

**FURTHER EDUCATION CORPORATION MEETINGS 2021/22**

**MINUTES OF THE FURTHER EDUCATION CORPORATION MEETING**

**Held at 4pm on 21st February 2022**

**Accrington and Rossendale College (room AC114) and zoom**

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| **Members present:** | Stephen Barnes (Chair until item 1.2), Phil Wilkinson (Vice Chair, then Chair from item 1.2), Amanda Melton CBE, Mike Phelan, Tom Gee, Zulfi Khan, Emma Schofield (Vice Chair from item 1.2), Julie Turner, Chris Smith, Gill Sharples, 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)  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. Apologies for absence were received from Nadeem Rashid and Simone Hartley-Gott.  The Chair proposed and the Board agreed to Phil Wilkinson (Chair Designate) beginning his role as Corporation Chair from this meeting forward, with Stephen Barnes therefore remaining a member until the end of the meeting. Stephen Barnes wished Phil Wilkinson every success as the Corporation’s new Chair, and expressed his confidence in the Group’s ongoing success under his new leadership. Phil Wilkinson (Chair) and the Board took the opportunity to warmly thank Stephen for his expertise, commitment and drive as Chair which had made a direct and lasting contribution to the Group’s achievements, impact and reputation.   * 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 (17th January 2022)**  *Submitted: ‘Minutes of the Board of Corporation Meeting held on 17th January 2022’’ – circulated in Board papers’*  The minutes of the Board of Corporation Meeting held on the 17th January 2022, 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 was noted.  The Director of Governance reported Board approval of a written resolution dated 2nd February 2022 in relation to the salary range and related benefits for the Principal and CEO vacancy, which had been informed by a recommendation from the Principal Selection Panel.  Claire Jarvis (Assistant Principal – Finance and HR) and Tracey Baron (Deputy Principal – Curriculum and Quality) were thanked for their written reports offering additional Board assurance in relation to mental health support for both staff and student, as agreed at the January Corporation meeting. The Board welcomed the significant increase in investment over the past 2 years, and plan to include related questions in this year’s Staff Survey to gather further staff voice in this important area.  **Resolved:**   * **To receive and note the updated Matters Arising log and supplementary information on mental health support for both staff and students** * **To note Board approval of the written resolution dated 2nd February 2022 relating to the salary and related benefits for a new Principal and CEO** |
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| **2.1** | **Strategic Discussion - SAR and Areas for Improvement (AfI)** |
| *Submitted: Reports and presentation (circulated in meeting papers)*  Tracey Baron (Deputy Principal – Curriculum and Quality) presented the report, which offered both the Higher Education (HE) Self Evaluation Report (SER) and the Strategic Self-Assessment Report (SAR) for the College Group. The SAR included copies of the executive summary, plus provision level strategic SARs for education programmes for young people, adult learning programmes, apprenticeships and learners with high needs. A summary presentation was offered and reviewed, drawing out the summary of key judgements and supporting rationale and high-level evidence. Key strengths and areas for improvement (AfIs) were presented and reviewed by the Board.  The Board noted that there had been no substantial changes to the HE SER since it had been shared at the December Board meeting. The Board were assured that following feedback through the National Student Survey from HE students, the Group’s investment and focus on improving wi-fi at Accrington campus had led to much improved learner feedback. Areas of curriculum development were noted and welcomed, such as the new foundation degree in healthcare management introduced.  Following thorough consideration, the Board approved the SARs, and the overall grade of outstanding, with outstanding for all key judgements and every provision type, apart from apprenticeships which was self-assessed as good. The Board considered and were assured of rapid and sustained improvement in apprenticeships. The Deputy Principal confirmed that published Ofsted reports are closely considered and learning points drawn out and implemented to support continuous improvement in the College Groups own approach. The Board tested and were assured on the impact and effectiveness of learning provision for learners who are disadvantaged, considering our local context, and ways in which the quality assurance cycle and Quality Improvement Plans (QIPs) maintain a sharp focus in this area. For additional assurance, it was agreed that the previous presentation to the Board on disadvantaged learners will be refreshed and shared again with latest performance position and impacts.  The Board recognised that as well as their attention being sharply focused on AfIs, it was important to recognise and celebrate improvements and the high standards and impact of our provision. Amanda Melton CBE (Principal) formally shared her thanks with the Deputy Principal, and also Sam Mercer, Morag Davis, Fionnuala Swann and Andy Parkin (Assistant Principals) for their relentless focus and drive across apprenticeships and all provision types to have the best outcomes, impact and learner experience possible. The Deputy Principal confirmed that the updated Quality Improvement Plan (QIP) for apprenticeships will be a focus for the next Quality and Standards Committee, continuing the Board’s sharp oversight on developments in this area.  The Board remained interested in the following key areas, which will be considered in marketing items and updates at future Board meetings:   * Being clear on the exceptional impact and difference the Group makes on learner’s lives, both short and longer term, and building these powerful messages into marketing messages and materials * Understanding and addressing how even with our outstanding results and impact, we are not the first choice for all 16-18 learners in our local areas   At the end of the item, the Deputy Principal, Assistant Principal and Director of Marketing were thanked for their inputs into the SAR, and the rigorous process and assurance shared.  **Resolved: That the Board:**   * **Receive and approve the Higher Education Self-Assessment Report (SER)** * **Receive and approve the strategic Self-Assessment report (SAR), and the overall grade of outstanding and provision and key judgement grades within** * **Note the approve the areas for improvement (AfI) within the SAR** |
| **2.2** | **Strategic Discussion: T Levels** |
| *Submitted: Reports and presentation (circulated in meeting papers)*  Morag Davis (Assistant Principal – Technical) presented the strategic discussion item on T Levels. Areas covered, reviewed and discussed during the item included:   * An overview of T levels, and Government ambitions for their introduction * T levels in 2020-22 and the withdrawal of equivalent vocational qualifications * Current position in relation to the 2 T levels introduced by the College Group so far, and those additional T levels planned * Assurance on the quality of T levels and progression routeways * Opportunities (including links to related capital investments and developments) and risks (including challenges on securing quality work placements)   Following consideration, the Board thanked the Assistant Principal for the informative overview and update in this interesting area of provision, and commended the approach being taken to T level introduction, delivery and transition.  **Resolved: That the Board receive and note the strategic discussion item on T levels** |
| **2.3** | **Strategic Discussion: Financial Report and Mid -Year Reforecast** |
| *Submitted: Report and presentation (circulated in meeting papers)*  David Rothwell (Deputy Principal – Finance and Resources) presented the report, and offered a summary presentation to support Board understanding and scrutiny. The report offered an update on the College Group’s financial position as at 31 December 2021, including a full year re-forecast, and indicative financial performance estimates were also provided for Board consideration and approval.  In relation to current performance, performance against the key performance indicators (KPIs) was as follows:   |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **Summary financial performance** | | | | | | | | **Financial performance measure** | **2021/22 Reforecast** | **RAG** | **Original Budget** | **2022/23 Estimate** | **Strategic target** | **2020/21** | | Education Specific EBITDA as % of income | 2.2% |  | 5.9% | 6.4% | >=6% | 6.4% | | Borrowing as a % of income | 5.7% |  | 5.6% | 4.6% | <20% | 6.4% | | Cash days in hand | 133 |  | 111 | 97 | >=75 | 149 | | Adjusted current ratio | 2.7 |  | 3.1 | 2.6 | >=2.0 | 3.4 | | Staff costs as a % of income | 72.3% |  | 70.9% | 70.6% | <=70% | 73.3% | | Financial covenants overall compliance | No |  | Yes | Yes | Yes | Yes | | ESFA Financial Health category | Good |  | Outstanding | Outstanding | >/=Good | Outstanding |   Key risks in year highlighted and considered by the Board were as follows:   * ESFA Adult Education Budget (AEB - including Adult Community Learning) earnings – with a £1.25mn clawback assumption now being incorporated in planning * Project income – forecasts have been included for a number of projects where the funding is reliant on performance, including 16-19 Tuition Fund and Skills Development Fund revenue * Pay costs – provisions have been incorporated, including for the UCU Community Teacher Pay Claim, April 2022 National Living Wage (NLW) implementation and national insurance (NI) increase, but there continues to be significant pressure on pay costs as a result of the relatively buoyant labour market and salary inflation.   In relation to the presented mid-year reforecast, the Board considered the following key risks/assumptions in relation to the 2022/23 indicative estimates, and the sensitivities clearly set out:   * Estimated ESFA 16-18 Funding is based on the 2021/22 R04 numbers and updated funding factors and reflects the new funding settlement previously reported * ESFA AEB – the Board noted that no rebasing of the allocation is anticipated, despite the forecast underachievement in 2021/22 * Apprenticeship income – based on carry in from existing learners and the forecast for the remainder of 2021/22 and an assumption of a similar number of starts in 2022/23 * The Board noted that ESFA Other income has been reviewed and 16-19 Tuition Fund and TPS grant is confirmed to continue in 2022/23, the assumption is with similar allocations to 2021/22 * Pay costs – Board noted that the estimate includes a roll forward of the existing establishment and assumes 94% occupancy. Provisions have been incorporated, including for the UCU Community Teacher Pay Claim, April 2022 NLW implementation and NI increase, a small provision for volume increase and a 3% pay award. The Board noted that there continues to be pressure on pay costs as a result of the relatively buoyant labour market and salary inflation and expectations that will inevitably arise from a significant increase in 16-18 funding as a result of the funding settlement. Staff costs ratio is forecast to be c70% * Simplified assumptions have been incorporated, aligned to the overall budgets, in relation to the scale and pace of capital expenditure and related capital grant receipts   The position against the College Group’s £5mn strategic investment reserve was also set out, with the Board noting the current tendering of phase 1 of the Advanced Digital Skills Academy project, and timings for contactor appointment which will be progressed by the Chair on the Board’s behalf, with works beginning in May. A recommendation for the College to bid for T-level wave 4 Buildings and Facilities Improvement Grant (BFIG) funding to support a T-level Business and Administration route up to a maximum project value of £1.3mn (a capital grant request of £650k with equivalent match form the College, from the strategic investment reserve) was presented, and after considering factors such as strategic fit and affordability, was approved.  Areas of focus in discussions included the Board seeking assurance on action to minimise AEB clawback, and understand the timing of any necessary consideration of cost reductions and efficiencies required by this. The Board were updated on planning and options consideration which would take place at tomorrows senior leadership team (SLT) awayday, with an update at the March Board meeting on any resulting recommendations for assurance and requiring Board consideration, such as possible new subcontracting arrangements. The Board remained concerned at the continued level of staff costs, which were both above sector averages and now increased in the mid-year reforecast, given their impact on the financial sustainability of the College Group.  An update was provided on curriculum efficiency in 2021/22, with Board noting the margin is below budget, reviewing the rationale for the weaker curriculum areas from an efficiency perspective, and noting the cost pressures across support services.  The Deputy Principal was thanked for the thorough report, and supporting slides drawing out key areas for Board attention and consideration.  **Resolved: That the Board receive and note the finance report and strategic discussion on the mid-year reforecast and capital position, and:**   * **Approve the mid-year reforecast** * **Approve a bid for T-level wave 4 Buildings and Facilities Improvement Grant (BFIG) funding to support a T-level Business and Administration route up to a maximum project value of £1.3mn (a capital grant request of £650k with equivalent match from the College, from the strategic investment reserve)** |
| **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 adult budget recovery, learner recruitment, Ofsted, national policy update/overload, securing operational leadership in a time of change, and a summary of events and media coverage. The Board received and considered the appendix providing the Adult Recruitment/AEB action plan for assurance of the actions in place, progress and impact, of strategies to support earning of the AEB.  When reflecting on policy changes, it was agreed to invite Kirsty Evans (Director of FE at the ESFA) to be invited to present at the Board’s strategic planning awayday on the 27th April.  **Resolved: To receive and note the Principal’s Report, including updated Key Performance Indicators (KPIs) and AEB Action Plan** |
| **4.** | **Items to receive/note/approve** |
| **4.1 Governance Report**  *Submitted: Report (circulated in meeting papers)*  The Director of Governance summarised the report which updated the Board that  following on from resolutions approved at the 17th January 2022 Board meeting, a Principal Selection Panel has been established and met twice (1 and 8 February) to progress the recruitment and selection exercise for a new Principal and Chief Executive Officer (CEO) on behalf of the Board. The Principal Selection Panel is being supported by FE Associates executive recruitment agency, and Peter Ryder of Rockborn Associates as independent adviser to the Panel.  The Director of Governance confirmed that Board members eligible to vote approved the salary and supporting benefit package for the vacancy recommend by the Panel, by written resolution dated 2 February 2022. Updates on Principal recruitment have been provided to the full Board between Board meetings, including sharing a copy of the advertisement and supporting candidate information pack promoting the vacancy which went live on Friday 11th February. During this item, the Board received and noted:   1. the approved minutes from the Principal Selection Panel meeting of the 1st February 2022, not including the confidential item on salary and benefits package (shared under the Part 2 meeting) 2. unapproved minutes from the Principal Selection Panel meeting on 8th February 2022 3. the timetable for the recruitment exercise   **Resolved: To receive and the update on recruitment of a Principal and CEO and:**   * **note the approval of the written resolution dated 2 February 2022 related to principal and CEO salary and related package** * **note the approved minutes from the Principal Selection Panel meeting of the 1st February 2022, not including the confidential item on salary and benefits package; unapproved minutes from the Principal Selection Panel meeting on 8th February 2022 and the timetable for the recruitment exercise** |
| **5.** | **Minutes and recommendations from Committees** |
| *Submitted: Report (circulated in meeting papers)*  The Board received the unapproved minutes from the Quality and Standards Committee meeting of 17th November 2021, with areas of key interest, risk or escalation drawn out by the Committee’s Chair, Mike Phelan. The Committee Chair drew attention to the Committee’s consideration of the HE SER which had been further developed since then, and welcomed the positive position of learner feedback as relayed earlier in this meeting. The Committee Chair also assured that the refresh of the Committee’s terms of reference agreed on the 17th November was so that the language used within them better reflected the active nature of meetings and high degree of support and challenge, and did not have a material effect in any respect.  **Resolved: To receive and the note the unapproved minutes from the Quality and Standards Committee meeting of 17th November 2021** |
| **6.** | **Any Other Business** |
| There were no items of any other business. |
| **7.** | **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. Member’s who had dialled into the meeting remotely had experienced some technical issues, and it was agreed for there to be a review of technical equipment used in the meeting to ensure high quality sound and experience for those dialling in remotely.  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:…………………**