

**FURTHER EDUCATION CORPORATION MEETINGS 2022/23**

**MINUTES OF THE FURTHER EDUCATION CORPORATION MEETING**

**Held at 4pm on Monday 6th February 2023**

**Accrington and Rossendale College (Room AC115) and via MS Teams**

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| **Members present:** | Phil Wilkinson (Chair), Lisa O’Loughlin (Principal and CEO), Gillian Sharples, Chris Smith, Tom Gee, Steve Campbell, Zulfi Khan, Gemma Marsh, David Whatley, Liz Sedgley and Simone Hartley Gott |
| **In attendance:** | Tracey Baron (Deputy Principal – Curriculum and Quality)  David Rothwell (Deputy Principal – Finance and Resources)  Andrew Dewhurst (Chief Information Officer)  Claire Jarvis (Assistant Principal – Finance and HR)  Sam Mercer (Assistant Principal – Planning and Performance)  Morag Davis (Assistant Principal – Technical Curriculum)  Jayne Wynne (Director of Marketing)  Fionnuala Swann (Assistant Principal – Academic)  Andy Parkin (Assistant Principal – LAL)  Debbie Corcoran (Director of Governance)  Tom Morrison (Head of Further Education) Stone King for item 3.1 |

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| **Item 1.** | **1.1 Welcome and apologies for absence**  Phil Wilkinson (Chair of the Corporation) welcomed everyone to the meeting.  Apologies were received from Emma Schofield (Vice Chair), Nadeem Rashid and Cathy Eulert.   * 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. It was noted that item 3.1 on alternate pension arrangements involved consideration of a matter relating to future terms and conditions of a particular group of staff, and is not a matter under negotiation either with staff or unions recognised by the College Group.  **1.3 Minutes of the Previous Corporation Meeting (12th December 2022)**  *Submitted: Draft minutes (circulated in meeting papers)*  The minutes of the Board meeting of 12th December 2022 were reviewed, and approved as an accurate record, for the signature of the Chair.  **Resolved:** **to approve the minutes of the Corporation meeting on 12th December 2022**  **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 updated the Board that since the previous Corporation meeting, the Seal has been applied to the contract with Pendle Borough Council for the Advanced Digital Skills Academy being supported through the Towns Deal fund. It was confirmed that the Corporation had approved the written resolution dated 30 January 2023, approving a Wave 5 T level bid.  Furthermore, it was confirmed that the funds bequeathed to the College in the will of Harold Ingham to support the establishment of the Barbara Anne English Literature Memorial Prize have been received and deposited in the new bank account established for the new chartable fund. The Board noted that work is ongoing to harmonise and simplify the variety of scholarship funds and Trusts overseen by the College, which increased post-merger and have a variety of different uses and purposes.  **Resolved:** **To receive and note the matters arising log and updates, and:**   * **Note the application of the College Seal to the contract between the College and Pendle Borough Council for the Advanced Digital Skills Academy** * **Note the update provided on the Barbara Anne English Literature Memorial Prize Trust Fund** * **Note Corporation approval of the written resolution dated 30 January 2023**   Lisa O’Loughlin (Principal and CEO) and Andrew Dewhurst (CIO), took the opportunity to share with the Board that there had been a data breach at the College Group on 27th January 2023. The Corporation Chair, and Chair of Audit Committee, had been made aware and briefed on the incident immediately and assured on the College’s response. Detail of the breach was set out for full Board, along with the College’s response which included all necessary liaison with the Information Commissioners Office (ICO), and actions to both mitigate the impact of the breach and to also ensure that learning is in place and acted on. The Principal confirmed that Audit Committee would receive a thorough briefing to consider the matter on the Board’s behalf, and relevant policies and procedures would be reviewed if needed as part of this.  **Resolved: That the Board note that there had been a data breach at the College Group on 27th January 2023, and gain assurance on the response in place, including mitigations of impact, the implementation of any lessons learned and a further update to be received and considered by the Audit Committee** |
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| **Item 2.** | **Principal and CEO’s Report** |
| *Submitted: Report and presentation (circulated in meeting papers)*  Lisa O’Loughlin (Principal and CEO) drew out key headlines and highlights from her report, which covered the following areas for Board consideration:   * Strategic implications and discussion points drawn from the Board papers shared today – with key areas of concern or consideration highlighted for Board’s attention * An update on progress delivering the Strategic Review with the senior team, and the emerging opportunities and risks being identified through the critically important work * Latest performance position for the Group – with key strengths and risks highlighted at institution level and by provision type (with key risks relating to attendance, learner enrolment in 16-18 adult and apprenticeships) * Principal’s perspective on the reports and recommendations presented to the Board today (Mid-Year Financial Reforecast shared today at item 3.3; alternate pension arrangements at 3.1, and Equality Diversity and Inclusion annual report at 3.2)   The Board welcomed the focus and clarity within the report and presentation, which is the Principal’s first since taking up her new role in December 2022. The approach proposed in the report to reviewing and strengthening key performance indicator (KPI) reporting was welcomed, with the Board valuing the move to sharper predictions of final outturn and insights into strategic risks, greater insights into the risks related to the Group’s 3-5 year plan and future strategy; increasing point in time accuracy, and the introduction of additional measures to provide greater insight. The current performance position was noted and reviewed by the Board in the accompanying KPI dashboard shared today.  **Resolved: That the Board of Corporation receive and note the Principal and CEO’s report, and the key performance indicator (KPI) dashboard** |
| **Item 3.** | **Strategic Discussions** |
| **3.1 Alternative Pension Provision**  *Submitted: Report (circulated in meeting papers)*  *Tom Morrison joined the meeting.*  David Rothwell (Deputy Principal – Finance and Resources) introduced Tom Morrison (Head of Further Education at Stone King) to the Board, reflecting that Stone King have provided ongoing legal support in the development of a proposal for alternative pension provision and were available today should Board members have any detailed questions. The Deputy Principal explained that following latest consideration at the Board meeting in September 2022, an updated report had been provided today to support Board consideration of the use of the newly established ‘NCC Professional Services Ltd’ subsidiary company (NCCPS) to employ new support staff going forward for the purposes of providing business services to the College, under a services agreement. The proposal included that staff employed by NCCPS would be auto enrolled into a workplace pension scheme as opposed to the Lancashire Local Government Pension Scheme (LGPS), which has been the approach to-date for support staff employed by the College Group.  The Board carefully considered the report and scrutinised the underpinning strategic rationale for change. It was noted that the business case for the approach had been further-developed at the Board’s request, and focussed on the College Group’s financial and people strategies, with key areas of interest, challenge and risk being further considered and set out for review, and supported by additional dialogue with Stone King.  In consideration, Board members recognised the compelling case for change. The Chair invited all Board members to share their views to reflect collective decision-making in this matter. Board members unanimously supported the proposal, while recognising Gill Sharples (Staff Governor) acknowledgement of the rationale in the business case, and remaining preference for new support staff supporting the College in the future to remain directly employed by the College Group. It was confirmed that existing support staff would be unaffected now and into the future regardless of any subsequent promotions, or new internal appointments, if the new arrangements were approved by the Board today.  When determining to approve the proposal, the Board acknowledged that moving forward there should be further consideration given to the implications should there be a scenario where individual existing members of staff want to move from the College to NCCPS. In particular, consideration would be needed whether agreeing to a move for individual staff should be an ad hoc or policy decision; what processes and requirements should be in place if a move is granted; and what the legal position is in relation to their continuity of employment either for redundancy purposes or otherwise. The Board noted that while NCCPS is already established as a legal entity, it will be necessary to establish permanent governance arrangements including company director and company secretary arrangements – with Stone King also recommending the appointment of an independent director. The report and discussions in the meeting outlined the various financial, legal and taxation matters which will need to be addressed by the College during implementation, with support from Stone King and RSM Audit.  The Board welcomed that options modelling had been provided in the report, noting that a final decision regarding the level of pension contribution in implementation was not reached, or required at this stage in order to proceed. The Board clarified the internal view, supported by Stone King, that based on current understanding in the sector, there are no implications in the forward approach arising from the recent reclassification of colleges (and their subsidiaries) into the public sector by ONS. It does not appear that specific consent from the ESFA will be required, given that the model proposed has been used by Colleges elsewhere over a long period of time – however the Deputy Principal will ensure that the ESFA is continued to be sighted on related developments and decisions.  The Board thanked the Deputy Principal for the work to develop the proposal, and to fully consider Board feedback and areas for assurance that had been essential to decision-making to proceed.  Tom Morrison was thanked for his ongoing support, and left the meeting.  **Resolved: That the Board of Corporation resolve:**   * **to utilise the NCC Professional Services Ltd (NCCPS) subsidiary company to employ new support staff going forward for the purposes of providing business services to the College, under a services agreement** * **that new support staff employed by NCCPS will be auto enrolled into a workplace pension scheme as opposed to the Lancashire Local Government Pension Scheme (LGPS)** * **that further consideration will be given and a recommendation return to the Board on the approach should a member of staff employed by the College wish to move to NCCPS**   **3.2 Equality Diversity and Inclusion (EDI) Annual Report**  *Submitted: Report and presentation (circulated in meeting papers)*  Tracey Baron (Deputy Principal – Quality and Curriculum) presented the annual report for assurance on the College’s position and approach in respect of the statutory duty and requirements on FE Colleges in relation to equality, diversity and inclusion (EDI) – and the Board and Group’s ambition to not only meet but exceed requirements and demonstrate excellent practice. The report and supporting slides covered EDI from a learner perspective (led by the Deputy Principal), people perspective (led by Claire Jarvis, Assistant Principal – Finance and HR) and governance perspective (led by Debbie Corcoran, Director of Governance). The Board welcomed the update offered on the College’s positive progress towards achieving accreditation against the Stonewall kitemark.  Headlines considered by the Board and in the areas of discussion and focus included:  **Learners**   * A review of learner profile, by gender, site and age – with profile insights shared and considered including the 4-year rising trend of young learners at Nelson campus who are Black Minority Ethnic (BME), influence of the curriculum offer at Accrington on gender profile and also the implications and opportunities through the rising trend of funded High Needs learners enrolled to College * Performance insights were set out and considered by site, gender and curriculum – with any variations on progress and learner achievement drawn out for Board consideration and all noted to be well above national average * 6 resulting recommended actions for 2022/23 to address any variations were set out and reviewed, and will be monitored for impact on a termly basis by the Quality and Standards Committee through the Strategic Quality Improvement Plans (QIPs) for provision types and divisional QIP for Learner Services for SEND learners   **People**   * Key workforce data additional to that received by the Board at their December meeting was provided and considered, with comparisons to AoC workforce survey data 2020/21 included where these were available - and also in respect of ethnicity to our local community and student populations * Key resulting actions and forward approach in the Group’s People Strategy were set out for review and assurance, including: continued collection and better analysis of data to understand how diverse (or not) our staff body is; ongoing training, and also continuous review of staff and recruitment materials and activity to promote EDI * Draft Gender Pay Gap Report 2022 was shared, reviewed and approved by the Board for publication   **Governance**   * Board composition was compared from an EDI perspective against benchmark information from a recent national AoC survey - including consideration of protected characteristics plus against several additional factors which Board agreed previously were important in understanding how diverse the Corporation is and representative of our learners (namely, Board member’s place of residency and highest level of qualification – and also length of time served as a crude measure of new talent joining the Board) * Board noted that assurance had been received in the annual governance self-assessment received at the previous December 2022 Corporation meeting, in relation to College compliance against all statutory requirements against EDI as set out in the AoC Code of Good Governance   The Board welcomed the reports and assurance within. Members recognised that the College Group’s curriculum offer is heavily influencing the EDI and socio-economic profile of learners across the College, therefore there is a compelling case for the Strategic Review underway to interrogate curriculum offer set against community aspirations and population trends.  **Resolved: That the Board receive and approve the annual Equality Diversity and Inclusion (EDI) Report and approve the Gender Pay Gap Report 2022**  *Morag Davis joined the Board meeting.*  **3.3 Mid-Year Reforecast**  *Submitted: Report (circulated in meeting papers) and presentation in the meeting*  David Rothwell (Deputy Principal – Finance and Resources) presented Board members with an update on the financial position at 31 December 2022, including a full year re-forecast, and indicative early planning financial performance estimates for 2023/24. Summary financial performance against key performance indicators was as follows:    The report and presentation clearly set out for Board review the key risks in-year, and key risks/assumptions for 2023/24 indicative estimates. A detailed update was provided against capital investment, including the financial position 2021-25 and the use of the supporting Strategic Investment Reserve (SIR). A paper recently reviewed at the 25th January 2023 Capital and Estates Committee was shared as supplementary information to the report, along with the unapproved Committee minutes for assurance, with the Board noting and approving the Committee’s recommended changes to their terms of reference.  In relation to current financial health and performance, Board considered the latest and forward position in relation to solvency and cash flows; capital investment and financing; EBITDA; learner volumes and recruitment; cost base management and also operational efficiency. The Deputy Principal set out the position against energy costs – with the forecast reflecting an increase of £512k compared to the original budget, and also including assumptions relating to the existing Energy Bill Relief Scheme (EBRS), ending in March 2023 and the new Energy Bills Discount Scheme (EBDS) which will replace it. Board noted that there has been a review of other non-pay budgets, and reductions have been applied where possible to mitigate this additional cost.  In relation to key areas considered in the report, and meeting, Board were concerned at  16-19 recruitment being down against target/allocation, and the projected short-fall and impact on income for 2023/24, which had been softened by recent funding rate announcements. Board sought and received assurance that this critical challenge is a key focus in the Strategic Review underway, and were updated on actions already in place to mitigate the position and address the reduction. These action included the launch of an enrolment pipeline analysis tool to drive actions, activity to increase applications and secure higher conversion to enrolment, and also a refreshed ‘keep warm’ and learner pipeline strategy. The in-year position, projections and underlying assumptions for Adult Education Budget (AEB) were also carefully considered, and the assumption of achieving 100% income was tested, with the implications of any under-delivery set out against EBITDA, staffing ratios, covenant headroom and financial health. Lisa O’Loughlin (Principal and CEO) set out mitigations in place to reduce risks, including building an in-year performance analysis tool to enable a clearer focus of actual vs profiled activity and income; reviewing connections between ACL and AEB curriculum and pathways, and also reviewing the adult curriculum offer at all sites as part of the strategic review.  Board were of the view that as well as considering curriculum performance from a financial perspective, it is critically important that the curriculum offer continues to be shaped and evaluated against its ability to meet local, regional and national needs – in line with the sharper focus in this area introduced by recent Government policy and the introduction of Accountability Agreements. All provision types - 16-18, apprenticeships, adult, higher education, T levels etc – must make a critical and demonstrable contribution to learner and economic success.  When considering key financial performance indicators, staff pay was noted to be broadly in line with budget at mid-year forecast and pay as a percentage of turnover was forecast to reduce to 71% at year end, a reduction of 2.6 percentage points on previous year. Board noted that this position is becoming more in line with sector benchmarks and targets - however is contingent on 100% AEB income achievement, which if not secured would see this rise to closer to 2021/22 outturn. It was noted that based on the mid-year review, and all indicated assumptions, the College Group’s financial health will retain a ‘Good’ rating. The Board and Principal were in agreement in the robust discussions that the College Group is at a critical tipping point, with growth and stronger performance against budget needed in coming years, and addressing of EBITDA, staff costs as a percentage of turnover and covenant risk, all of which are of ongoing concern.  **Resolved: That the Board receive the report and:**   1. **approve the mid-year reforecast** 2. **note the unapproved minutes from the Capital and Estates Committee meeting of 25th January 2023** 3. **approve revised terms of reference for the Capital and Estates Committee, at the recommendation of the Committee** |
| **Item 4.** | **Items to receive or approve** |
| *Submitted: Report (circulated in meeting papers)*  **4.1 Pendle Education Trust (PET)**  Debbie Corcoran (Director of Governance) summarised the report, and after due consideration the following revised arrangements were approved by the Corporation given the College Group’s role as PET Sponsor:  **Resolved: That the Board resolve, as Sponsor of the Pendle Education Trust (PET), that:**   * **Lisa O’Loughlin (College Group Principal and CEO) be appointed as a Sponsor Director of the Pendle Education Trust (PET), and Member** * **Gemma Marsh (Nelson and Colne College Group Board member) be appointed as a new PET Member, in replacement of Mike Phelan** * **The PET’s recommendation that Alison Chambers be appointed as a sponsor Trustee (sponsor Director) is approved**   In conversation, the Board welcomed and acknowledged that all key strategic partnership relationships are under review and future consideration as part of the Strategic Review, with approvals today maintaining the status quo approach to the PET in the meantime ahead of this fuller consideration. |
| **Item 5.** | **Any Other Business** |
| There were no items of any other business. |
| **Item 6.** | **Review and reflections on the meeting against Group values** |
| In Emma Schofield’s absence, Phil Wilkinson (Chair) invited reflections from Board Members and leadership team on today’s meeting, decisions and ways of working against the Group’s values.  The Board welcomed the change to the shape and running order of the agenda under Lisa’s new leadership, and the sharper focus being brought on key strategic issues at the start of the meeting. It was felt that conversations had been open and frank, with Leadership team thanked for their responsive and open approach to support and challenge. The earlier discussion on strategic challenges at mid-year had been important to the College Group’s future direction, and it was key that as well as achieving granularity around the 16-18 offer and approach, there is the same focus and depth in reports and the Board’s consideration of the offer and curriculum for adults – all in the context of achieving greater local responsiveness.  With this, the Chair thanked members for their attendance and inputs, and the meeting was closed. |

**Debbie Corcoran**

**Director of Governance**

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

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