher and Tim Webber OBE for an**  **additional 3 year term of office, ending 25 September 2022** |
| **Item 5.** | **Principal’s Report – including key strategic risks and key performance indicators (KPIs)** |
| *Submitted: Report (circulated in meeting papers) and presentation on Strategic Intent*  The Principal presented the report, welcoming questions and discussion. The Board welcomed the new format of the report and approach taken, as it makes it easier to understand key challenges and areas of focus, reminds and updates on key strategic risks and updates on key strategic areas. Key information within the report and in the supporting presentation on strategic intent, included:   * Summary and update on curriculum intent, reflecting the Board’s ambition and strategic direction – the Group’s focus on ‘big fat English and Maths’, the impact so far, focus on positive destinations and not qualifications, career focused approach for learners, ensuring the right programme for every learner, delivering a high quality offer always and everywhere * Outcomes and actions in place following Ofsted’s recent monitoring visit * Staffing update, including feedback through recent Staff Voice meetings, the commitment to address and improve staff hygiene and recognition, plus the intention of maintaining staff capacity at overall current levels. The Board recognised the HR team’s excellent work in the recently completed alignment of terms and conditions and successful negotiation with unions * An update on the Independent Commission - Colleges of the Future, with the Principal sharing that the Chair of the Commission Sir Ian Diamond has been invited to the Corporation’s May strategic planning event   Member’s reviewed the Group’s current position against the key strategic risks, which map against the Group’s 4 strategic aims. It was noted that all risks remained, and it was agreed that the next report will show if a risk has increased/decreased since the last update to the Board. The following was noted:  ***Strategic Aim 1* – To deliver relevant, impactful, high quality curriculum**   * Board noted Quality and Curriculum (Q&C) Committee’s oversight and updating in relation to these risks, and also welcomed the roll out of the ‘support and challenge’ approach previously applied in Apprenticeships to other areas of curriculum * The Principal updated that since the report’s development an additional risk has arisen, related to Apprenticeship data, and will be captured. It was confirmed that 2018/19 Apprenticeship performance will not be as previously reported to Board and it was agreed for there to be an update at the next Board meeting, with assurance given in the meeting ahead of this through actions being put in place to ensure clarity of data and consistency of delivery. It was noted that the 2019/20 internal audit programme includes a review of learner records for Apprenticeships, which gives additional assurance * It was confirmed that the Vice Principal Learner Experience position will not be recruited to. Board questioned this approach, recognising the challenges in the pre-advanced area and other areas set out in the Self-Assessment Report (SAR) highlighted today, and were given assurance of leadership team capacity to absorb these responsibilities and secure any necessary improvements   ***Strategic Aim 2*** **– To build a strong culture and reputation**   * Current position and risks were set out in the earlier update on staff engagement and the termly report being received by Finance and Resources Committee   ***Strategic Aim 3*** **– To continue to be financially secure and maintain capacity for ongoing investment**   * 2019/20 recruitment is below target (values were shared in the supporting Key Performance Indicator report) Mitigations were reviewed by the Board for effectiveness and impact (e.g. building of relationships with schools in Accrington, substantial investment in marketing and PR, roll out and impact of the Group’s re-brand and recruitment plans in key areas such as Apprenticeships)   ***Strategic Aim 4* – To create extraordinary learning and working environments**   * Implementation of the Group’s new IT infrastructure was confirmed as the most significant and high level risk, with delayed implementation impacting on staff morale and effectiveness, plus learner experience. The Principal confirmed that additional resource has been bought in at leadership level to give assurance on actions needed for progress and to ensure impact. Existing assurance is in place through termly reports on IT implementation to Finance and Resources Committee, an annual update to Board, plus Corporation oversight through the Risk report at each meeting.   Board requested additional assurance in relation to implementation of the IT strategy and the impact of mitigations or any alternative action needed, and it was agreed that this will be shared at the February Board meeting.  The Key Performance Indicator (KPI) position was reviewed and discussed. Board were concerned at the current position of 25% staff turnover compared to a sector average of 15-18% and Group out-turn of 20.7% in 2017/18. It was acknowledged that existing reports and scrutiny at both Board and Finance and Resources Committee level will give assurance on actions in place to ensure improvement and manage any implications. It was agreed that the next KPI report will clarify variations in staff turnover by type\level\location of staff.  The Principal was thanked for the informative update.  **Resolved: To receive and note the Principal’s report, including key strategic risks and key performance indicators (KPIs)**  Waheeda Khatun left the meeting. |
| **Item 6.** | **Quality and Curriculum** |
| *Submitted: Report (circulated in meeting papers)*  Amanda Melton (Principal) presented the papers on behalf of Tracey Baron (Deputy Principal – Quality and Curriculum), inviting discussion and questions. Key aspects covered and reviewed are as follows:  **6.1 Annual outcomes report at campus level**   * Qualification Achievement Rates (QARs) were shared for 2018/19 with trend data – by group/campus/provision type – and also ALPs performance and value added (A levels and extended diploma) * The Board considered the dip in Apprenticeships performance at both campuses in 2018/19, with provisional apprenticeship all age all levels performance being at 75% for Nelson and 68.7% in Accrington, compared to a national average of 59.6%   In relation to Apprenticeships, it was confirmed that health and social care, engineering and leadership and management had all contributed to the dip in timely achievement, however performance still remains well above the national average, and for leadership is 24% above. Changes to delivery models and staffing have impacted. The Board were assured that these areas are identified in the quality improvement plan (QIP) and will be the focus for improvement and monitored through both Quality and Curriculum Committee and Board.  It was agreed that since the next Board meeting is ahead of Quality and Curriculum Committee meeting, the next Termly Curriculum Performance Report to the Corporation will include an explicit update on Apprenticeships, so there is a clear and updated line of sight.  It was agreed that to compliment this, a Governor Walk in Apprenticeships will be scheduled.  **Resolved: To receive and note the annual outcomes report**  **6.2 Annual Self-Assessment Report (SAR) and Quality Improvement Plan (QIP)**  *Submitted: Report (circulated in meeting papers and presentation)*  Board received and reviewed the SAR and QIP, noting their review by the Quality and Curriculum Committee and recommendation for Board approval. The Board approved the rating of ‘outstanding’ and were assured that the SAR and QIP clearly identify the areas the Group needs to further improve by campus and provision-type. It was noted that the documents are still subject to external validation and a final edit from a presentation perspective, and they were approved on this basis.  **Resolved: To receive and approve the Strategic Self-Assessment Report (SAR) 2018/19 and Quality Improvement Plan (QIP)**  **6.3 Termly curriculum performance report**  *Submitted: Report (circulated in meeting papers and presentation)*  The report, and slides delivered earlier by the Principal, set out the Group’s intent – as shared with Ofsted at the recent Monitoring Visit, and reflecting the direction of travel which had been driven by Board through the Group’s Strategic Plan and supporting work. Key headlines included:   1. *Delivering the extraordinary* – values of the Group and that staff who work here make the difference individually and collectively for students 2. *Big fat English and maths* – we are a maths and English College – and the impact so far 3. *Positive destinations and not qualifications* – that the Group is not about qualifications, we are highly ambitious for our students, going to College is a means and not an end, and there is nothing at College that doesn’t directly lead to something better 4. *Career focussed* – business planning is led by labour-market demand, skills priorities and understanding of regional and local economy, the embedding work placements and experience and the occupational and industry updating of vocational teachers and industry leads 5. *Right programme for every learner* – personally designed programmes/learning, built around progress and an end result and skill development 6. *High quality, always and everywhere* – phenomenal teachers, high expectations and standards, high grades and ‘value added’   Key strengths of the Group were reviewed and agreed by the Board, as well as the 6 key areas for improvement identified for focus in 2019/20. Members noted the updated position on learner induction and destinations performance.  **Resolved: To receive and note the Termly Curriculum Performance Report** |
| **Item 7.** | **Finance and Resources**  David Rothwell (Deputy Principal – Finance and Resources) began the section of the agenda with a presentation summarising the updated position in relation to estates/IT and network, information systems, sustainability, recruitment and staff costs. The Board were updated on the recently published Integrated Financial Model for Colleges (IMFC), its requirements on Corporations, and approach to ensuring key documents will be received by and reviewed with the Board at the February Corporation meeting, ahead of their submission to ESFA by 28 February 2020. It was noted that all work may not be completed by the February Board meeting, therefore delegations may need to be considered, and the 2020/21 planning and meeting cycle will consider new requirements. The Deputy Principal is linking with AoC in key respects to support future modelling, necessary for the returns, in areas such as modelling future pay awards for example.  The presentation confirmed to the Board the implications of changes to the 16-18 funding rate and allocations for 2020/21. It was noted that although the volume of 16-18 learners recruited by the Group in 2019/20 is below target and negatively impact on expected income in the following year, overall in 2020/21 there is a net funding gain of £590k.  **7.1 Annual financial statements and audit management report**  *Submitted: Report (circulated in meeting papers)*  Board received the report and noted the supporting information provided. After consideration of the recommendations of the Audit Committee, the Board **resolved to receive and to:**   * approve the internal audit annual report 2018/19 * approve the internal audit annual plan for 2019/20 * approve the financial statements 2018/19 for Nelson and Colne College and   certify the Chair and Principal to certify as required on its behalf   * approve the financial statements and regularity audit management report for   Nelson and Colne College 2018/19   * approve the financial statements 2018/19 for Accrington and Rossendale College   and certify the Chair and Principal to certify as required on its behalf   * approve the financial statements and regularity audit management report for   Accrington and Rossendale College 2018/19   * note the Audit Committee annual report 2018/19   As recommended by the Finance and Resources Committee, the Board received  and **resolved to** approve the revised **Financial Regulations** for the Group.  **7.2 Termly finance report – including October management accounts**  *Submitted: Report (circulated in meeting papers)*  David Rothwell (Deputy Principal) presented the summary report, which provided members with an update on the financial position as at 31 October 2019, summarised as:   |  |  |  |  | | --- | --- | --- | --- | | **Financial performance measure** | **Current position** | **Projected Outturn** | **Original Budget** | | Sector EBITDA as % of income | 3.9% | 2.2% | 2.2% | | Borrowing as a % of income | 8% | 7% | 7% | | Cash days in hand | 138 | 100 | 81 | | Adjusted current ratio | 2.3 | 2.0 | 2.1 | | Staff cost / income ratio | 66.3% | 70.6% | 70.2% | | Financial covenants overall compliance | Yes | Yes | Yes | | ESFA Financial Health category | Good | Good | Good |   Key risks were included and noted in relation to ESFA 16-18 recruitment and numbers, ESFA Adult Education Budget (AEB) and Adult Community Learning earnings, Apprenticeships income and HE income.  **Resolved: To receive the termly finance report and note the updated financial position as at end October 2019**  **7.3 All Staff Pay Award**  *Submitted: Report (circulated in meeting papers)*  Amanda Melton (Principal) introduced the paper, which followed on from discussions at the Finance and Resources Committee meeting on 25 November 2019. Board considered AoC’s recommendation of a 1% staff pay award for 2018/19 as a minimum and advice that those Colleges who can afford to award staff more should do so. The National Joint Forum (NJF) views were noted, and UCU’s balloting of staff on national strike action related to pay and conditions. It was confirmed that the Sixth Form College Association are planning a 1.5% annual pay award.  The Board expressed their recognition that staff are the key contributors to the Group’s success, and that they would want to make a pay award which reflects this, while also being affordable and support a sustainable forward position in challenging times. Members reflected on earlier discussions and the financial position of the Group in 2019/20 and 2020/21 to be clear on affordability, and the paper’s modelling of various options and their implications on financial performance, key objectives and measures.  After discussion, it was agreed by the Board that all staff will be awarded a 1.5% pay award for 2018/19, or payment of £300 (whichever is the greatest), an improvement on the AoC’s minimum recommendation. The Board asked that the communication on the award to staff take the opportunity to again share the Corporation’s thanks for all staffs continued hard work, commitment and impact in the past year.  **Resolved: To approve a 2018/19 annual pay award for staff of 1.5%, or £300 (whichever is the greatest), effective from 1st January 2020**  **7.4 Annual Sub-Contracting Report**  *Submitted: Report (circulated in meeting papers)*  Sam Mercer (Assistant Principal – Planning and Performance) presented the report which offered a 2019/20 Annual Sub-Contracting Plan. The Plan detailed the rationale, implications and supporting due diligence completed for the 5 organisations with which the Group will sub-contract in 2019/20, to a value of £760,326. Board considered and noted the sub-contractors contribution to achievement of the Group’s strategic aims, and were assured by the due diligence and compliance with ESFA’s requirements.  The Assistant Principal offered an updated Sub-Contractor Fees and Charges Policy 2019/20, which had been previously approved at the June 2019 Board meeting but subsequently updated following ESFA subcontracting guidance, with changes highlighted for ease. Board noted and were assured that the new requirements had been met in the Group’s subcontracting service level agreement (SLA) for 2019/20.  **Resolved: To receive and approve the 2019/20 Annual Sub-Contracting Plan and associated sub-contracts**  **Resolved: To receive and approve the updated 2019/20 Sub-Contractor Fees and Charges Policy** |
| **Item 8.** | **Termly Applications Report**  *Submitted: Report (circulated in meeting papers)*  Alison Rushton (Vice Principal – HE, Adult Learning and Apprenticeships) presented the paper which offered an update on applications. Data was shared by campus and key learner group. The report noted that for Nelson campus applications for A levels are +15% on last year and +23% over 2 years. Applications from 3 key feeder schools in Pendle are below last year’s level, with the total for Pendle being 35% of the cohort compared to 37% in 2018. Applications from Burnley district have increased by 1% of the cohort since last year, with applications from all schools increasing apart from one. For Accrington and Rossendale College, 3% of the available cohort based in Hyndburn has applied to the College in 2019, and trend data is being confirmed by school level. Data on Rossendale schools will be added to the next report.  The Vice Principal updated on open events attendance to-date which is above last year’s level of attendees at both campuses, the key recruitment challenges being addressed, gave a snapshot of marketing communications and confirmed that activity progress will be reported in the new termly Governors e-bulletin ‘In The Loop’. Key aspects of the marketing and schools liaison plan were shared, to give assurance of actions in place to increase recruitment numbers. Strategies in place include increasing school and parental engagement, website refresh, new brand messaging and extended advertising.  Board discussions considered work to improve relationships between Accrington and Rossendale College and key feeder schools and the benefits of structural changes as the Group’s schools liaison team now sits under Tracey Baron and Fionnuala Swann to strengthen curriculum links and maximise opportunities.  Governors discussed the key role of social media in increasing market shar and it was confirmed that the Group is receiving input from an external consultant and specialist in social media to further develop its approach. It was agreed that the Board will share their social media details and promote and amplify the Group’s social media posts/presence through their networks.  It was agreed that the February Board meeting will receive a marketing update, with a clear strategy to improve conversion from open days to applications. Also, it was agreed that the finalised RO4 position will be confirmed then also, and set out in-year actions to grow 16-18 if possible.  The Vice Principal was thanked for the helpful update and continued work and focus to drive up recruitment.  **Resolved: To receive and note the termly application report** |
| **Item 9.** | **Health and Safety Annual Report 2018/19**  *Submitted: Report (circulated in meeting papers)*  David Rothwell (Deputy Principal – Finance and Resources) presented the Health and Safety Annual Report 2018/19, which summarised the position, progress and approach to the management of Health and Safety during the last year. The report gave Board assurance that the Group is meeting its policy objectives and legal responsibilities and ensuring a safe working environment for learners, employees and visitors. Areas covered in the report included a policy review, general safety awareness and induction, outcomes and actions of the internal audit review, risk assessments/inspection/hazard reporting, codes of conduct (specialist reviews), walk throughs and the quality cycle, accident stats, first aid, fire evacuation, planned preventative maintenance (PPM), health and safety committee/union contribution and 2019/20 priorities.  The report recorded an increase in the number of reported accidents at Nelson (+58) since 2017/18, and reduction (-27) at Accrington and Rossendale in the same period. Contributing to the increase is a rise in the number of students requiring first aid from incidents that have occurred whilst offsite with no link to College, and Board were assured on support in place.  The Deputy Principal was thanked for the informative update.  **Resolved: To receive and note the Health and Safety Annual Report 2018/19** |
| **Item 10.** | **Governance Report**  *Submitted: Report (circulated in meeting papers)*  The Clerk to the Corporation presented the report. The Board formally noted that since the previous Board meeting, the Corporation had passed a written resolution dated 20th November 2019 to give delegated authority to the Finance and Resources Committee to consider and agree the Grant Funding Agreement (GFA) between the College and Lancashire County Council (LCC) as the accountable body for Lancashire LEP, for £500k of support towards merger costs. The GFA was subsequently approved at the Finance and Resources Committee meeting of 25th November 2019.  The Board noted the application of the College Seal on the following documents since the last Corporation meeting:- the lease for units at Waterside, the aforementioned GFA and also the lease for 3 units at Bridgewater House.  Following consideration of the report, the Board agreed the following resolutions:  **Resolved:**   * **To appoint Pauline Hagen as a co-opted Committee member of the Quality and Curriculum Committee, with a one year term of office initially, ending 9 December 2020** * **To appoint Dr Jane Eccles as a co-opted member of the ACL Advisory Board, with a one year term of office initially, ending 9 December 2020**      * **To approve updated Standing Orders for the Corporation** * **To approve updated Terms of reference for the Quality and Curriculum Committee, Finance and Resources Committee, ACL Advisory Board and the Remuneration Committee** * **To receive and approve the annual Board self-assessment and grade of ‘outstanding’ for governance** |
| **Item 11.** | **Committee minutes and associated Board approvals**  The Clerk presented the report and supporting information. The Corporation **resolved to receive and:**   * Note the unapproved minutes from the Finance and Resources Committee meeting of 25 November 2019 * Note the Annual Equality and Diversity statistics * Note the Capital and Estates update received at the Finance and Resources Committee meeting * Note the Restructuring Facility (RF) update received at the Finance and Resources Committee meeting * Note the unapproved minutes from the Quality and Curriculum meeting of 18 November 2019 * Approve the Higher Education (HE) self-evaluation report (SER) 2018/19, following the recommendation of the Quality and Curriculum Committee meeting of 18 November 2019 * Note the unapproved minutes from the Audit Committee meeting of 15 November 2019 * Approve the Remuneration Annual Report 2018/19, recommended for approval by the Remuneration Committee following its meeting of 26th November 2019 |
| **Item 12.** | **Any Other Business (AOB)** |
| There were no items of AOB. |
| **Item 13.** | **Reflections of the meeting and fit with values** |
| Members considered today’s meeting, decisions and ways of working against the Group’s values. It was felt that the new format for papers and discussions, and the less formal room layout, worked well. Focusing on key risks at the start of the meeting and papers helped Governors orientate themselves and triangulate information in the supporting papers. The transparency of papers and presenters focus on key issues and areas of concern/assurance worked well, and the overall meeting felt more strategic giving a key focus on critical areas.  With this the Chair brought the meeting to a close, thanking all attendees for their contributions this evening. |

**Debbie Corcoran**

**Clerk to the Corporation**

**Signed as an accurate record:…………………………………………(Chair of Corporation)**

**Name:…………………………………………………………………………..Date:…………………**