

**FURTHER EDUCATION CORPORATION MEETINGS 2021/22**

**MINUTES OF THE FURTHER EDUCATION CORPORATION MEETING**

**Held at 4pm on Monday 17th January 2022**

**Held via Zoom**

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| **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, Gillian Sharples, Nadeem Rashid, David Whatley and Liz Sedgley |
| **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)  Fionnuala Swann (Assistant Principal – Academic)  Rachel Baldwin (HR Manager)  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.  There were no apologies for absence, and it was noted that Liz Sedgley (Board member) would join the meeting shortly.   * 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.  **1.3** **Minutes of the Previous Meeting (14th December 2021)**  *Submitted: ‘Minutes of the Board of Corporation Meeting held on 14th December 2021’’ – circulated in Board papers*  The minutes of the Board of Corporation Meeting held on the 14th December 2021, were reviewed and agreed as an accurate record, for the signature of the Chair.  The Board formally noted the approval of the following annual pay award for staff, approved in the strategic planning awayday on the 14th December immediately after the Corporation meeting:   * Consolidation of the annual pay award of 1% or £250, whichever was the greatest, which was applied to staff salaries from 1st January 2021 * A further annual pay award for staff of 1% or £250, whichever is the greatest, as a consolidated increase effective from the 1st January 2022   Zulfi Khan left the meeting.  **1.4 Matters Arising**  *Submitted: Reports (circulated in meeting papers)*  The matters arising log was reviewed and the current position was noted. Jayne Wynne (Director of Marketing) presented the supplementary report provided under this item relating to 16-18 recruitment targets and actions. The Director of Marketing explained that analysis of market share is being finalised with RCU, and there has been progress made in developing strong links with leaders across the College to secure growth opportunities and progress work with local secondary schools. The Board noted areas of growth in provision, and shared their perspectives as business and sector leaders, with a particular interest on supporting the health and social care sector as a key local employer. It was agreed for Emma Schofield (Board member), Jayne Wynne and the senior leadership team to jointly consider the College Group’s offer and approach to promoting and delivering health and social care, and further opportunities to meet the skill needs of NHS Trusts.  Zulfi Khan returned to the meeting.  **Resolved:** **to receive and note the updated Matters Arising log and supplementary on 16-18 recruitment provided** |
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|  | **1.5 Governance Matters**  *Submitted: Verbal*  Stephen Barnes (Corporation Chair) shared with the Board that Amanda Melton CBE would be retiring from her role as Group Principal and CEO from the end of summer term in 2022. The Chair thanked Amanda from a personal and corporate perspective for her enormous contribution to the Group over the past 10 years, which had transformed the College’s deliver and relationships, bringing huge benefits and impact for local communities, employers and learners. The Board also recognised Amanda’s very successful, significant and lasting contribution to promoting and championing the FE sector at a national level. Amanda warmly thanked the Chair and Board for their comments and best wishes, recognised the strength and commitment of the Group’s senior team and staff, and shared that she was sure the Group will continue to achieve great things moving forward.  Stephen Barnes confirmed that in light of a change in Principal, to support succession planning and a smooth transition, he would retire as Chair from 21 February 2022, with the appointed Chair Designate and Vice Chair Designate previously agreed by the Board (Phil Wilkinson and Emma Schofield) then beginning their new roles.  The Chair invited the Director of Governance to outline the process for appointing a new Principal and CEO for the Group. It was confirmed that the recruitment and selection process is led by the Board and is largely outlined in the Group’s Instruments and Articles. The Director of Governance updated that under Chairs action, an invitation to tender (ITT) had been circulated to access executive recruitment support for the Board in respect of the appointment. Draft terms of reference for a senior postholder selection panel were shared, reviewed and approved by the Board, which set the framework for the necessary Principal Selection Panel needing to be established and populated by the Board in this particular respect. The Board approved Phil Wilkinson as the Panel Chair, and Board members volunteered to join as members and support the process. The terms of reference approved a number of delegations from the Board to the Principal Selection Panel to progress matters, including approval of the role description, selection process and completion of interviews on the Board’s behalf. The Panel will recommend to the Board a salary and benefits package for the Principal and CEO role, and also make a recommendation on appointment for Board consideration, following the recruitment exercise.  The Board noted the requirement for national advertisement of FE College Principal vacancies, and, in line with best practice and requirements being agreed in the Skills White Paper, approved for the Principal Selection Panel to appoint an independent adviser to support in the recruitment process. The Board approved a budget of up to £30k for the recruitment and selection process. It was noted that the Board will receive further updates within and outside of meetings, with the approach needing to reflect that some aspects of the recruitment process and decision-making are within the remit of independent Board members only.  The Board reflected that recruitment of a new Principal and CEO is one of its most important decisions and responsibilities, and that due priority would be given to this work to ensure a successful appointment.  **Resolved: That the Board:**   * **Accept the resignation of Amanda Melton CBE as Principal and CEO of the College Group** * **Approve terms of reference for senior postholder recruitment panels, with specified delegations from the Board to any such panel** * **Approve the establishment of a Principal Selection Panel, and appointment of Phil Wilkinson (Chair Designate) as the Panel’s Chair** * **Approve a budget of up to £30k to support recruitment of a new Principal and CEO for the College Group** |
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| **2.1** | **Strategic Discussion - Equality Diversity and Inclusion (EDI)** |
| *Submitted: Reports and presentation (circulated in meeting papers)*  Liz Sedgley (Board member) was welcomed into the meeting.  Tracey Baron (Deputy Principal – Quality and Curriculum) presented the item, which included the annual report on EDI and an update in respect of the approach to curriculum and learners, staff and also broader governance. Claire Jarvis (Assistant Principal – Finance and HR) led on the staffing aspects, and Debbie Corcoran (Director of Governance) in relation to governance. It was noted that the later agenda item on the People Strategy at item 2.2 was related. The strategic discussion item included a summary presentation, learner EDI summary report, learner EDI performance report, staffing report and also governance update.  Key aspects and the focus of discussions included:   * A recap of the Board’s role in relation to EDI, the statutory and legislative framework for both the Board and College, and the College Group’s framework for progressing EDI – including the Group’s EDI policy, EDI objectives and supporting action plan   *Curriculum and learners:*   * The Board were updated on notable curriculum activities in 2020/21 since the last annual update and EDI action plan had been received, including bespoke ‘vital signs’ reporting on EDI being introduced, the roll-out of EDI impact assessment checks for every division and also a whole College training programme being delivered * Headlines on current position from a curriculum and learner position were set out e.g. in relation to gender, ethnicity, disadvantage and SEND (with the position shared at Group and individual campus/College level, and any significant variations highlighted) * Assurance was provided on how areas for improvement (AFIs) are extracted from the EDI summary report and integrated into strategic Quality Improvement Plans (QIPs) where action and improvement is needed from a learner perspective   *Staff:*   * The summary position was shared in relation to staff composition against protected characteristics related to gender, age, disability and ethnicity – with the Board pleased to see the significant improvement in the systematic collection of data returns from staff * Notable actions in 2020/21 were shown to include a comprehensive data refresh, staff training, the strengthening of the Staff Survey and positive position in relation to EDI, updating of the College Group recruitment website, review of HR policies and also renewal of the Group being a ‘Disability Confident Employer’ and signing up to the AoC’s mental health charter * Actions planned for 2021/22 were set out and considered   *Governance:*   * A revised mapping of the College’s position against the EDI parameters within the AoC Code for Good Governance was shared, with a resulting action plan, and a current baseline position of the Board’s composition shared from an EDI perspective. Development of a baseline position on the Board’s composition had been supported by the Group’s completion of the AoC survey in relation to EDI in College Boards, and a new ESFA return * The value of an EDI focus at a future Board awayday was recognised, as well as the value and importance of EDI good practice being considered in the recruitment process for a new Principal and CEO to support a diverse range of candidates   The Board welcomed that there are no discernible gaps in achievement on all qualifications from an ethnicity perspective; achievement of disadvantaged young learners is comparable to their peers at both Accrington and Nelson, and positive destinations for disadvantaged learners is high, and significantly above the national average, with no discernible gap compared to the overall Group figure. The Board reflected on the position, and discussed if the percentage of apprentices in the Group who are black or minority ethnic (BME) is in line with usual levels nationally – this was confirmed and the Group’s actions to further improve take-up of apprentices from diverse backgrounds was summarised, including actions through our marketing strategy to understand and challenge perceptions. It was agreed that the Deputy Principal will share disaggregated data with the Board on value added by site as well as by provision and age overall for assurance, and also share additional information on the approach taken in relation to EDI impact assessments and evidence of what has been done or delivered differently as a result, demonstrating impact.  At the end of the discussion, the presenters were thanked for an informative and engaging update.  **Resolved: That the Board:**   * **Receive and note the annual update on Equality Diversity and Inclusion (EDI)** |
| **2.2** | **Strategic Discussion: Our People Strategy and annual HR and Organisational Development report** |
|  | *Submitted: Reports and presentation (circulated in meeting papers)*  Rachel Baldwin (HR Manager) was welcomed into the Board meeting.  Claire Jarvis (Assistant Principal – Finance and HR) introduced the annual report and update, which offered an overview of the College’s staff profile and key statistics for the 2020/21 year, and an update on the implementation of the College Group’s People Strategy – including priorities for the current academic year.  In discussions, Claire Jarvis (Assistant Principal) confirmed that the Gender Pay Gap Report will come to the March Board meeting. While the Group’s collection of baseline staffing data for EDI had significantly improved, it was noted that comparable and benchmark data for other Colleges is not always available in every respect, and that population comparators can be helpful. Board were assured that while the Group’s staff turnover figure was high compared to the average in other sectors, it was in line with the benchmark level for FE Colleges.  Rachel Baldwin (HR Manager) overview of the reports included drawing attention to the College Group’s increased investment and focus on mental health support for both staff and students. This included for example, the impact and added value of the introduction of a new mental health charter and increase in Managers confidence to recognise and understand mental health challenges, developed through a variety of initiatives. The Board recognised the value of investment and support in this area, particularly given that data showed almost half of staff days lost was as a result of mental health conditions or stress. Given the critical importance of mental health and support for resilience to both staff and student wellbeing, it was agreed that the Board will receive an update on the support in place for both staff and students in relation to mental health and resilience, and explanation of their impact and difference made, so that the Board is assured on the support in place and planned. The Board recognised the need for triangulation of data from multiple sources such as staff surveys and line manager feedback, with the Group’s Health and Wellbeing Group recognised as playing a key role and contributing to understanding and ideas for improvement across the whole people agenda. The Board welcomed Gill Sharples (Staff Governor) sharing her positive perspective on the support in place from a staff member and Managers perspective.  During discussions, Claire Jarvis (Assistant Principal) also updated on the current position in relation to the development of staff networks in a variety of areas, and welcomed support and insight from Board members where vibrant networks are in place, for example in the NHS.  The Board thanked the Assistant Principal and HR Manager for the thorough report and progress made, and Rachel Baldwin left the meeting.  **Resolved: That the Board:**   * **Receive and note the annual update on the People Strategy, HR and organisational development** |
| **2.3** | **Strategic Discussion: Strategy for Adults** |
|  | *Submitted: Report and presentation (circulated in meeting papers)*  Andy Parkin (Assistant Principal – Lancashire Adult Learning) delivered the presentation for this strategic discussion item, setting out the current position and strategy to deliver the adult education budget (AEB) cross College and through Lancashire Adult Learning (LAL). The presentation revisited the strategic purpose of the delivery, our strategy to maximise opportunities and take-up by adults, the areas and scale of challenge, performance against target at RO4, as well as forecast and additional spend. Jayne Wynne (Director of Marketing) also updated on related marketing activity, including campaigns and audience specific messaging.  The Assistant Principal has also shared for information and additional assurance the Adult Action Plan he is developing and leads across College. The Action Plan focuses on maximising income from adult learners, identifying and targeting new audiences, reviewing strategic partnerships to maximise opportunities and enrolments, reviewing and revisiting community learning partnerships to maximise opportunities and identify new partners, and also the development of new curriculum areas.  In discussions, Board were updated on and considered the challenges and impact of continuing reduced consumer confidence to access face-to-face learning and the impact on changes in DWP demand, plus the reduction in the number of strategic delivery partners due to the implications and impact of Covid-19 in the main. Board and leadership team explored to what extent it was clear if the reduction in AEB out-turn last and current year-to-date was temporary due to Covid-19, or a structural and ongoing position requiring careful consideration. The significant risks in relation to under-delivery against budget were set out and recognised. Board were assured that Corporation meetings will have a continued focus on, and oversight of, AEB through key performance indicators (KPIs) and additional reports as needed.  David Rothwell (Deputy Principal – Finance and Resources) considered that AEB under-delivery against target remains the Group’s most significant risk. The Deputy Principal updated on national discussions in relation to AEB performance, and confirmed that the position and any necessary considerations will be reflected in the Group’s mid-year reforecast which will come to February’s Corporation meeting.  The Assistant Principal was thanked for the strategic discussion item, and the continued leadership cross-College to innovate and progress delivery in an area provision which is of significant value to the College’s communities and learners.  **Resolved: That the Board:**   * **Receive and note the strategic discussion item on the Group’s Strategy for Adults** |
| **3.** | **Principals Report** |
| *Submitted: Report (circulated in meeting papers)*  Amanda Melton CBE (Principal) was thanked for her report and the supporting key performance indicators (KPIs). Key headlines within the report, which were considered, included the start of term, recruitment, external quality assurance and Ofsted, and a sector and projects update.  **Resolved: To receive and note the Principal’s Report, including updated Key Performance Indicators (KPIs)** |
| **4.** | **Items to receive/note/approve** |
|  | **4.1 Finance Report**  *Submitted: Report (circulated in meeting papers) and presentation tabled in the meeting*  David Rothwell (Deputy Principal – Finance and Resources) presented the report, which offered an update on the financial performance and position of the College Group and the 16-18 funding settlement announcement in December 2021. Following on from Board discussions at the December strategic planning awayday, the report also included proposals to establish a designated strategic investment reserve (SIR) and associated monitoring/oversight arrangements.  Summary position against the financial KPIs was noted to be as follows:   |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | **Summary financial performance at 30 Nov 2021** | | | | | |  |  | | **Financial performance measure** | **YTD** | **Forecast** | **Budget /Target** | **Variance** | **RAG** | **Strategic target** | **Prior Year** | | Education Specific EBITDA as % of income | 8.8% | 5.7% | 5.9% | -0.2 |  | >=6% | 6.4% | | Borrowing as a % of income | 6.2% | 5.7% | 5.6% | 0.1 |  | <20% | 6.4% | | Cash days in hand | 167 | 125 | 111 | 14 |  | >75 | 149 | | Adjusted current ratio | 2.6 | 3.3 | 3.1 | 0.2 |  | >/=2.0 | 3.4 | | Staff costs as a % of income | 69.6% | 71.3% | 70.9% | 0.4 |  | </=70% | 73.3% | | Financial covenants overall compliance | Yes | Yes | Yes | - |  | Yes | Yes | | ESFA Financial Health category | Outstanding | Outstanding | Outstanding | - |  | >/=Good | Outstanding |   Following careful consideration, the Board approved the designation of a proportion of the College’s cash holdings as a strategic investment reserve (SIR). Establishment of a SIR will realise the following benefits:   * + - Strengthening the Group’s commitment to and importance of ongoing major investment while articulating a financial limit on the self -financing ambition     - Improving financial reporting and capital financing budgetary control     - Sharpening clarity as regards underlying and ongoing cashflow/solvency projections     - Helping meet stakeholder expectations – including both internally (staff) and externally (ESFA).   Following consideration of the Group’s ambitious already-approved capital and estates investment programme, along with the 2020/21 year end cash position and related targets and assumptions on financial performance, a SIR value of £5mn was approved by the Board, as at 1 August 2021. It was noted that the designation is internal only, and full Board discretion remains in terms of decision-making. There is no impact on financial health, primary financial statements (notes disclosure) or bank covenants. It was noted that the SIR would reduce as it was deployed e.g. to (match) fund major capital projects approved by the Board. Conversely at the Boards approval, the SIR could also be augmented/replenished on the back of generating annual cash surpluses and /or securing disposal receipts.  As a related item, the Board were also invited to consider establishing a formal sub-committee to help strengthen governance oversight and decision making around major capital proposals and projects. It was agreed that the Deputy Principal and Director of Governance will develop draft terms of reference for a Capital sub-Committee for Board consideration, including proposed membership, frequency of meetings, recommended delegations and any broader governance considerations.  **Resolved: To approve the internal designation of a proportion of the Group’s cash holdings as a strategic investment reserve (SIR), with a value of £5mn as at 1 August 2021** |
|  | **4.2 External Audit Recommendations**  *Submitted: Report (circulated in meeting papers)*  David Rothwell (Deputy Principal – Finance and Resources) presented the recommendation from the Audit Committee that following a recent open procurement exercise, RSM be appointed as the College’s financial statements auditors for 2021/22, with an associated fee of £23k. The report outlined the process followed, and rationale for the recommendation, with David Whatley (Chair of Audit Committee) offered his perspective and assurance on the recommendation.  **Resolved: To accept the Audit Committee’s recommendation, and approve appointment of RSM as the College Group’s financial statements auditors for 2021/22, with an associated fee of £23k** |
| **4.3 Policy for approval – Health and Safety Policy**  Following due consideration, the Board resolved as follows:  **Resolved: To approve the Health and Safety Policy** |
| **5.** | **Any Other Business** |
| There were no items of any other business. |
| **6.** | **Review and reflections on the meeting against Group values** |
| The Chair invited reflections from Board Members and leadership team on today’s meeting, decisions and ways of working against the Group’s values. Board members reflected on the significant risks in relation to AEB performance and 16-18 recruitment, and the need for continued Board oversight to support and challenge on improvements, as well as the need for a cross-College focus on a strategy which ensures the highest quality while growing numbers. Board asked and were assured that capacity is in place to secure this approach, noting that the accountability for securing and supporting growth is being further embedded cross-College as a key priority.  With this, the Chair thanked the Board and leadership team for their inputs and support, and the meeting was closed. |

**Debbie Corcoran**

**Director of Governance**

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

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