



## FURTHER EDUCATION CORPORATION MEETINGS 2023/24

### MINUTES OF THE FURTHER EDUCATION CORPORATION MEETING Held at 5pm on Monday 18<sup>th</sup> December 2023 Nelson and Colne College, Room NB010 (BB9 9YT)

**Board Members present:**

Phil Wilkinson (Chair) David Whatley, Steve Campbell, Helen Curtis, Gemma Marsh, Liz Sedgley, Melissa Conlon, Zulfi Khan, Chris Kenyon, Tom Gee (Staff Governor), Gillian Sharples (Staff Governor), Simone Hartley-Gott (Student Governor) and Emily-Jayne Austin (Student Governor)

**In attendance:**

Tracey Baron (Deputy Principal – Curriculum and Quality)  
David Rothwell (Deputy Principal – Finance and Resources)  
Andrew Dewhurst (Vice Principal Sales and Partnerships/Chief Information Officer)  
Claire Jarvis (Assistant Principal – Finance and HR)  
Sam Mercer (Assistant Principal – Planning and Performance)  
Morag Davis (Group Executive Director of Strategy and Transformation)  
Fionnuala Swann (Assistant Principal – Academic)  
Louise Marsden (Vice Principal - Marketing and Brand Strategy)  
Andy Parkin (Assistant Principal – Adult Learning)  
Leyanne Fitzmaurice (Assistant Principal – Student Experience and Support)

Debbie Corcoran (Director of Governance)

Joanne Platt (External Board Reviewer)

**Item 1.**

**1.1 Welcome and apologies for absence**

Phil Wilkinson (Chair of the Corporation) welcomed everyone to the meeting. A special welcome was shared with:

- Joanne Platt, observing in her capacity as an external board reviewer from the Association of Colleges (AoC)
- Simone Hartley-Gott, returning as a Student Governor, with congratulations shared on her completing her Foundation Degree in Counselling (FdA) at the Higher Education centre in Accrington and Rossendale College, and progressing to a PGCE
- Emily Jayne Austin as a new Student Governor, studying A levels (Maths, Further maths, Biology and Chemistry) at Nelson campus
- Louise Marsden (Vice Principal - Marketing and Brand Strategy) recently appointed to the College Group

Apologies were received from the following Board member/s: Lisa O'Loughlin (Principal and CEO).

### **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, with the exception of the following considerations:

- Item 5.3a – Membership – where Gillian Sharples (Staff Governor) would leave the meeting
- Item 5.1 – the Chair recognised that Gillian Sharples (Staff Governor) has a representative Union role, and Board agreed for Gillian to remain for the item on pay award recommendation, given this was no longer a matter under negotiation with the unions
- Item 5.1 – there was reference to awarding body costs, and it was recognised that Phil Wilkinson (Corporation Chair) is Group CEO of the awarding body Ascentis, and Board asked he remain for the item given the reference was not material to discussions

### **1.3 Minutes of the Previous Corporation Meeting (16<sup>th</sup> October 2023)**

*Submitted: Draft minutes (circulated in meeting papers)*

The minutes of the 16<sup>th</sup> October 2023 Corporation meeting were reviewed by the Board, and approved as an accurate record, for the signature of the Chair.

**Resolved: That the Board of Corporation approve the minutes of the 16<sup>th</sup> October 2023 Corporation meeting**

### **1.4 Matters Arising**

*Submitted: Reports (circulated in meeting papers)*

The matters arising log was reviewed and the current position was noted.

**Resolved: That the Board of Corporation receive and note the matters arising log**

Following on from the review of Committee membership at the previous meeting, thanks were shared with Helen Curtis as a new member of Remuneration Committee, and it was confirmed that additional membership of Search Committee would be in place before the next Board meeting.

**Item 2.**

### **Annual Financial Statements and Audit Management Report**

*Submitted: Report (circulated in meeting papers) inc. Financial Statements, Audit Management Report, letters of representation and RSM Emerging Issues bulletin*

*Karen Musgrave (Partner at RSM) was welcomed into the meeting.*

David Rothwell (Deputy Principal – Finance and Resources) began the item by thanking the following colleagues for their leadership and contribution to completing the annual financial statements - Claire Jarvis and Sam Mercer (Assistant Principals), Judith Dand (Finance Manager), leadership team and the Management Information (MI) team. The Deputy Principal confirmed that the draft financial statements, related disclosures and supporting regularity

	<p>information had been received and reviewed by the Audit Committee at their meeting on 20<sup>th</sup> November 2023, with their resulting recommendations for Board approvals set out in this report, and in the Triple A report at item 5.3b today, with recommendations from the Audit Committee meeting (item 5.4) and the Committee’s Annual Report.</p> <p>The Deputy Principal confirmed that the financial statements/regularity audit work for 2022/23 had been substantively complete at the time the report had been shared, though final audit partner review had still been pending and gave rise to presentational changes which had been shared in revised draft Financial Statement uploaded for members in OnBoard and an updated Audit Management Report. It was confirmed that the audit management report provided by RSM was in overall terms positive, with 7 control recommendations included in the Audit Findings Report for follow-up. The Deputy Principal shared that lessons will be learned in respect of the College’s approach to ESFA income testing, to improve the approach for next year – with David Whatley (Chair of Audit Committee) assuring on Audit Committee’s oversight role in relation to this consideration. The Board noted that, subject to the Board’s considerations today, certified/signed financial statements (and accompanying returns) are expected to be filed with the ESFA by 31 December 2023.</p> <p><i>Liz Sedgley (Board member) joined the meeting</i></p> <p>Having regard to updated Audit Code of Practice (ACoP) best practice requirements, the Board welcomed that Karen Musgrave (Partner at RSM Audit) was in attendance today to present an overview and take any questions from Board members. In respects of the audit management report, the summary provided drew member’s attention to areas such as: the status and overview of the audit, final materiality and unadjusted misstatements, audit risk findings, other audit risks, management judgements and accounting estimates, follow-up on prior year control recommendations, recommendations on controls and related disclosures.</p> <p>Following consideration, in line with recommendations from the Audit Committee, <b><u>the Board resolved</u></b> to approve:</p> <ol style="list-style-type: none"> <li>a) The annual financial statements 2022/23</li> <li>b) The financial statements/regularity audit management report issued by RSM</li> <li>c) The letters of representation</li> <li>d) for the Chair and Principal to physically or digitally certify the documents as necessary on their behalf</li> </ol> <p>The Board received and noted the RSM Emerging Issues Report (Autumn 2023), and thanked Karen Musgrave for RSM’s support and her attendance at the meeting.</p> <p><i>Karen Musgrave (RSM Audit) left the meeting.</i></p>
<p><b>Item 3.</b></p>	<p><b><u>Principal’s Report (Including Key Performance Indicators)</u></b></p> <p><i>Submitted: Report (circulated in meeting papers)</i></p> <p>David Rothwell (Deputy Principal – Finance and Resources) and Tracey Baron (Deputy Principal – Curriculum and Quality) presented the report on behalf of Lisa O’Loughlin (Principal and CEO). Areas highlighted in the report and summary included:</p> <ul style="list-style-type: none"> <li>• an update from the consultation sessions being held with staff on the Strategic Review – with sharing of staff voice to follow</li> <li>• the College’s improving financial performance, with a positive Adult Education Budget (AEB) out-turn for last year, and slightly increased 16-18 enrolment in-year, with a projected improvement in EBITDA</li> <li>• Progress in delivering the Strategic Review, including delivery of sector-based roundtables with employers, the development of an employer co-creation strategy, developments in adult curriculum, and also strengthening of strategic marketing to under-pin ambitions</li> </ul>

	<ul style="list-style-type: none"> <li>• Enabling strategy development – including restructuring and mobilising of sales teams, investment and planning for curriculum developments, improvements to management information and processes</li> <li>• Summary position in relation to teaching, learning and quality – with headline achievement in apprenticeships improving, and the opportunity for Board to interrogate further in the Area for Improvement Insight Sessions (deep dives) programmed</li> <li>• Emerging impact on actions to improve achievement of A level high grades</li> <li>• Performance and risks – with the business-as-usual key performance indicators (KPIs) updated with ambitions through to 2027/28; and 2022/23 out-turn confirmed and RAG rated for risks</li> <li>• Timeline for Lancashire Devolution, with a Lancashire Combined Authority planned to be established by October 2024 – Board members shared their perspectives on devolution in other north west areas in relation to skills, and the significance for the College Group’s offer, approach and forward partnerships – with the Board welcoming the Principal retaining her position on the Lancashire Skills and Work Board</li> </ul> <p>On the KPIs, Board asked and were assured on the process of monthly monitoring of KPIs by the leadership team, and explanation was shared on the parameters for the different RAG ratings to ensure consistency and clarity. Board asked for and received detail on plans to respond to and capitalise on the slightly increased 16-18 demographics in our local area. In relation to the KPI position for apprenticeships starts and 2022/23 out-turn, members asked why the target had not been achieved and if it had been ambitious but realistic - with Tracey Baron (Deputy Principal) summarising the impact of challenges in structure and staffing in-year, and necessary approach being to ensure quality ahead of growth. The latest position in relation to 16-18 progression was scrutinised, with the Deputy Principal sharing that while this had improved at Accrington campus, it had declined at Nelson in relation to 16-18, with the Strategic Self-Assessment Reports (SARs) being considered later today including further detail.</p> <p>Member’s welcomed the format of the 2024/25 KPI framework and targets proposed, recognising the continued value and importance of broader areas of priority being included in the dashboard outside of learner/volumes/achievements etc.... It was noted that at this very early stage of the year, many areas were RAG rated amber, with the Board updated on likely end-year position in relation to priority areas for growth such as apprenticeships and 16-18. Noting a recent increase in staff absence rates, Claire Jarvis (Assistant Principal – Finance and HR) was asked, and explained the pattern of fluctuations post-Covid, and outlined close monitoring and the range of actions in place to support staff’s wellbeing. <a href="#">It was agreed</a> that to support newer Board members, when the future format of the KPI indicator dashboards is reviewed, consideration will be given to including further context and explanation to support understanding of each indicator. The Director of Governance referenced the KPI dashboards being available and updated in-between meetings for Board members to access in the OnBoard resources portal.</p> <p><b>Resolved: That the Board of Corporation receive and note the Principal’s Report, and in relation to Key Performance Indicators (KPIs):</b></p> <ol style="list-style-type: none"> <li>a) Note the 2022/23 out-turn position</li> <li>b) Approve the 2023/24 ‘business as usual’ Key Performance Indicators (KPIs) and 4 year ambitions to the end of 2027/28 in line with the Group’s 2030 Strategic Plan</li> </ol>
Item 4.	<b><u>Strategic Discussions</u></b>
	<b><u>4.1 Self-Assessment Report (SAR) and Higher Education (HE) Self-Evaluation Report (SER)</u></b>

*Submitted: Report and presentation (circulated in meeting papers) and supplementary papers circulated in OnBoard (Strategic Self-Assessment Reports (SARs) for the 4 provision types – and additional analysis of 2022/23 performance)*

Tracey Baron (Deputy Principal – Curriculum and Quality) presented the report and summary slides, which provided the Board with headlines of the Group's performance resulting from the annual self-assessment process for education and training programmes and the annual self-evaluation (SER) for higher education. The report and review in the meeting considered the robustness and accuracy of the self-assessment process, the key strengths and areas for improvement identified through the process and an assessment of risk attached to the areas for improvement which had been clearly set out for review and assurance.

The Deputy Principal confirmed that the Quality and Standards Committee review of the SARs and resulting judgements, along with the Higher Education SER, at their last meeting on 27<sup>th</sup> November 2023 had been considered and incorporated. In respects of the SARs, the Committee had reviewed and been assured on the evidence and rationale in relation to the strengths and areas for improvement for the 4 provision types, executive summary with the rationale for grading as outstanding, and related areas for improvement. The Deputy Principal gave examples of how the SARs had strengthened and been updated in relation to Committee feedback in areas such as recording of 16-18 strengths, with Steve Campbell (Chair of Quality and Standards Committee) providing feedback on the approach and sharing his satisfaction that the Committee's input has been considered. The summary of key judgements shared with the Board today for consideration were for an overall effectiveness grade of outstanding; key judgements (quality of education; behaviour and attitudes; personal development and leadership and management) were graded as outstanding; safeguarding is effective – and in relation to the 4 provision types, 3 were graded as outstanding (education programmes for young people; adult programmes; high needs), with apprenticeships graded as 'good'. The College contribution to skills was graded as strong.

Board members tested and were assured on the robustness of the self-assessment process. The Deputy Principal outlined that self-assessment is a year-round process which involves several quality assurance and improvement activities identified within the Quality Cycle. This includes information and intelligence gathered from deep dive activities, with programme areas and curriculum performance review (CPR) meetings all contributing to the assessment of courses and their subjects. It was noted that the production of the self-assessment reports at divisional level begins in the late spring term and continues until early October, by which time all end point assessment results are on the system. The divisional self-assessments are used by the senior curriculum leads to self-assess the four provision types delivered across the group, culminating in Group Strategic Self-Assessment Reports (SARs) by provision type (four) and the Higher Education Self Evaluation Report (SER). The key strengths and the areas for improvement identified in each provision type leads to the overall grading of the College Group and an executive summary of the Group's key strategic strengths and strategic areas for improvement.

In terms of assurance of robustness and accuracy, as well as the review by Quality and Standards Committee ahead of today's Corporation meeting, Board members were noted to directly engage with and contribute to the process by attending CPR meetings. Valuable additional testing and insight is provided through the external SAR validation panel meetings – which Board members join and engage in, sharing support and challenge. It was noted that external SAR validation panels are being scheduled for the end of January 2024. [It was agreed](#) to share with Board for quick reference outside of the meeting, an outline of the self-assessment report (SAR) process and the key assurance points in development of the SARs.

Key areas of risk, and areas which need to improve, were clearly presented for Board review, with evidence provided in the SARs and executive summary on the rationale for these. The areas for improvement were set out to be: developing and strengthening leadership capacity within engineering; further developing learning outcomes for adults in Access programmes;

further developing the intent of the Foundation curriculum in response to economic needs and to prepare learners for next steps; and also, building on strong year-on-year improvements in apprenticeships, strengthening leadership, setting high expectations for learning outcomes on some standards, and continuing to reduce the number of learners passed their planned end date. In relation to apprenticeship end-dates, Board asked whether this impacts on apprentice's salary, and it was confirmed this is not the case. The Board welcomed that as well as Quality and Standards Committee providing assurance on rapid and sustained improvement in these areas through regular review of the Quality Improvement Plans (QIPs) and related reports – the Board will receive valuable additional direct insight and assurance through the 6 Board Area for Improvement (Afi) Insight Sessions programmed for January – April 2024.

The HE SER was summarised, with the Board asking for detail on the College Group's relative position in relation to quality, compared to other local providers. Board were pleased to note evidence of strengths, and were updated on plans to clearly communicate these in promoting our higher education offer.

The Board asked for and were updated on the approach to supporting new staff who had not experienced an Ofsted inspection before, as well as newer Board members. Board asked for examples to assure them, and tested whether the College is making a strong contribution to skills. The Deputy Principal drew attention to detail within each of the provision SARs in relation to this, confirming there was a clear understanding of how this must be demonstrated and evidenced and that any areas for further improvement in relation to contribution to skills had been captured in the areas for improvement. This included discussion on how the College understands the landscape of economic and employer needs, the extent and impact of our work with employers and stakeholders, and extent to which we can evidence that what we deliver is of high quality. As an example, detail was given on the strengthening of dialogue and relationships with both large and small engineering businesses, along with the refurbishment of engineering space, new leadership being in place and also recruitment of additional assessors.

The Deputy Principal and curriculum teams were thanked for their work in developing the SARs, and delivering a robust approach supported by strong evidence.

**Resolved: That the Board of Corporation receive the report and:**

- a) approve the self-assessment reports for the Group and the associated overall grade of 'outstanding'**
- b) approve the Self Evaluation Report (SER) for Higher Education**

#### **4.2 Curriculum Strategy**

*Submitted: Report and presentation (circulated in meeting papers)*

Tracey Baron (Deputy Principal – Curriculum and Quality) introduced the report, which summarised the implementation of the Curriculum Strategy reflecting the College Groups 2030 Strategic Plan – with Morag Davis (Group Executive Director of Strategy and Transformation) drawing out the following key headlines discussed by the Board:

- An update was received on phase 5 of implementation of the Strategic Review – including the senior leadership team gathering middle leadership together after the July Board meeting, confirming approval of the 2030 Strategic Plan and also refreshing and renewing the focus on in-year and forward curriculum developments – with staff consultations on each of our 3 sites to ensure strong engagement in forward direction
- A review led by the Group Executive Director with Heads of Division to revisit their curriculum offer with the focus on curriculum changes transitioning to the national

	<p>qualification reforms, and ensure plans are future focused and reflect the Strategic Plan, with an aligned and supporting Brand Strategy</p> <p>Board received an update on the employer sectoral meetings delivered this term by the Group Executive Director and leadership team, recognising the importance of these in engaging employer stakeholders in curriculum development and co-delivery opportunities. The Board recognised that the meetings and approach add value in the College's continued approach to working with employers and stakeholders to forge relationships that lead to greater opportunities for college students when they make their next steps in their career journeys. Board asked, and it was confirmed by the Group Executive Director and newly appointed Vice Principal (Marketing and Brand Strategy), that the approach is both informing curriculum and evidencing how the College is responding to local and regional skills needs, as well as supporting development of a distinct employer focused technical skills brand that will set the College apart from its competitors.</p> <p>Board noted the appointment of a new Director of Engineering, Construction and Motor Vehicle, and their responsibility for alignment of the curriculum to meet employer needs and support the highest student satisfaction and best experience – with the testing of this 'sectoral' approach being considered, and possible further re-alignment of curriculum teams to growth sectors considered. The introduction of Curriculum Finance Review (CFR) Meetings was welcomed by the Board, supporting further alignment between curriculum planning and delivery with the College's financial wellbeing. Board received an update on staff's view of these, which was positive, and the introduction of recruitment targets for individual curriculum areas in line with the KPIs agreed with the Board and priority ambition for 'good growth'. The introduction of a single 'employer engagement' team under Andrew Dewhurst's leadership was also welcomed, along with the introduction of a new 'Planner' to monitor and manage progress and impact in this area.</p> <p>Board asked if our Group's approach in this area would flex given an upcoming general election, and leadership term explained that the approach would flex depending on new or refocused national skill priorities, however local demand and needs would be unlikely to change in the short-term, and the current strategy was based on a robust evidence base. Consideration was given to the impact and opportunities through curriculum reforms in key areas of the Colleges existing or developing curriculum offer. Board were keen to understand how our approach is responsive while achieving co-investment and 'buy in' so we work in true partnership so there is clear input from employers on their needs and expectations. Examples were given in relation to cyber-security, development of a 'talent pipeline' with key employers, work to position our Group as the 'College of choice' for employers with a clear and differentiated offer.</p> <p>The Board thanked the Deputy Principal and Group Executive Director for the report and update, and expressed their satisfaction at the approach in place. The value of opportunities for the Board to directly engage with employers was recognised moving forward and is being programmed in, such as Board members having attended the Strategic Review roundtable events in the previous term.</p> <p><b><u>Resolved:</u> That the Board of Corporation receive the report and note its content</b></p>
Item 5.	<p><b><u>Items to Receive/Note/Approve</u></b></p> <p><b><u>5.1 Strategic Finance Report (inc. Pay Award Recommendation/Confirmation</u></b>  <i>Submitted: Report (circulated in meeting papers)</i></p> <p>David Rothwell (Deputy Principal – Finance and Resources) presented the report for Board consideration, updating on the financial performance and position of the College and pay</p>

award for 2023/24. In relation to financial performance as at 31 October 2023 against the budget agreed by the Board in July 2023, the financial KPIs were confirmed and considered by the Board:

**Table 3: Summary financial performance at 31 October 2023**

Financial performance measure	YTD	Current Forecast	Budget /Target	Variance	RAG	Movement	Strategic target	Prior Year
Education Specific EBITDA as % of income	6.9%	3.9%	3.9%	0.0	Yellow	↔	>=6%	4.8%
Borrowing as a % of income	4.3%	3.8%	3.9%	-0.02	Green	↔	<20%	4.4%
Cash days in hand	133	111	99	12	Green	↔	>75	148
Adjusted current ratio	2.8	2.1	2.1	0.0	Green	↔	>=2.0	2.7
Staff costs as a % of income	67.3%	71.0%	69.8%	1.2	Yellow	↔	</=70%	69.0%
Staff Utilisation	92%	97%	97%	0.0	Yellow	↔	</=97%	97%
Financial covenants overall compliance	Yes	Yes	No	-	Green	↔	Yes	Yes
ESFA Financial Health category	Good	Good	Good	-	Green	↔	>/=Good	Good

The Deputy Principal highlighted risks set out in the report for the Board's awareness, and confirmed that a mid-year reforecast will be received for Board consideration at the February meeting. Given the position of pay costs against income, Board asked if controls in place are effective and for the likely end of year position – with the Deputy Principal confirming that the staff costs in relation to the pay costs ratio target of </= 70% is now at risk, however the overall budget target remains achievable and solvency indicators remain healthy. This will be closely reviewed by the Board at the mid-year position.

In relation to a pay award for staff, a final position had been reached in line with the negotiation framework approved by the Board at its 18<sup>th</sup> September 2023 meeting, and in line with this, formal approval confirmed today for the following award:

- a) 5% consolidated pay award for staff, with effect from 1 January 2024
- b) fixed payment of £300 (pro-rata) to all establishment staff (except senior leadership team) and £100 to casual and part-time hourly paid staff
- c) earlier implementation of the new National Living Wage (NLW) with effect from 1 January 2024.

The Deputy Principal and Claire Jarvis (Assistant Principal – Finance and HR) were thanked for their roles in securing this, with the positive conclusion with recognised unions valued. Board recognised that the award would not be in line with the AoC's recommended position, however reflected the Board's aim to reward and recognise staff to the highest level possible within affordability and a financially sustainable framework. The Board asked for confirmation of the ESFA's approach to over-payment of delivery of the Adult Education Budget (AEB), which was given, and confirmed action in place to over-achieve against budget if possible and within a framework of 'good growth'.

**Resolved:**

**That the Board of Corporation receive and note the Finance Report, and approve the pay award of:**



- a) 5% consolidated pay award for staff, with effect from 1 January 2024**
- b) fixed payment of £300 (pro-rata) to all establishment staff (except senior leadership team) and £100 to casual and part-time hourly paid staff**
- c) earlier implementation of the new National Living Wage (NLW) with effect from 1 January 2024.**

## **5.2 Public Sector Decarbonisation Scheme (PSDS)**

*Submitted: Report and technical note provided by Hillside Environmental Services (circulated in meeting papers) with a summary presentation and revised draft resolutions provided by Stone King (tabled)*

David Rothwell (Deputy Principal – Finance and Resources) provided a summary position in relation to the PSDS scheme, and key matters, risks and approvals required should the Board agree the project progresses to main build contract stage. Given the project context is fluid, and increasingly time sensitive, the need for a verbal update to be tabled and provided in the meeting had been agreed with the Chair. As well as the technical note from Hillside outlining the project contract strategy and timelines required to facilitate delivery, Stone King had provided a list of documents they are advising on (which was noted to exclude construction documents, any conditions precedent or documents related to the Salix grant supporting the project). For each document, the parties were confirmed, comments and status set out and position RAG rated.

In terms of latest position, the Deputy Principal confirmed that following approvals at the previous Board meeting, the required Special Purpose Vehicle (SPV) had been established, with the Deputy Principal and Claire Jarvis (Assistant Principal – Finance and HR) acting as Company Directors, with appointment of an additional independent Director as advised by Stone King being progressed. The Deputy Principal outlined key project elements and carbon footprint impact, with an updated position against the red risks previously highlighted to Board also set out. The Board welcomed that the ESFA had granted permission for the College to give the necessary parent company guarantee (PCG) and use of the NCC Energy Services Ltd special purpose vehicle, with the project variation request also approved by Salix and a resulting reduction in the risk profile against the 2023/24 grant. The project's financial baseline was reconfirmed as being a capex cost of £8mn exc VAT, with nil VAT cost assumed on capex, tendered pricing and professional fee proposals included, a 5% capex contingency (£300k) and £160k additional one-off cost allowance included. Key financial estimates and assumptions had been updated, including the contributory £5.5mn DfE loan facility. The previous overall financial assessment had been updated, with revised values shared for average annual costs or savings in year 1-10 and year 1-20 for the scheme, against EBITDA performance, debt servicing and cashflow.

The Board considered the key financial sensitivities set out against capital and borrowing costs, changes in electricity and gas pricing, as well as solar PV output. Key risks were set out and reviewed by the Board, with mitigations shared by the Deputy Principal.

The Chair invited each Board member to share their thoughts and views to support a clear and transparent collective decision being made, with the Director of Governance confirming that given Emily-Jayne Austin's age she would not be able to consent to entering a contract, and the Board welcoming Emily's perspective and views to support decision-making.

Questions and discussions included:

- the implications of DfE's loan being £5.5mn, with the Deputy Principal confirming this released the £800k contribution from the College for the project and the developing strategy for its utilisation in the context of the broader Strategic Investment Reserve (SIR)
- clarification of the approach in the investment agreement, and the contributions and obligations of the College in this respect

- the assurance role of Audit Committee, and Capital and Estates Committee, if the project progresses and reporting mechanisms back to the Board via update reports, Committee minutes and Triple A reports as appropriate
- insight and assurances received through thorough scrutiny at both Board and Capital and Estates Committee, and via the professional and legal advice received so far and offering ongoing support

Members were in agreement that the project would add significant value to the College Group's curriculum strategy, contribution as an anchor institution in the local community, and in delivering the College's ambitions for Net Zero. The approach taken had carefully and thoroughly considered both risks and opportunities, benefitting from valuable additional professional and legal advice. All opportunities to promote the scheme and its impact should be taken, and students and also local businesses engaged where possible, for maximum value.

Given the support, the draft resolutions offered by Stone King were reviewed in the meeting, and approved by the Board, with the related necessary authorised signatures secured.

**Resolved: That the Board of Corporation approve and delegate authority to finalise documents for the Public Sector Decarbonisation Scheme (PSDS):**

- (a) To affirm the resolution to proceed with the proposed public sector decarbonisation scheme (PSDS) involving, inter alia, the installation of an air source heat pump, an energy centre and solar panels at each of the Corporation's campuses;
- (b) To approve, in principle, the acceptance of the term loan of £5,491,531 (Facility) from The Secretary of State for Education (DfE) and the entering into of a term loan facility agreement (Facility Agreement) to be entered into with DfE subject to finalisation and approval (under the delegated authority given below) of it and all required or appropriate documentation to effect the Facility and drawdowns pursuant to it;
- (c) to approve the proposed investment of up to £8,000,000 (Investment) in the Corporation's wholly-owned subsidiary, NCC Energy Services Limited (SPV) and the entering into of an investment agreement (Investment Agreement) under which the Corporation would undertake to subscribe shares in the SPV by way of the Investment to enable it to enter into a construction and engineering contract (Building Contract) for the installation of the PSDS, subject to finalisation and approval (under the delegated authority given below) of the Investment Agreement and all required or appropriate documentation to effect the subscription of shares in the SPV;
- (d) to approve the giving of a parent company guarantee (Guarantee) by the Corporation to Lorne Stewart, the contractor for the PSDS, under which the Corporation would guarantee the obligations of the SPV under the Building Contract, subject to finalisation and approval (under the delegated authority given below) of it;
- (e) Any two of the Governors (other than a staff or student governor) (Authorised Officers) be and are hereby authorised on behalf of the Corporation, in each case in accordance with the Corporation's principles including (amongst other things) taking into account all independent and other professional advice:
  - (i) To progress and implement the PSDS;
  - (ii) To progress, to negotiate, to approve and to execute the Facility Agreement and all other deeds and documents relating to it and ancillary to the Facility as they see fit, including, without limitation any officer's certificate;

- (iii) To progress, to negotiate, to approve and to execute the Guarantee and all other deeds and documents relating to it or ancillary to the Guarantee as they see fit;
  - (iv) To progress, to negotiate, to approve and to execute the Investment Agreement and all other deeds and documents relating to it and ancillary to the Investment as they see fit, including, without limitation any officer's certificate;
  - (v) To progress, to negotiate, to approve and to execute an energy supply agreement to be made between the Corporation and the SPV as they see fit;
  - (vi) To affix the Corporation's seal and to execute all documentation relating or ancillary to the Facility, the Investment, the Guarantee, the energy supply agreement and/or otherwise howsoever relating to the PSDS and required or desirable to be executed by deed and the Authorised Officers be authorised to authenticate the fixing of the Corporation's seal to such documents; and
  - (vii) To represent the Corporation and to execute and do and authorise all such things and acts relating to or ancillary to the Facility, the Investment, the Guarantee, the energy supply agreement and/or otherwise howsoever relating to the PSDS as they see fit;  
such actions and decisions to be reported to Corporation members at the next scheduled meeting.
- (f) The approval of the Authorised Officers in respect of any deed or document to be conclusively determined by their signing of such documents.

The Deputy Principal was thanked by the Board for the considered approach taken in progressing the opportunities offered by the scheme for Board consideration. This was an exciting development, and the Board looked forward to its successful delivery.

### **5.3a) Governance Report**

*Submitted: Report (circulation in meeting papers)*

The Director of Governance summarised the Governance Report, and recommendations shared with the Board.

The recently refreshed AoC Further Education Code of Good Governance was provided to the Board, and explanation given of its purpose, value and importance in supporting excellent governance in Further Education (FE) Colleges. The Board noted that the College had adopted the AoC Code as its code of choice to support good governance in 2017; given the requirement that Colleges are required to comply with either the AoC Code, or alternately the UK Corporate Code or the Charity Code. The Director of Governance was asked for views on the value and prevalence of College's adopting each Code, and shared that the recent consultation to update the Corporate Governance Code has closed, with a revised Code expected in the new year, and low take up of its adoption in the College sector. While she was aware of a small number of College's adopting the Charity Code, the majority follow the AoC Code, reflecting it has been developed by the sector for the sector. Given Colleges are exempt charities, the AoC Code operates within a complimentary framework to the Charity Code, with Board members being Charity Trustees for example and guided by the Nolan principles. The revised AoC Code had been developed to incorporate College's feedback so it was helpfully now based on principles, and did not include 'musts' and 'shoulds' to avoid a 'tick-box' approach in its use.

The Board recognised that the revised AoC Code framework could continue to be used as a valuable tool to support assessment and review of the Board's governance practice,

behaviours and impact through annual governance self-assessments or external Board reviews moving forward if adopted. It was noted that in terms of timing, the prior version of the Code remains in play for the 2023/24 academic year. AoC recommend that Colleges adopt the revised version in-year, and begin to use it as a self-improvement tool, with the hope all Colleges adopt the Code during 2023/24 so that 2024/25 is the first full year nationally of its use.

The Board considered and agreed the adoption of the revised Code from this point forward.

The Board noted the current position in relation to the External Board Review (EBR) being completed by AoC, with the contract having been tendered in June 2023, work begun in August and the report due to have been considered in December 2023 but recently changed to February 2024 to allow for additional observation of Corporation meetings. DfE guidance on external governance (Board) reviews confirmed that Colleges are not required to complete an annual review of governance in the year of an external review. Given this, the College's usual framework and approach for annual governance self-assessment at its December Corporation meeting had been varied. The usual model included within it consideration of the Board's self-assessment of leadership and management, and therefore governance against the Ofsted inspection framework in the SAR - along with other elements of assessment and insight. In the annual governance review considered in December 2022 by the Board, these had included the following elements leading to a Governance Action Plan considered and approved by the Board:

- A desk review of Board behaviour and practice against requirements set out in the DfE's governance guide for Colleges, and identified areas of non-compliance or improvement
- Feedback from Board members gathered in the self-assessment survey against the ETF/Good Governance Institute/Nottingham Trent University Governance Maturity Matrix, where Board members rated areas as either compliant/knowledgeable/skilled
- A review of the Board's reflections at the end of every Board meeting against the College Group values, and any areas for improvement identified
- A compliance review against the AoC Code of Good Governance

With the Chair's agreement, the Governance Action Plan which had been developed following the December 2022 self-evaluation and review had been updated with the latest position, and shared today. The Director of Governance's recommendation was supported, for the revised Code to be utilised in development of a 'governance improvement plan', replacing the current governance action plan, which will be developed following the completion of the external review of governance in February 2024, so that all insight can be considered and actions progressed in the 2023/24 academic year. The current delivery position against the 13 actions in the Plan was noted, with continued actions in 2 areas relating to consideration of introduction of a board assurance framework, and effective governance arrangements for subsidiaries.

The Board reflected on the report and current position, as well as the rigour of the SAR self-assessment process and their direct involvement within it, and approval earlier in the meeting of overall effectiveness and leadership and management being outstanding. The Board considered and approved a governance self-assessment grade of 'outstanding' on the Ofsted scale, to be recorded as a review of its performance for the 2022/23 year (1 August 2022-31 July 2023) in the Financial Statements approved today.

**Resolved:**

**That the Board of Corporation receive the Governance Report and:**

- a) Note the updated Governance Action Plan and approve its forward development into a Governance Improvement Plan incorporating recommendations from the External Board Review**

- b) **Adopt the Association of College’s ‘Further Education Code of Good Governance’ from this point forward, and approve that the principles within the Code:**
- be utilised in annual reviews or self-assessments of governance moving forward
  - be considered and guide areas for development to be set out in a ‘Governance Improvement Plan’, which will be developed when findings of the external Board review currently underway are agreed with the Board
- c) **Approve recording a governance grading of ‘outstanding’**

*Gillian Sharples left the meeting*

The Board considered information shared to support their consideration of Gillian Sharple’s reappointment as Staff Governor for a further term of office, including information on attendance and contribution in the role. Following discussion, a further term of office was approved, and the Board asked for their thanks to be shared with Gillian for her continued and valued support.

**Resolved: To approve a further term of office for Gillian Sharples as Staff Governor, ending 31 December 2025**

*Gillian Sharples returned to the meeting*

The Board considered the rationale and supporting role description shared by the Director of Governance, and approved the creation of a new Link Governor for Careers. Expressions of interest in the role, should it be approved, had been invited in the report and the Director of Governance shared that Gemma Marsh had stepped forward. The Board welcomed Gemma’s interest and she was appointed, with the role offering valuable links given Gemma is the strategic lead for careers in the Greater Manchester Combined Authority and is also developing a lead responsibility for the Board against the Skills agenda.

**Recommended: That the Board of Corporation approve the introduction of a Lead Governor for Careers, and the supporting role profile – and appoint Gemma Marsh (Board Member)**

### **5.3b) Triple A Report**

*Submitted: Report (circulation in meeting papers)*

The Board received the Triple A Report, produced with Committee Chairs and offering items to assure/advise/alert the Board from the following Committee meetings: Audit Committee (20th November 2023), Quality and Standards Committee (27th November 2023) and Remuneration Committee (29th November 2023). It was noted that confidential matters from the Remuneration Committee meeting of 29th November 2023 will be considered in the Part 2 Board of Corporation meeting today. The report was noted and the following recommendations from Committees approved.

**Resolved: To receive the Triple A Report and accept recommendations from the Committee and approve:**

- a) **The 2022/23 Internal Audit Annual Report**
- b) **The 2022/23 Annual Report of the Audit Committee**
- c) **Revised terms of reference for the Audit Committee**
- d) **The 2022/23 Remuneration Annual Report, and its publication as above**

Item 6.	<p><b><u>Any Other Business</u></b></p> <p>There were no items of any other business.</p>
Item 7.	<p><b><u>Review and Reflections on the Meeting Against Group Values</u></b></p> <p>The meeting Chair invited reflections from Board Members on today’s meeting, decisions and ways of working against the Group’s values. There was consensus that there had been strong challenge provided throughout the meeting, and assurance given in critical areas of Board responsibilities to support decision-making. The Board reflected on previous discussions and the action in the Governance Action Plan relating to consideration of developing a Board assurance framework. The Board’s view was that risks are highlighted and considered explicitly throughout meetings (for example today in relation to PSDS, the mid-year position; cover sheets of all reports etc....), however welcomed considering if risks could be more explicitly linked back to the 2030 Strategic Plan objectives, with members sharing good practice from Board meetings in other sectors. <u>It was agreed</u> that the forward development of a Board assurance framework being supported by the Chair of Audit Committee for Board consideration, will include more explicit consideration and capturing of risks within Board meetings, to support broader assurance and read back to Strategic Objectives.</p> <p>The use of ‘supplementary reports’ in OnBoard was welcomed, as it helped members work through packs easier, with members accessing and reviewing this information still, but valuing a separation in the e-governance system to work through the pack efficiently.</p> <p>With this, the Chair thanked members for their attendance and inputs, and the meeting was closed.</p>

**Debbie Corcoran**  
**Director of Governance**

**Signed as an accurate record by the Chair of Corporation**



**Name:** Phil Wilkinson  
**Date:** 26<sup>th</sup> February 2024