

**FURTHER EDUCATION CORPORATION MEETINGS 2021/22**

**MINUTES OF THE FURTHER EDUCATION CORPORATION MEETING**

**Held at 9am on Tuesday 14th December 2021**

**Held via Zoom**

|  |  |
| --- | --- |
| **Members present:** | Stephen Barnes (Chair), Phil Wilkinson (Vice Chair), Amanda Melton CBE, Mike Phelan, Tom Gee, Zulfi Khan, Emma Schofield, Julie Turner, Chris Smith, Simone Hartley-Gott and Gillian Sharples |
| **In attendance:** | David Rothwell (Deputy Principal – Finance and Resources)  Tracey Baron (Deputy Principal – Curriculum and Quality)  Claire Jarvis (Assistant Principal – Finance and HR)  Andy Parkin (Assistant Principal – LAL)  Morag Davis (Assistant Principal – Vocational)  Jayne Wynne (Director of Marketing)  Debbie Corcoran (Director of Governance) |

|  |  |
| --- | --- |
| **Item 1.** | **1.1 Welcome and apologies for absence**  Stephen Barnes (Chair) welcomed everyone to the meeting. A warm welcome was shared with Chris Smith (Board member) and Simone Hartley-Gott (Student Governor) who were attending their first meeting since being appointed to the Board, and to Gillian Sharples who was attending as an observer.  The Chair expressed his disappointment that the Board meeting and the strategic planning event following on immediately after the meeting had needed to move to being online. This change reflected the implications and Government advice in relation to the increasing spread of the Omicron variant of Covid-19.  Apologies for absence were received and accepted from Nadeem Rashid, David Whatley and Liz Sedgley.   * 1. **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 – with the exception of Gillian Sharples, who would leave the meeting when the Board considered her potential appointment as a Staff Governor under item 1.5.  **1.3** **Minutes of the Previous Meeting (18th October 2021)**  *Submitted: ‘Minutes of the Board of Corporation Meeting held on 18th October 2021’’ – circulated in Board papers*  The minutes of the Board of Corporation Meeting held on the 18th October 2021, were reviewed and agreed as an accurate record, for the signature of the Chair.  **1.4 Matters Arising**  *Submitted: Reports (circulated in meeting papers)*  The matters arising log was reviewed and the current position noted. Updated Key Performance Indicators (KPIs) were provided (action ref: 21/22-18Oct-03), with revised out-turn information and the latest performance position set out. The dashboard incorporated revised KPIs as recommended by the Quality and Standards Committee following their review of KPIs under their remit at the Boards request, to ensure stretch and realism. The Board welcomed the follow-up being progressed, and additional assurance within the reports.  Stephen Barnes (Chair) took the opportunity to update that the industrial action affecting East Lancashire Hospital Trust (ELHT) is continuing, and apologised for any disruption caused to the College Group.  **Resolved:** **to receive and note the updated Matters Arising log and revised Key Performance Indicators (KPIs) provided, with updated KPIs relating to quality and standards** |
|  |
|  | **1.5 Governance Report and Membership**  *Submitted: Report (circulated in Board papers)*  Debbie Corcoran (Director of Governance) presented the report, and following due consideration, the Board formally noted the application of the College Seal to an apprenticeship contract with Lancashire County Council (LCC).  **Resolved: To note the application of the College Seal to the Group’s contract to deliver apprenticeships to Lancashire County Council (LCC)**  The Director of Governance updated the Board on the outcome of the Board’s annual governance self-assessment exercise, which had utilised the ‘Further Education Governance Maturity Matrix’ developed by the Education and Training Foundation (ETF) and Nottingham Trent University, endorsed by the Good Governance Institute. The framework had a developmental focus, allowing Board members to self-assess the Board’s behaviours, practice and approach, as being either compliant, knowledgeable or skilled against 9 criteria related to governance (Culture and behaviours; Educational mission; Finance and resources; Purpose, strategy and leadership; Risk and audit  Skills and capacity; Stakeholder engagement (internal and external); Stewardship and standards, and also Structures and business flow).  The Board welcomed the use of the framework, and acknowledged that a rich and valuable picture is developed when considering this self-assessment exercise alongside the Group’s Strategic Self-Assessment Report’s (SAR) consideration of leadership and management and governance. Further depth is given by understanding the Group’s position against the requirements set out in the AoC Code of Good Governance to which the Group has committed. Together, these will give a well-rounded view and will support the Corporation’s plan to introduce a 3 yearly external review of governance in line with new requirements introduced on FE Colleges.  Following consideration of the governance self-assessment, the Board approved a governance self-assessment grade of outstanding in 2020/21. It was agreed that the Director of Governance will share with the Corporation Chair, Committee Chairs and Principal, a summary paper and any recommended actions for improvement at the next Chairs meeting scheduled for January 2022.  **Resolved: To receive the outcomes of the Board’s 2020/21 annual governance self-assessment review, and to approve a governance self-assessment grade of outstanding**  Gillian Sharples left the meeting.  The Director of Governance confirmed to the Board that Gillian Sharples had received the highest number of staff votes in the recent election to agree staff’s preferred candidate to become a Staff Governor, and was therefore recommended for appointment to the Corporation. The Board approved the appointment and a 2-year term of office, ending 31 December 2023.  **Resolved: To approve the appointment of Gillian Sharples as a new Staff Governor, with a term of office ending 31 December 2023**  Gillian Sharples was invited to re-join the meeting, and updated on the resolution, with the Board welcoming her appointment and looking forward to working together. |
|  |
| **Item 2.** | **ITEMS FOR APPROVAL** |
| **2.1** | **Annual Financial Statements and Audit Management Report** |
| *Submitted: Report (circulated in meeting papers)*  David Rothwell (Deputy Principal) presented the report, and welcomed to the meeting, Karen Musgrave (Partner) from RSM, the College Group’s financial statement auditors. RSM were attending the Corporation meeting due to updated Audit Code of Practice (ACOP) best practice requirements, to share an overview and take any questions from the Board in relation to the Annual Financial Statements for 2020/21 and related documents.  The Deputy Principal explained that the financial statements/regularity audit work for 2020/21 is largely complete save for closing out some final sundry queries and outstanding matters. The Audit Committee at their last meeting received the draft financial statements as they stood at that time and RSM presented their audit management report, which the Board noted and welcomed had been in overall terms positive and free of any significant matters arising. Subject to satisfactorily clearing the outstanding matters identified – which at that point had then included a pending Adult Education Budget (AEB) business case reconciliation issue which has now been satisfactorily resolved - the Audit Committee had resolved to recommend the financial statements and audit management report to the Board for approval. Alongside this, it was confirmed that the Audit Committee had received and accepted the proposed letters of representation (“comfort letters”) to be issued to RSM by the Board.  The Board had received in today’s reports the draft final financial statements, audit findings/management report and letters of representation for consideration. It was noted that the Audit Committee’s annual report had also been made available for consideration under item 3.2. The Board noted that the audit findings/management report provided in the papers is the version received by Audit Committee, with RSM to confirm if it needs to be updated further.  Karen Musgrave shared her thanks with the College Group’s management team for their inputs into the external audit process, and summarised RSM’s approach to auditing the financial statements and related auditor’s management report and letter of representation. Questions and clarifications were welcomed from the Board. The Corporation thanked the Audit Committee for their thorough review and the Deputy Principal and Claire Jarvis (Assistant Principal) for their leadership. RSM confirmed that given the continued impact of Covid-19, digital certification of the documentation was allowed.  Karen Musgrave was thanked by the Board for RSM’s support, and joining today’s meeting to offer additional assurance and insight to add value to the Corporation’s consideration.  **Resolved: To receive and approve:**   * **The annual financial statements 2020/21** * **The financial statements auditors audit managements report issued by RSM** * **The letters of representation** * **For the Chair and Principal to physically certify the documents as necessary on their behalf** |
| **2.2** | **Higher Education (HE) Self Evaluation Report (SER)** |
| *Submitted: Report (circulated in meeting papers)*  Tracey Baron (Deputy Principal) presented the report, offering a draft Higher Education Self Evaluation Report (SER) recommended for Board approval by the Quality and Standards Committee following their meeting on 1th November 2021.  The Board considered the report, noting the clear highlighting of areas of strength and areas for development, and that there is an improving trend from previous years, and impact in those areas of focus for improvement related to findings from the previous national student survey. The Deputy Principal confirmed that there is a number of results yet to be confirmed due to awarding body timeline, however these will not materially affect the SER. Mike Phelan (Chair of Quality and Standards Committee) shared his perspective on progress, and confirmed that the Committee will continue to monitor progress via scrutinising the resulting Quality Improvement Plan (QIP) in Committee meetings.  The Board asked how the resulting actions set out in the SER will progress the College Group’s ambition and value of being extraordinary, and if capacity and investment is in place to support this. The Deputy Principal explained the valuable insight through regular QDP surveys, with focus continuing to further improve the Group’s offer in relation to student experience of IT and the quality and feel of accommodation and facilities. Board were assured on impact to date and plans for continued investment. Board members asked for insight on why the volume of HE students remained higher at Accrington than at Nelson campus, and the gender balance of HE students overall, with explanation given of the offers difference across the two campuses, and appeal to particular industries where females are more represented.  The Deputy Principal was thanked for the report, and Quality and Standards Committee for their review and assurance.  **Resolved: To receive and approve the Higher Education Self Evaluation Report (SER) 2020/21** |
| **2.3** | **Policies for Approval** |
| *Submitted: Report (circulated in meeting papers)*  Claire Jarvis (Assistant Principal – Finance and HR) presented the 2 policies for Board consideration – a new Hybrid Working Policy, and revised Student Disciplinary Policy.  In relation to the Hybrid Working Policy, Board noted the drivers for its development, reflecting on the impact of Covid-19, and the benefits to both staff and the College Group of having a more considered and systematic approach to considering hybrid working. It was noted that hybrid working is in place throughout the Group to a limited degree currently, with the new policy having a focused and consistent approach to considering which roles such working could be considered in. The policy had been developed through access to legal advice, and is in line with changes and direction of travel for the education sector and broader. Thorough consideration had been given to aspects such as GDPR and health and safety.  In discussions, the Board were assured that leaders and managers will remain visible and accessible to their teams, risk assessments will be in place where required for home-working and also that IT is in place and of sufficient capacity to support hybrid working effectively. Board were interested to understand the effect the new policy will have on culture, the effectiveness of management and how productivity may be shown to be positively impacted. The Board reflected that hybrid working is increasingly available and valued by staff and therefore could be very important and attractive when recruiting new staff or retaining current staff – as well as contributing positively to the sustainability agenda and reducing pressure on space. The Assistant Principal confirmed that the policy made hybrid working available to staff designated as being in support roles, with teaching staff able to continue to negotiate with their line manager for flexibility to work from home on an ad hoc basis. The Flexible Working Policy remains in place, and is available to all staff to respond to specific circumstances and needs for flexibility, which are usually generally related to childcare or caring responsibilities.  The Assistant Principal assured and gave examples of support and capacity building in place for managers to support hybrid working being effective, and ongoing productivity being achieved. The Principal explained and assured on how checks and balances apply when staff are working off site and that physical leadership presence is always in place on campuses.  Following consideration, the Board approved the new Hybrid Working Policy, with an annual review of its impact and effectiveness.  The revised Student Disciplinary Policy was also considered, with Tracey Baron (Deputy Principal – Quality and Curriculum) explaining the revisions, and that the policy is being strengthened to reflect challenges with student behaviour this term. In response to Board’s questions, the Deputy Principal explained the interaction and fit between this policy and the Safeguarding Policy in relation to the Group’s expectations and response to the ‘everyone’s invited’ agenda.  **Resolved: To receive and approve:**   * **The Hybrid Working Policy, with a review by Board in December 2022** * **The Student Disciplinary Policy** |
| **3.** | **ITEMS TO RECEIVE OR APPROVE** |
|  | **3.1 Finance Report**  *Submitted: Report (circulated in meeting papers)*  David Rothwell (Deputy Principal – Finance and Resources) presented the report, which updated the Board on the financial performance of the College Group against the original budget approved in July 2021. The Board noted that there are no material variances reported at the end of quarter 3, though key risk areas had been highlighted for Board review. The current forecast is materially unchanged from the original budget, and Board welcomed that a full mid-year reforecast will be provided in February.  The report formally reported ESFA approval of the College’s Adult Education Budget (AEB) Business Case for 2020/21 - resulting in a retrospective adjustment of the previously reported outturn for 2020/21, which will have a favourable effect on the prior year EBITDA, reserves and forecast cash of £721k. The College Group’s reported ESFA financial health performance will therefore also improve from ‘good’ to ‘outstanding’ as a result, with the relevant updated figures included in the next report to the Board.  The Deputy Principal also took the opportunity to update the Board on changes planned to the presentation of management accounts at future Corporation meetings, reflecting good practice documents shared by the FE Commissioner.  The financial KPIs were reported as follows:   |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **Financial performance measure** | **Forecast** | **Budget /Target** | **Variance** | **RAG** | **Strategic target** | **Draft Prior Year** | | Education Specific EBITDA as % of income | 5.9% | 5.9% | 0.0% |  | >=6% | 3.7% | | Borrowing as a % of income | 5.6% | 5.6% | 0.0% |  | <20% | 6.6% | | Cash days in hand | 119 | 111 | 8 |  | >75 | 149 | | Adjusted current ratio | 3.2 | 3.1 | 0.1 |  | >/=2.0 | 2.7 | | Staff costs as a % of income | 71.0% | 70.9% | 0.2% |  | </=70% | 75.7% | | Staff Utilisation | 91% | 97% | (6%) |  | </=97% | 93% | | Financial covenants overall compliance | Yes | Yes | - |  | Yes | Yes | | ESFA Financial Health category | Outstanding | Outstanding | - |  | >/=Good | Good |   The Board resolved to approve that they will consider a recommendation from the Principal and Deputy Principal on an annual pay award for all staff at the strategic awayday which immediately follows on from this Board meeting, to support a fuller discussion and triangulation of the recommendation with other data and reports.  **Resolved:** **To approve the Corporation receiving and considering a recommendation on an annual pay award in the awayday immediately following the formal Board meeting, and the recording of any related decisions in the minutes for the January Board meeting.**  **3.2 Minutes and recommendations from Committees**   * ***Audit Committee - 26 November 2021 meeting***   The Board of Corporation received and noted the unapproved minutes of the Audit Committee meeting of 26th November 2021, and following due consideration of the Committee’s recommendations approved as follows:  **Resolved: To receive and approve:**   * **The Audit Committee’s terms of reference** * **The 2020/21 Internal Audit Annual Report** * **The draft 2021/22 Internal Audit Plan,** **and appointment of BDO as internal auditors for 2021/22** * **The 2020/21 Annual Report of the Audit Committee**   David Rothwell (Deputy Principal - Finance and Resources) thanked the Director of Governance for her contribution to the papers and related work. The Deputy Principal confirmed that the tender exercise for financial statement audit services has progressed well, with 3 firms interviewed by representatives from Audit Committee tomorrow.   * ***Remuneration Committee – 29 November 2021 meeting***   Following consideration, the Board approved the draft Senior Postholder Remuneration Report 2020/21, as recommended by the Remuneration Committee in their 29 November 2021 meeting.  **Resolved: To receive and approve:**   * **The Senior Postholder Remuneration Report 2020/21, as recommended by the Remuneration Committee** |
| **4.** | **Any Other Business** |
| There were no items of any other business. The Chair thanked all for their participation, closing the meeting and beginning the strategic awayday. |

**Debbie Corcoran**

**Director of Governance**

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

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