

**FURTHER EDUCATION CORPORATION MEETINGS 2020/21**

**MINUTES OF THE FURTHER EDUCATION CORPORATION MEETING**

**Held at 4pm on Monday 14 December 2020**

**Via Zoom**

**Part 1 Meeting**

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| **Members present:** | Stephen Barnes (Chair), Phil Wilkinson (Vice Chair), Amanda Melton CBE (Principal), Mike Phelan, Nadeem Rashid, Jane Cleaver, Stephanie Bridgeman, Tom Gee, David Whatley, Julie Turner, Liz Sedgley, Will Cook, Zulfi Khan, Neil Hart |
| **In attendance:** | David Rothwell (Deputy Principal – Finance and Resources)  Tracey Baron (Deputy Principal – Quality and Curriculum)  Andrew Dewhurst (Chief Information Officer)  Alison Rushton (Vice Principal – Adult Learning and Apprenticeships)  Andy Parkin (Assistant Principal – Lancashire Adult Learning)  Fionnuala Swann (Assistant Principal – Academic Curriculum)  Morag Davis (Assistant Principal – Vocational Curriculum)  Debbie Corcoran (Director of Governance) |

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| **Item 1.** | **1.1 Welcome and apologies for absence**  Stephen Barnes (Chair) welcomed everyone to the meeting, and introductions were made. Apologies for absence were received and accepted from Tim Webber MBE, Emma Schofield, Rob Pheasey and Usman Muhammed.  The Director of Governance confirmed that as Lee Burton (Staff Governor) would be leaving his position at the College shortly, he had therefore tendered his resignation to the Board. The Board thanked Lee for his contribution and wished him well in his next steps.  **1.2** **Declarations of Interest**  Members and officers present declared they had no interests, personal, fiduciary, or otherwise in any item on the open agenda for the meeting. The Director of Governance notes that there was no need for Staff Governors to disclose a financial interest in relation to today’s agenda item relating to all staff pay award, and that they would be participating in the item and any resulting vote given they would be acting in the interests of the Corporation as a whole and will not seek to represent any interests of any other person or body.  **1.3** **Minutes of the Previous Meeting (19 October 2020)**  *Submitted: ‘Minutes of the Board of Corporation Meeting held on 19th October 2020’ (circulated in Board papers)*  The Minutes of the Board of Corporation Meeting held on the 19th October 2020 were reviewed and agreed as an accurate record, for the signature of the Chair.  **1.4 Matters Arising**  *Submitted: Report (circulated in meeting papers)*  The matters arising log was reviewed, and the current position noted.  **Resolved:** **to receive and note the updated Matters Arising log** |
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| **Item 2.** | **STRATEGIC DISCUSSIONS** |
| **2.1** | **Strategic Discussion: Higher Education Self Evaluation Report (SER)** |
| *Submitted: Report and presentation (circulated in meeting papers)*  Tracey Baron (Deputy Principal) presented the item which offered a draft Higher Education Self Evaluation Report (SER), noting that it had already reviewed by the Quality and Standards Committee and recommended for Board approval. The Deputy Principal highlighted the 9 areas of strength in HE delivery and provision set out in the SER, which included the vast majority of HE students performing above the national average for Bachelor Degree qualifications, and HE programmes exceeding all but one of the College Group’s internally set key performance indicators (KPIs). Areas identified for further improvement were explained to be continuing to act on feedback from the NSS survey, reviewing support arrangements and next step advice for HE graduates moving into full-time education, and also further increasing some scholarly activity so it is better aligned to some subjects.  The Deputy Principal updated on the current partnership arrangements in HE, and the strategy for further development was considered and reviewed. Areas identified for improvements as a result of this learner voice were focused on estates and IT infrastructure. Assurance was given that the Group had acted immediately on NSS feedback, and that NSS results since this evidence improvement.  Board discussions included understanding the leadership arrangements in this area, testing how the offer fits the LEP priorities and local needs, and also considering progression from Apprenticeships and the changing competitive environment. The strategy and positioning of the College Group’s HE offer will be further discussed and considered by Board at a future strategic discussion item focused on HE.  The Deputy Principal was thanked for the update, and the Board resolved to approve the SER.  **Resolved: to receive and approve the Higher Education Self-Assessment Review (SER) for 2019/20** |
| **2.2** | **Annual outcomes at campus level – and strategic Self-Assessment Report (SAR)** |
| *Submitted: Report and presentation (circulated in meeting papers)*  Tracey Baron (Deputy Principal) presented the strategic discussion item on the College Groups 2019/20 strategic Self-Assessment Reports (SARs). It was noted that the Quality and Standards (Q&S) Committee had reviewed the draft key strengths and areas for improvement for each provision type at their meeting of 18th November 2020. Self-assessment of the Apprenticeship provision type has not yet been fully completed, and will be reviewed by the Q&S Committee at an additional meeting on 12th January 2021 for additional assurance.  The Deputy Principal explained that as part of the College’s self-assessment process into reviewing the quality of each main strand of provision in 2019-20, the senior curriculum leads and their teams had completed a full review of performance against Ofsted’s Education Inspection Framework (EIF). The draft strategic SARs for education for young people, adults and high needs were included in the report. The Board noted that the areas of delivery that the Group needs to further improve are clearly identified against each provision type, and will form the Group’s Strategic Quality Improvement Plan (QIP) for 2020/21 which will be reviewed at every meeting of Q&S Committee.  The Deputy Principal confirmed that the SARs are draft and subject to further refinement as a result of pending external validation and a final edit from a presentation perspective. Additional data had been considered for the education for young people strategic SAR and this had led to a reduction in the AFIs in this provision type.  The report and supporting presentation set out the 2019/20 learner headcount in the Group. Detail was given on the overall learners by site, age and level; enrolment volumes by site and level; and also, Apprenticeship headcount was confirmed. The Board welcomed the clear and updated information to help them continue to understand the shape and balance of the Group’s provision, and explanation of how this had affected judgements in inspection and self-assessment. The Board were updated on achievement of qualifications in 2019/20, and reflected on these in light of grades in 2019/20 being based on centre-assessed grades due to Covid-19, with the exception of level 3 vocational achievements in some areas. Board welcomed the continued excellent achievement rates for the Group’s learners in 2019/20, which remain significantly above sector averages at ‘all level’.  The Board considered the proposed summary of key judgements overall, and provision type grades, which were all grade 1 apart from Apprenticeships which is self-assessed as grade 2. Assurance given that there is a clear plan in place for Apprenticeships and this continues to be delivered to sustain rapid improvement in-year. Proposed key strengths and areas for improvement were set out. The Deputy Principal thanked Board members for completing and sharing their reflections on the proposed key strengths ahead of the meeting, which had illustrated how Board are triangulating evidence, experience and data to form their own judgements and views on key strengths and areas for improvement.  The Board welcomed additional opportunities to deepen their understanding and experience of the Group’s approach to improvements in the following 4 areas of challenge which are identified in the SAR:   1. Implementing the recommendations from the curriculum review of construction and motor vehicle, so young people develop the skills, attitudes and behaviours needed to prepare them fully for their next steps 2. Continued action to reverse poor performance in some Apprenticeships, by ensuring apprentices achieve on time and are well prepared for end point assessment 3. Further embedding of the prevent and radicalisation agenda, so learners are constantly reminded and aware of how to keep themselves safe 4. Continuing to ensure the Be Phenomenal continuing professional development programme supports and prepares teachers to refine their technical skills and pedagogy to deliver revised curriculum in light of Covid-19   and it was agreed that this will be progressed and developed further outside of Board and Committee meetings.  Board feedback on the SAR included that there was an opportunity to more clearly set out the Groups approach to addressing social disadvantage and social inclusion, which was felt to be an area of excellence and agreed as a key strength and priority. Board reflected that Deep Dives such as the one held this morning on high needs provision were very enjoyable and engaging, and add significant value to Board’s understanding and insight, plus offer valuable direct learner voice. Consideration was given to the degree to which the College Group is looking forward in curriculum development in areas such as digital skills, and meeting the needs of employers in new expanding sectors such as online retail and online marketing. The Principal reflected on developments in place to strengthen the Group offer in this area, such as through T levels and the developing proposal through the Nelson Town Deal. Board members direct input to curricula development and support and challenge to ensure curriculum continues to be relevant to employers current and emerging needs continues to be highly valuable and welcomed.  After consideration, the Board thanked the Deputy Principal and the leadership team for their work to develop the SARs and confirmed their approvals as below.  **Resolved: to receive and approve the:**   * **draft SARs subject to the further refinement outlined** * **key strengths and areas for improvement for the Group** * **overall self-assessment grade of outstanding** |
| **3.1** | **Strategic Discussion: Staff engagement, recruitment and retention** |
| *Submitted: Report (circulated in meeting papers)*  Claire Jarvis (Assistant Principal – Finance and HR) presented the strategic discussion item and supporting report which included an update in the following 5 areas: policies and procedures, HR statistics for 2019/20, HR and organisational development (OD) performance indicators, staff survey and also My Goals and leadership development. A draft People Strategy for 2020-23 was also shared for Board consideration, setting out a strategy of 5 key principles and related priorities and actions.  The Board welcomed the update and the development of the new strategy to support a strategic approach to HR. The Board and Assistant Principal thanked Emma Schofield (Board member) who had supported the development of the strategy, drawing on her experience as Deputy Director of HR and OD at East Lancashire Hospital Trust. Key areas of update and discussion included:   * Policies and procedures – the current review of HR and OD policies is being delivered at pace and will be completed by Easter 2021, ensuring there is a complete suite of fit for purpose policies and procedures that are fully compliant with the most up to date employment law and best practice * Key HR statistics for 2019/20 were shared – the Assistant Principle drew out key headlines and confirmed there was no areas where the Group is significantly above benchmark, and in key areas such as turnover and absence the Group is below benchmark. It was acknowledged and discussed that there are gaps in key data collected, and a priority is for this to be systematised and improved, which is critical for monitoring delivery of the People Strategy and being assured on the position and performance * HR/OD KPIs position was confirmed as at quarter 1, and for 2019/20 out-turn * Headlines from the Staff Survey completed in November 2020 were shared. The very high response rate of 86% was welcomed, along with the positive improvement of the staff engagement rating which had increased by 11 and is 6 above the external benchmark. 82% of staff responding to the survey had agreed that the College Group is a good place to work * My Goals and leadership development – the Board were pleased that My Goals completion rate had increased to 81%, and heard how the approach will inform professional development days and leadership development, including a work behaviour profiling session (DISC) being delivered over the coming months. Staff Governor feedback in the meeting shared the richness of conversations being held through the My Goals process between managers and their teams around staff development   Board members considered the report, and were interested to receive a summary of the Staff Survey in more detail. The Assistant Principal explained that the analysis of the Survey had recently been completed at headline level, with findings shared with the Group’s CCT today for their teams to support development planning and next steps. Actions needing to be taken in response to the Survey will be built into the People Strategy, rather than being set out in a stand-alone action plan. The Board asked that the format of the Strategy allow for a clear read-across and acknowledgement of staff feedback and voice through the Survey.  The Assistant Principal shared that the survey highlighted some areas of concern which will be prioritised and carefully considered. For example, there is an increase in the number of staff reporting that they are experiencing stress, anxiety or depression. The increased health and wellbeing support from the Group in recognition of Covid-19 was valued. Additional questions around health and wellbeing had been included in the survey this year due to Covid-19 and the Board and leadership team’s recognition of the Group’s critical role as an employer in continuing to support staff during such challenging times. Analysis of the survey showed that feedback differed by the category of staff, and depending on whether staff work from a campus or at home for all or part of the time – and all this needs to be understood and carefully considered.  A new Staff Wellbeing Group has been established, and has good teaching staff representation, as well as including one of our Staff Governors. This Group will play a key role in understanding the Survey and agreeing actions to follow-up. Board were very keen to see and understand finer grain analysis of the Staff Survey, and it was agreed that a progress update on the Group’s People Strategy will be shared with the Board at the February Board meeting, and include detail on progress made in responding to feedback received in the Staff Survey.  Board asked how the Group identifies those staff with the highest potential, and supports their development to respond to succession planning needs. The Principal and Assistant Principal explained approaches in place through My Goals, and while there isn’t a formal policy for talent management and succession planning gave many examples of how this is being supported, with recent appointments to the leadership team and also appointment of Heads of Department in LAL evidencing this. The Board were interested to explore opportunities for successful recognition and incentive approaches for staff which are non-financial, and it was agreed that Board members will share examples with the Assistant Principal from their own organisations to support consideration and forward approach.  The Assistant Principal was thanked for the report and development of the People Strategy which was recognised by the Board as an important development to help ensure the Group has the workforce it needs and ensure staff are supported to continue enjoying working in the College Group.  **Resolved: to receive the annual report on staff engagement, recruitment and retention**  **Resolved: to receive and approve the draft People Strategy 2020-23**  Neil Hart left the meeting. |
| **3.2** | **Staff recognition and reward** |
| *Submitted: Report (circulated in meeting papers) and presentation*  To support the Board’s consideration of the staff recognition and reward report and the associated recommendation on all staff pay award, David Rothwell (Deputy Principal) brought together themes and content from this report, the Finance Report (agenda item 5.1) and the financial sensitivity analysis (agenda item 5.3 on risk management) to ensure the financial context and affordability of any considerations was clear. The staff recognition and reward report also included an update for the Board to note in relation to the Local Government Pension Scheme (LGPS), Xmas voucher scheme, 2020/21 pay claim, UCU local pay claim and an update and recommendation in response to the National Living Wage increase from 1 April 2021.  The Deputy Principal confirmed that key financial risks remained in the areas as previously set out, namely performance against the Adult Education Budget (AEB), Apprenticeships, higher education and adult learner loans. The RO4 return also confirmed the impact of 16-18 recruitment on the allocation for the 2021/22 year, with little growth in income expected this year. The Board thanked the Deputy Principal for his update provided in-between Board meetings on AEB performance, and noted the expected out-turn and range of potential clawback for this budget - while accepting that ESFA’s position is yet to be confirmed and noting the challenge of providing such an early in-year projection and the significant volatility due to Covid-19. It was understood that while these challenges are not unique to the College Group in the current climate, the high value of the Group’s adult community learning (ACL) budget significantly increases risks in this key area. The College Group are investing and pushing ahead with new strategies to protect income, with details continuing to be shared with the Board for assurance. No stone is being unturned to protect income and ACL delivery, with new products, new methods of delivery and investment in marketing and engagement.  Board asked for detail on mitigations and strategies either being considered or implemented now, given the reduction in income this year and likely impact into 2021/22. Board and leadership team were clear that action must be taken at the right point if needed, to address a reduction in income and ensure financial sustainability of the Group is protected and its continued ability to invest. The Board recognised the impact of strategies already in place and continuing around staff recruitment and careful management of costs. It was agreed that February’s Board meeting will receive a full financial re-forecast, including a remedial strategy to reduce costs if required. Updates will be provided to Board outside of formal meetings as needed, to ensure continued over-sight.  The Board recognised that there may be a deficit position at the end of 2020/21 and a longer-term strategy of 6-12 months needed, with a variety of scenarios and options to be set out to mitigate against reduced income. An extended cashflow forecast will be developed in January 2021 to support this work. The re-forecast and discussion at the February Board meeting will run alongside the required IFMC return to ESFA, and have to reflect that options are being developed before there is clarity on whether ESFA’s position on AEB clawback will be revised. The Principal was clear that both the Board and leadership team recognise the need to act and respond, while recognising this is an extraordinary year and times due to Covid-19. The Board recognised the sensitivity and challenge of considering changes in delivery and capacity in delivery of adults in particular given national and local priority rightly given to the importance of adult re-skilling and up-turn post-Covid.  On AEB, the Board discussed that some expected markets haven’t opened to the degree we had planned due to Covid-19 or had been impacted as provision couldn’t effectively be delivered on-line. Examples explored included ESOL, delivery in the community, maths and English at lower levels. Board noted that even with new and exciting programmes continuing to be developed and valued by learners and employers - such as the ‘Get Into’ offer and recent innovation in vaccination training of clerical staff in the NHS - overall volumes remain below the level planned. The Board thanked the College and Lancashire Adult Learning (LAL) teams for their continued hard work, innovation and perseverance – recognising the high impact and value of the offer in place.  In relation to the overall financial position, the Board noted that when approval had been given to merger the financial plan had a positive balance at the end July 2021 of £4mn. Revised plans show that even with significant challenges, financial performance is expected to be above that level. The Board considered the update on pensions, and recommendations previously considered by Finance and Resources Committee, and it was agreed for the Deputy Principal to share an options paper on possible alternative pension arrangements for support staff in the LGPS for consideration at a future Board meeting. Any possible changes will need to consider both potential financial savings and the culture and values of the College Group.  In relation to pay award, the Board considered the recommendation proposed, and reflected on broader context, AoC recommendations, the UCU local pay claim and also their understanding of the position being taken by local Colleges to the 2019/20 pay award. There was an open and extensive discussion on a variety and combination of options and their affordability, including consideration of any award being deferred or unconsolidated. As always, the Board recognised and valued staff’s contribution to the Group and outstanding performance, seeking to make an annual pay award decision that recognised this but was affordable and mindful of the current and likely financial position at 2020/21 year-end. The Chair asked all Board members for their views individually, to support a collective decision being reached.  After a full discussion and consideration, the Board approved an annual pay award for staff of 1%, or payment of £250, whichever is the greatest, from 1 January 2021 and as an unconsolidated payment. The Board will consider the option to consolidate this payment later in the year, and any additional movements, should performance and the Group’s financial position allow this. The decision was reached through a vote with a majority of 13 Board members supporting this position, and one not. The Board also considered the National Living Wage increase required to be introduced from 1 April 2021, and unanimously approved the new rate of £8.91 being introduced in the Group from 1 January 2021, given this was the point of the annual staff pay award.  The Chair thanked Board members for their open and respectful consideration of the variety of options available, and collective decision-making.  **Resolved: To approve a 2019/20 annual pay award for staff of 1%, or £250, whichever is the greatest, as an unconsolidated increase effective from the 1 January 2021**  **Resolved: to approve the implementation of the National Living Wage increase from 1 January 2021** |
| **Item 4.** | **Principals Report – including Key Performance Indicators (KPIs)**  *Submitted: Report (circulated in meeting papers)* |
| The Principal presented the report, which included the key performance indicator (KPI) dashboard and an update on the Group’s IT and Network Services strategy, with a copy of the new internal newsletter shared and new glossary of key IT terms provided for Board members.  Questions and clarifications were welcomed from the Board. The Principal was thanked for the thorough update, and continued work to draw out key areas of risk to support Board’s consideration and oversight. Offering the report at this later point in the agenda worked well in member’s opinion. as Board had had opportunity in the previous strategic discussions to receive additional assurance on key risks. Board members attention was drawn to the marketing campaigns currently running, and members were asked to share with their social media contacts to amplify their reach. The Board welcomed continued refinement of the key performance indicators (KPIs) and it was agreed that the KPI dashboard will continue to be refined to take into account Board feedback on format and content.  **Resolved: To receive and note the Principal’s report** |
| **Item 5.** | **Board to receive or approve** |
| **5.1 Finance Report**  *Submitted: Report (circulated in meeting papers)*  David Rothwell (Deputy Principal) invited questions or comment on the Finance Report, with Board noting that its content had already been thoroughly reviewed and considered earlier in the agenda. The report included management accounts as at 31 October 2020. It was confirmed that, as requested by the ESFA, in November the College Group had submitted a cashflow forecast for the period up to July 2022. The submission was consistent with and aligned to the version appended to the management accounts, and had extended the timeline with a simplifying high-level assumption of broadly unchanged performance assumptions in 2021/22 compared to the current year.  Performance against the key financial indicators as at the end of October 2020 was confirmed to be as follows:   |  |  |  |  | | --- | --- | --- | --- | | **Financial performance measure** | **Current position** | **Projected Outturn** | **Original Budget** | | Sector EBITDA as % of income | 2.4% | 2.7% | 2.2% | | Borrowing as a % of income | 6.7% | 6.2% | 6.4% | | Cash days in hand | 178 | 108 | 105 | | Adjusted current ratio | 2.6 | 3.0 | 2.5 | | Staff cost / income ratio | 71.5% | 70.8% | 70.2% | | Financial covenants overall compliance | Yes | Yes | Yes | | ESFA Financial Health category | Good | Good | Good |   **Resolved: to receive and note the Finance Report** |
| **5.2 Governance Report**  *Submitted: Report (circulated in meeting papers)*  Debbie Corcoran (Director of Governance) presented the report, and after consideration the Board agreed as follows:  **Resolved: to note the written resolution of the Remuneration Committee dated 3 December 2020**  **Resolved: to approve an additional term of office for Pauline Hagen OBE as a**  **co-opted Committee member of Quality and Standards Committee of 3 years, ending**  **31 December 2023**  **Recommendation: To approve a self-assessment grade of outstanding on the Ofsted scale for Corporation performance**  **5.3 Risk Management**  David Rothwell (Deputy Principal - Finance and Resources) presented the report which included an extract from the College’s new risk register detailing risks categorised as ‘significant’. This categorisation was based on a scoring of their potential impact and likelihood of occurrence. The report also included an updated financial sensitivity analysis identifying the ongoing key financial performance risks currently faced by the College and an updated risk management policy for Board approval.  Board noted in the report that the scoring of risks remained unchanged in most cases, however item 2.14 Breach of data protection legislation and GDPR requirements had increased following a recent MS Teams General Data Protection Regulation (GDPR) breach. It was confirmed that details of this have been reported to the Information Commissioner Office (ICO) who doesn’t propose any action having been satisfied with the College’s explanation and intended follow up.  It was confirmed that the newly formed Risk Management Group will review the identification and evaluation of risks on a termly basis and report into each Audit Committee who will be able to consider this in light of other assurance reports received. Board were satisfied to receive an update on the significant risks and financial sensitivity analysis on a termly basis and review the full risk register annually.  **Resolved: to receive the update report regarding significant risks and financial sensitivity analysis**  **Resolved: for Board to receive an update on the significant risks and financial sensitivity analysis on a termly basis and review the full risk register annually**  **Resolved: to receive and approve the revised risk management policy, following Audit Committee’s recommendation** |
| **6.** | **Minutes and recommendation from Committees:** |
| *Submitted: Report (circulated in meeting papers) with copies of unapproved minutes and supporting papers*  The Director of Governance presented the report, with input from Committee Chairs to highlight areas of interest, risk or decision requested from the Board.  Following consideration, the Board **resolved to:**  **Receive and note** the following:     * Unapproved minutes from Quality and Standards Committee (18 November 2020) * Unapproved minutes from Audit Committee (27 November 2020) * Unapproved minutes from Remuneration Committee (23 November 2020) * A verbal update on the last Adult Community Learning (ACL) Advisory Board meeting held on 23rd October 2020   Receive recommendations from the Committees and **to approve**:     * revised membership and terms of reference for the Higher Education Advisory Board (HEAB) * the internal audit annual report 2019/20 * the internal audit annual plan for 2020/21 and the appointment of BDO as internal audit service, and the associated fee * the financial statements 2019/20 for Nelson and Colne College and approve the Chair and Principal to certify as required on its behalf * the financial statements and regularity audit management report for Nelson and Colne College 2019/20 * the auditor’s letters of representation for issue to RSM * the Audit Committee annual report 2019/20 * updated terms of reference for the Remuneration Committee   the Senior Postholder (SPH) Remuneration Annual Report 2019/20  The Corporation Chair and Chair of Audit Committee shared their thanks with the Director of Finance and his team for the clean audit outcomes and positive position in the financial statements, with the Director of Finance giving full credit and his own thanks to the team, in particular Claire Jarvis and Judith Dand.  The Deputy Principal confirmed that the financial statement auditors had agreed that if such approvals were confirmed by the Board, that an electronic version of the Chair and Principal’s signature on the financial statements and associated returns and documents was acceptable this year, given Covid-19 and restrictions in place. |
| **Item 7.** | **Any Other Business (AOB)** |
| There were no items of any other business. |
| **Item 8.** | **Review of meeting and reflections against the Group values**  Members considered today’s meeting, decisions and ways of working against the Group’s values. They shared the view that it was very positive that the Board was able to openly share differing viewpoints when coming to a collective decision on matters, and that members had all listened with respect to others, with compliments shared with the Chair for orchestrating this. The agenda has a strong strategic focus, and the positioning of the Principal’s Report later in the meeting agenda supports this.  The Chair thanked everyone for their contributions and shared his warm wishes with members for a happy and healthy xmas and new year, and brought the meeting to a close. |

**Debbie Corcoran**

**Director of Governance**

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

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