

**FURTHER EDUCATION CORPORATION MEETINGS 2019/20**

**MINUTES OF THE FURTHER EDUCATION CORPORATION MEETING**

**Held at 9.30am on Thursday 2nd July 2020**

**Via Zoom**

**Part 1 Meeting**

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| **Members present:** | Stephen Barnes (Chair), Phil Wilkinson (Vice Chair), Amanda Melton (Principal), Mike Phelan, Nadeem Rashid, Jane Cleaver, Stephanie Bridgeman, Emma Schofield, Tom Gee, David Whatley, Will Cook, Lee Burton, Julie Turner, Zulfi Khan, Neil Hart, Rob Pheasey |
| **In attendance:** | David Rothwell (Deputy Principal – Finance and Resources)  Tracey Baron (Deputy Principal – Quality and Curriculum)  Andrew Dewhurst (Chief Information Officer – CIO)  Alison Rushton (Vice Principal – Adult Learning and Apprenticeships)  Nicola Tattersall (Executive Assistant to the Principal). |

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| **Item 1.** | **1a) Welcome and apologies for absence**  Stephen Barnes (Chair) welcomed everyone to the meeting, and introductions were made. Apologies for absence were received and accepted from Waheeda Khatun, Abby Shand and Tim Webber MBE. Debbie Corcoran (Director of Governance) was absent, and the meeting would be clerked by Nicola Tattersall (Executive Assistant to the Principal).  The Chair asked for the Board’s thanks to be shared with the 2 Student Governors for their support and input during their terms of office, which end on their leaving College in July. Warm welcome was shared with the 3 new Governors attending their first meeting – Julie Turner, Zulfi Khan and Neil Hart.  Board members agreed for the meeting to be recorded to support with minutes. The recording will only be viewed by the Director of Governance and be destroyed when minutes are approved by the Board.  **1b)** **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.  **1c)** **Minutes of the Previous Meeting (5 May 2020)**  *Submitted: ‘Minutes of the Board of Corporation Meeting held on 5 May 2020’ (circulated in Board papers)*  The Minutes of the Board of Corporation Meeting held on the 5th May 2020 were reviewed and agreed as an accurate record, for the signature of the Chair.  **1d) Matters Arising**  All actions were cleared and there were no matters arising. It was noted that since the last meeting the Deputy Principal had shared with the Chair additional information requested on revenue costs eligible for Restructuring Facility (RF). |
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| **Item 2.** | **STRATEGY AND FORWARD LOOK** |
| **2.1** | **Principal’s Report – including key strategic risks and key performance indicators (KPIs)** |
| *Submitted: Report (circulated in meeting papers) – with an additional presentation*  The Principal presented the report, welcoming questions and discussion. Members of leadership team (SLT) and Staff Governors were introduced and their roles explained – including Andrew Dewhurst, the recently appointed Chief Information Officer (CIO). Key information within the report included the latest Staff Survey Action Plan, an updated Key Performance Indicator (KPI) dashboard, and proposed refresh of the Group’s two-year Strategic Plan’s aims and priorities, and a supporting draft Risk Register. Materials were shared with the Board on curriculum intent and delivery, following their development with the Quality and Curriculum Committee, linked to the ETF Governor development programme. Tracey Baron (Deputy Principal) drew out key curriculum developments for 2020/21 and welcomed Board input on curriculum priorities and shape for the next academic year.  Information and areas reviewed in the paper and meeting included:   * Covid re-opening – plans for re-opening on 22nd June had been approved by the Board, with Board input and assurance into planning and decision’s shaped by the latest DfE guidance * Commission for the College of the Future – including implications on the emerging direction of the FE reform White Paper which is due for publication in the Autumn * Latest position on LEP and Town Deal developments, including the development and focus of an Institute of Technology (IoT) bid the Group is contributing to, with assurance given of strategic fit with the Group’s priorities and local community and employers needs * Staff wellbeing, including an update on the Staff Survey action plan and its impact. Emma Schofield (Board member) was thanked for her offer of working with the Principal and senior team to offer her insight and expertise to support and challenge in this area   Presentation slides facilitated a strategic Board discussion which focused on:   * external context (for example Covid-19, likely recession, funding, national policy context and decision-making) * the College/Group context (size and shape of provision, competition, curriculum performance/reputation and financial safety) * immediate challenges (planning for next academic year, forecasting/budgeting, staff morale and safety, the volatility of student decisions and needs, maintaining the pace of estate development and also addressing Apprenticeship performance) * longer term challenges (re-organisation of the College sector nationally, recession’s impact on businesses and individuals, sustainable funding, recruiting and retaining staff, recurring pandemic impact and changes to ways of working and living) * risks and milestones * and the way forward to enable Board engagement and decision-making.   Board welcomed the Group exploring opportunities to attract and deliver learning to students further afield than usually recruited or fee paying adults, through utilising new technologies and approaches to meet changing demand and needs. Board members shared their perspectives on changing approaches from employers to workforce/skills development as a result of Covid-19. Risks in relation to the Adult Education Budget (AEB) were discussed given it was likely to not be a protected budget, along with the competitive market for 16-18 year old learners and Group’s Apprenticeship performance position - and the implications of this on learner recruitment, financial sustainability and curriculum development for next year were debated.  **Resolved: To receive and note the Principal’s report** |
| **2.2** | **Strategic Plan 2019-21 (including key priorities and key end emerging risks)** |
| *Submitted: Report (circulated in meeting papers)*  Amanda Melton (Principal) summarised her report which shared a refreshed Strategic Plan for Board consideration and approval, with proposed updated strategic aims for next academic year (including the response to Covid-19) and an accompanying revised Risk Register.  Following Board review it was agreed for a mid-year review of the 2020/21 element of the Strategic Plan, particularly in relation to the vision for Accrington campus and Group performance against growth targets and ambitions. Board were given assurance that the Strategic Plan sufficiently prioritises adult provision and its delivery, particularly under priority 1.4. The Group’s approach to Continuing Professional Development (CPD) through the Be Phenomenal approach was explained, and assurance given on how staff drive the provision and a balance is achieved between professional and individual needs. It was agreed for the Director of Governance to share with the Board highlights from the Be Phenomenal programme. The Group’s strategic approach to Apprenticeships was considered, and it was agreed that as this remains high risk and a key priority, we will create an opportunity for the Board to consider Apprenticeship strategy in-year at a future Board meeting.  In relation to KPI performance, Board expressed concern that 75% of staff will have been appraised by year-end. The Principal will progress increasing this, and it was agreed there will be an update at the next Board meeting.  The proposed risk management framework and process was reviewed and discussed, and it was noted that the framework will be considered by Audit Committee, and agreed that an accompanying risk management policy will be received by Board in the Autumn.  The Principal was thanked for her informative update. It was recognised that more frequent Board meetings will give the Board increased opportunity to focus on key areas of strategic input and interest.  **Resolved:**   * **To receive and approve the updated Strategic Plan 2019-21 and updated strategic aims** * **To receive and approve the Risk Register** |
| **2.3** | **Finance and Estates** |
| 1. **Finance Report**   *Submitted: Report (circulated in meeting papers)*  David Rothwell (Deputy Principal) presented the Finance Report which offered management accounts up to the year to date, an updated projection for 2019/20 and finance KPIs. Summary performance was reported as follows:   |  |  |  |  | | --- | --- | --- | --- | | **Summary financial performance at 31 May 2020** | | | | | **Financial performance measure** | **Current position** | **Projected Outturn** | **Original Budget** | | Sector EBITDA as % of income | 5.8% | 5.1% | 2.2% | | Borrowing as a % of income | 7.4% | 7.2% | 7.1% | | Cash days in hand | 131 | 130 | 81 | | Adjusted current ratio | 2.9 | 2.6 | 2.1 | | Staff cost / income ratio | 68.2% | 69.1% | 70.2% | | Financial covenants overall compliance | Yes | Yes | Yes | | ESFA Financial Health category | Outstanding | Outstanding | Good |   Board considered and reviewed the report and financial position. It was noted that the projected outturn indicates that the financial health of the college, assessed using the ESFA measures, may be ‘outstanding’ for 2019/20 due to the improvements in the EBITDA measure - resulting mainly from some savings realised as a result of the current closure of the College and reflecting guaranteed public finding levels in key areas of income and other financial support arrangements. Expected reserves and cash balance at 31 July 2020 had therefore increased compared to both the original budget and the mid-year reforecast. Board noted that the capital expenditure profile has been reviewed to account for slippage in the programme due to the lockdown, and that this is still a sensitive area and further slippage may still occur.  Discussions in the meeting reflected that funding guarantees as a result of Covid-19 are short-term. It was recognised that the ongoing restrictions on face-to-face delivery activity and the impact this will have on recruitment make the preparation of the 2020/21 budget challenging, with the Deputy Principal explaining that a realistic position is difficult to forecast, factoring in the many risks and sensitivities. Longer term forecasting into 2021/22, as would also usually been carried out at this time, is even more challenging – and issues were outlined and reviewed in a separate paper. It was noted that the overall position of the expected financial impact of Covid-19 has not changed significantly to that reported to May Board. Apprenticeship income is not subject to the same guarantees as other ESFA funding streams, and the impact of reduced starts in the latter end of this year will have a far more marked financial impact on 2020/21 and beyond than it will have in-year. It was confirmed that the Group has submitted a small claim under the governments ‘CJRS’ scheme to support furloughed workers and the first two payments for April and May have been received.  Board expressed their thanks and recognition for the positive out-turn position in 2019/20 and continued robust approach to financial planning and budgetary management.  **Resolved: To receive and note the Finance Report and updated financial position**   1. **2020/21 draft budget and key financial risks**   *Submitted: Report (circulated in meeting papers) – with an additional presentation*  David Rothwell (Deputy Principal) outlined the proposed budget for 2020/21, with commentary incorporating performance against financial objectives. Key assumptions and significant risks were clearly set out, and uncertainties related to budgetary planning, including Covid-19. The Deputy Principal thanked College leadership and staff for their input and support in budgetary planning, in particular Claire Jarvis and Sam Mercer. The Deputy Principal used presentation slides to draw out key points and encourage discussion and Board engagement.  The Board noted that 2021/22 financial estimates have not been produced at this time. Summary financial performance for 2020/21 was shared compared to 2019/20 projected out-turn, with expected performance against finance performance measures set out. Financial performance against financial objectives was projected to all be within target for 2020/21, apart from staff cost/income ratio which will be above target and assurance was given that this will receive careful monitoring and management in-year.  Solvency/cash levels were confirmed for 2019/20 outturn and projected for 2020/21, with accompanying cash days. Covenant compliance was confirmed with sensitivities recognised for 2020/21, and an update on related pledge clauses and legal charges given. Restructuring Facility (RF) income and merger costs were set out. Curriculum performance against target margins was confirmed overall and outlier areas set out.  It was agreed that the Board will receive an update and review the Group’s financial position as at end November, in line with the usual Board assurance cycle, recognising this year there is a high level of uncertainty and turbulence in financial terms in 2020/21.  The Deputy Principal confirmed that ESFA have announced at headline level that there will be additional capital funding being made to the sector and availability will be considered as detail is confirmed.  Following review, debate and consideration the following was agreed by the Board:  **Resolved: To receive the draft 2020/21 budget and key financial risks ,and after consideration of the sensitivity analysis of financial risks as part of the College’s overall risk management arrangements:**   * **Approve the annual budget for 2020/21, financial objectives and accompanying commentary for submission to the ESFA** * **Confirm the financial health self-assessment of the College as outstanding for 2019/20**  1. **Estates and Capital**   *Submitted: Report (circulated in meeting papers)*  David Rothwell (Deputy Principal) presented the report which updated on financials and potential delivery of the capital investment programme in this current year, and an iterative update to the programme for the next two years (2020/21 and 2021/22). Highlights of the programme so far were shared, which is a £11mn programme post-merger delivered over 4 years, with £6.5mn spent so far and £2.6mn planned for next year.  Board considerations focused on the overall appetite for capital investment, how investment priorities for the Group should be determined, the key criteria to use in decision-making, impact and opportunity of Covid-19 on investment priorities (IT/virtual environment versus emphasis on estates/physical environment) and Board appetite for financial risk associated with self-financing investment from cash reserves. It was agreed that there should be further consideration of these strategic capital investment questions included in the Board meeting cycle.  **Resolved: To approve the overall capital investment programme resourcing proposal for inclusion in the Group’s financial plan/budget 2020/21.** |
| **Item 3.** | **Governance Report and Model**  *Submitted: Report (circulated in meeting papers)*  The Chair of the Corporation presented the Governance report which noted 2 written resolutions and application of the seal.  Following reviews and discussions at Search Committee and previous Board meetings, Chairs of the Committees had been engaged in development work with the Chair, Vice Chair, Principal and Director of Governance to consider feedback on the current governance model and ways of working. The resulting report set out a proposed new governance model for 2020/21, which members had been consulted on. The rationale for the recommendations was shared and discussed. Changes agreed are as follows:   1. To move to 9 Board meetings per year (8 plus an awayday) with revised ways of working and efficiencies:  * agenda planner to be agreed with Chair and Principal * balance of virtual and face to face meetings (even post January) – Committees to each agree if they meet virtually rather than face to face * ensure agendas are strategic, improve the format and focus of papers to support this, plus progress the introduction of new software to improve efficiencies and support Board members  1. Finance and Resources Committee to no longer meet – adequate time will be given to strategic finance, estates and to strategic HR at Board given that this ‘deep-dive’ will no longer taking place at Committee level, but ensure that Board meetings stay strategic 2. New arrangements will be developed to replace the ACL Advisory Board as a Board sub-Committee, but ensure Board input and oversight remains. 3. The Board’s focus and approach to curriculum (particularly intent) to be strengthened – the focus of Q&C Committee will be reviewed and focused on quality and standards, ensuring that curriculum is driven by Board level discussions, oversight and understanding   Board meeting times were also agreed to change, to 4pm-7pm - a maximum slot which will not be fully used if not needed  **Resolved:**   * **To update the Board’s governance model in line with recommendations, following review and consultation with Board members** |
| **Item 4.** | **Termly Reports** |
| **Termly Applications Report**  *Submitted: Report (circulated in meeting papers)*  Alison Rushton (Vice Principal – HE, Adult Learning and Apprenticeships) presented the paper which offered an update on applications for 2020/21, covering: applications for full-time study (16-18 year olds), Apprenticeships and HE – and an update on related marketing/recruitment activity, and online recruitment. It was noted that the recruitment position remained in the main as previous, with 16-18 recruitment at Nelson positive against target and Accrington’s less so. The approach to online recruitment was explained and reviewed, with Board receiving assurance on the approach. It was agreed that the Board will receive links to relevant social media and the online new student days. Board recognised the new approach, recognised risks and it was agreed that the mid-year review of the Strategic Plan will include consideration of the forward strategy for recruitment to Accrington and Rossendale College.  The Vice Principal was thanked for the helpful update and continued work to drive up recruitment.  **Resolved: To receive and note the termly application report** |
| **Item 5.** | **Annual Assurance Reports** |
| **5.1 Prevent and Safeguarding Annual Report** |
| *Submitted: Reports (circulated in meeting papers)*  Tracey Baron (Deputy Principal) presented the report which gave an annual update on Prevent and Safeguarding policy and practice, and the current position. The report covered a refresh on the Board’s role and responsibilities in this critical area; a legislative update (including Keeping Children Safe in Education being updated from 1 September, and the requirements of the COVID-19 non-statutory guidance); mandatory and additional training and development for Board members in this area; and evidence was given of effective safeguarding in 2019/20 including QDP learner voice results.  In relation to discussions, headlines covered:   * Legislation in this area will change – 1 September, in relation to mental health and online safety (with new College policies to be developed) * High level analysis of students accessing safeguarding support, with 2,565 interventions recorded in-year (with a breakdown shared in the meeting on ages/provision type) * Strategy for next year was reviewed by the Board and assurance given on it meeting the legislative framework and College and learner needs. Further testing and development is being built in in respect of the radicalisation agenda, and further assurance will be given in this area through Quality and Curriculum Committee   Mandatory training for Board in this area was explained, with the Director of Governance picking up with individual members to ensure it is completed as needed.  **Resolved: To receive and approve the 2019/20 Annual Safeguarding and Prevent Report** |
| **5.2 Annual Sub-contracting Plan 2020/21** |
| *Submitted: Reports (circulated in meeting papers)*  David Rothwell (Deputy Principal) presented the report which provided the Board with details of the rationale for the Group sub-contracting with four organisations in 2020/21 for delivery funded via its Adult Education Budget (AEB), Apprenticeships and 16-18 Funding (with a planned value of £821,387).  It was confirmed that due diligence exercises are being carried out which meet the ESFA requirements, and all due diligence will be completed ahead of entering into Service Level Agreements. One subcontract was noted as already being operational, and detail included to provide the Board with a complete picture of subcontracted activity. The rationale for changes in sub-contracting from last year was explained and tested by the Board. Strategic fit and added value was reviewed, particularly in relation to Apprenticeships. An update was given on ESFA’s very recent announcement of restrictions on sub-contracting, and the fit with these arrangements confirmed.  **Resolved: To approve sub-contracts for 2020/21 as set out in the Subcontracting Report recommendations** |
| **Item 6.** | **Committee minutes and associated Board approvals**  *Submitted: Report (circulated in meeting papers)*  The Chair presented the report and supporting information which offered unapproved minutes from the Corporation’s Committees and task and finish groups. Chairs of the Committee or meetings, drew attention to key areas of update or risk.  The Board reviewed the report and **resolved** to:   1. **Receive and note** the following minutes:  * **Unapproved minutes from Quality and Curriculum Committee (17 June 2020)** * **Unapproved minutes from Finance and Resources Committee (15 June 2020)** * **Unapproved minutes from Audit Committee (12 June 2020)** * **Unapproved minutes from the ACL Advisory Board (15 May 2020)** * **Approved minutes from the Covid-19 Leadership and Governance Group (2 June 2020 and 10 June 2020) with verbal feedback from 17 June 2020 meeting**   The Board reviewed recommendations from the Committees and **it was resolved to** **approve**:   * **The Quality Strategy** * **The medium term strategic financial objectives for 2019-21 remaining the same for the 2020/21 year** * **The Fees Policy 2020/21** * **The Bursary Funds Policy 2020/21**   The Chair took the opportunity to recognise and thank the Committee Chairs for their hard work, commitment and leadership through the year. |
| **Item 7.** | **Policies requiring Board Approval** |
| *Submitted: Reports (circulated in meeting papers)*  Following discussion, **the Board resolved** to receive the report and to approve the following policies:   * **Complaints Policy** * **Subcontractor Fees and Charges Policy** * **Freedom of Information Policy** * **Data Protection Policy** |
| **Item 8.** | **Any Other Business (AOB)** |
| The Chair updated that as changes to Board meeting frequency had been agreed today, the schedule for 2020/21 meetings can now be confirmed. |
| **Item 9.** | **Reflections of the meeting and fit with the Group’s values** |
| Members considered today’s meeting, decisions and ways of working against the Group’s values. The Principal reflected on the intensity of recent work and degree of challenge staff and leadership team have faced recently, and will continue to face. Staff’s efforts and hard work was recognised by the Board, and their thanks expressed. The Chair thanked the Board and leadership team again for their commitment throughout the 2019/20 academic year.  When reviewing the meeting, Board feedback was that the revised structure and focus of the agenda on strategic items was welcome, helping the Board better engage in these areas. There is a need to balance these longer-term strategic issues with the short-term significant challenges facing the Group in the next 6 months. New Board members shared they felt welcomed and supported, had enjoyed the meeting and discussions – information shared was concise and clear on current and future challenges.  With this, the Chair brought the Board meeting to a close. |

**Debbie Corcoran**

**Director of Governance**

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

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