



Board of the Corporation

Minutes of a meeting of the Board of the Corporation

held in the Albert Croney Suite on Tuesday 19th July at 5.30pm.

Present:

Mr T Edwards (Chairman)
Mrs K Redhead, Mr G Marshall, Mr G Gibson, Mr J Davies, Mrs G Granath, Mrs S Nicholson, Ms A Form, Mr P Murray.

Apologies:

Mrs C Richards, Mr M Short.

In attendance:

Mr C Todd Director of Finance and Resources, Mrs S Errington Director of Business Development, Mr N Lister Vice-Principal Curriculum and Quality, Mr M Sowerby, (Clerk to the Corporation).

1. Introduction

- 1.1. The Chairman welcomed everyone present to the newly refurbished Board room and congratulated all the staff involved in the refurbishment.
- 1.2. The Chairman formally welcomed Mr Murray who was attending the meeting as a Board Member for the first time. The Chairman then advised Members that although there is now an emphasis on the Local Area Review process, other matters still need to be considered and this is a significant meeting as the Board will be approving the Budget.

2. Declarations of Interest

- 2.1. There were no declarations of interest.

3. Minutes of a meeting of the Board of the Corporation held on Tuesday 10th May 2016.

Matters arising:

- 3.1. In relation to item 3.1. Safeguarding and Prevent online training. Mr Gibson reported that no further progress had been made. He had attempted to complete the online training at the College but had still been denied access. The Clerk is to arrange another session at the College.

3.2. In relation to item 3.2. Learning walks. The Chairman informed Members that he had been unable to finalise the proposal with the Vice-Principal and the Clerk but he will give the matter priority over the next few weeks.

3.3. In relation to item 3.4. FE Week. The Clerk informed Members that when he had checked the Governance Portal recently, it had not been updated with the latest copies of FE Week. This will be resolved as quickly as possible.

3.4. In relation to item 5.3.4. Area Review. The Principal informed Members that the Awards Evening guest of honour had been Mr Andrew Hodgson and not Mr Bob Paton. The Clerk will amend the minutes accordingly.

Agreed:

3.5. THAT the Board receive the minutes as a true record.

4. *Draft Minutes of the meeting of the Audit Committee held on Monday 4th July 2016.*

4.1. The Chairman of the Audit Committee informed the Board that the draft minutes were a true representation of the meeting. The meeting had been very positive, there had been good comments from the auditors and management had been swift to respond to any issues raised.

4.2. Following questions the Audit Committee Chair explained the clearly trivial threshold and Director of Finance and Resources provided further details relating to the issues identified in the I.T Security audit and the action plan.

Agreed:

4.3. THAT the Board receive the minutes for information.

5. *Chairman's verbal report*

5.1. The Chairman's report consisted of an update on the Local Area Review (LAR).

5.2. The Chairman informed Members that he had met with the Principal, on several occasions to discuss the complexities of the LAR and he had attended a number of North East Chairs Group meetings. The meetings had included presentations from John Taylor, Joint Area Review Delivery Unit (JARDU), Janice Rose, NECA and Andrew Hodgson, Chair of the North East LEP.

5.3. The Chairman informed Members that he and the Principal had attended a presentation by the outgoing FE Commissioner, David Collins, at New College Durham on the 18th July. The presentation highlighted a number of significant factors:

- There is no grand plan for Area Reviews, common sense must prevail:

- Evidence of financial stability and viability is crucial, a surplus of 3-5% should be the target for the next three years. Financial growth needs to be validated in Strategic Plans:
- The FE Sector currently has a deficit of £67m. The review is the last chance for colleges with financial issues, there will be no financial support from government following the review:
- It is anticipated that 50 colleges will be lost, mostly through merger, following the review:
- Colleges have the authority to reject the review proposals and make their own proposals. Although NECA are involved in the process it was emphasised that the LAR is a college process not a NECA one:
- Colleges need to be collaborative and not competitive.

5.4. The Chairman then provided Members with an update on the review process:

- 5 review meetings are planned to take place between the 16th September and the 17th February 2017. These dates may slip but at present the Chairman is potentially away for two of the meetings. Arrangements have been agreed for the Chairman to return from holiday for the final meeting and weekly Skype contact has also been agreed while he is away.
- As part of the review there is to be a visit from two FE Advisors. It has been requested that this visit takes place in the first week of October, when the Chairman will be available to attend.

5.5. Finally the Chairman informed Members that since the last meeting he had also had several meetings with the Clerk and a meeting with the Director of Finance and Resources and Facilities Manager to discuss the development of the LRC.

5.6. The Principal informed Members that she had been encouraged by the FE Commissioners speech on the 18th July. Colleges need to take charge of the LAR process. A number of North East colleges are doing well, meeting the needs of learners and making money. Softer forms of collaboration may be the way forward. The Principal had chatted to the FE Commissioner over lunch and had outlined our thoughts on national expansion. The FE Commissioner seemed impressed and gave the Principal contact details for a college in South.

5.7. The Chairman advised Members that the LAR Task Group would need to be re-established and asked any Members interested to contact the Clerk.

Agreed:

5.8. **THAT the Board receive the Chairman's report.**

6. *Principal's report*

6.1. The Principal presented her report which included the following:

- 2015/16 Performance against funding targets

- Area Reviews
- Ofsted Inspection
- Apprenticeship Reforms
- EU Referendum

6.2. 2015/16 Performance against recruitment targets – Confidential item

6.3. Area Reviews

6.3.1. The Principal informed Members that the Chairman will present future updates on the Area Review to the Board.

6.3.2. The Principal informed Members that a parliamentary enquiry has been launched by the Education, Skills and the Economy Sub-Committee, to look at the progress, effectiveness and the impact so far of the area reviews on the FE Sector. The deadline for written submissions to the enquiry is 30th September 2016.

6.4. Ofsted Inspection

6.4.1 The Principal informed Members that the Ofsted Report, which had been sent to Members with the Board papers, was a very pleasing report and there had been a lot of positive feedback from stakeholders. The College did disagree with the overarching judgement but recognised that Mathematics and English delivery and results require further strengthening.

6.4.2. The Principal advised Members that colleges fare badly under the relatively new Ofsted framework and provided Members with examples of college grades from inspection reports published over the last two months.

6.4.3. Members were informed that the Vice-Principal was in the process of incorporating the post-inspection actions into the 2016/17 Quality Improvement Plan (QIP).

6.4.4. The Vice-Principal explained the inspection process and Members were informed that the length of time inspectors spend in each lesson can be as little as 15 minutes. Members were informed that starting next academic year, learners will be assessed at the start of the course and then at regular intervals. This will ensure that each individual learner is being stretched and is fulfilling their potential.

6.4.5. A Member congratulated staff involved in the inspection and commented about how much the College had improved from the last Ofsted inspection report.

6.4.6. In response to a question it was stated that Smart Assessor which was introduced in 2015 will strengthen the monitoring process of apprenticeships. Staff usage of Smart Assessor has been variable to date but management are now monitoring usage and the situation is improving.

6.5. Apprenticeship Reforms

6.5.1. The Principal informed Members that apprenticeship reforms represent a high risk for the College. Further guidance on the reforms has been delayed and until the guidance is published, the Senior Management Team are keeping a close watch on developments.

6.5.2. The Principal recommended that Members access the recent AoC webinar and although it is quite difficult to understand, read the AoC paper on Apprenticeship Reforms which had been distributed with the Board papers. The Chairman requested that Members of the LAR Task Group in particular read the document.

6.5.3. The Principal advised Members that an analysis of our existing employer base has taken place and under current guidelines, 70% will be future levy payers. The biggest risk to the College is with non-levy payers who are often SMEs, who have not previously had to contribute financially to the cost of their apprenticeship training. The financial contribution from non-levy payers has still not been set, so it is not possible to predict what the impact on the College will be. On a positive note Members were informed that the volume of new business with future levy payers is very encouraging.

6.5.4. Following a question the Principal confirmed that talks with some of our largest partners have taken place and they very much want to continue working with the College. The Chairman commented that because of the lack of information, the situation is very complex at present, but we do have a good relationship with our partners.

6.5.5. The Principal informed Members of two visits that are to take place over the summer. Teresa Frith, Senior Skills Policy Manager at the AoC is to visit the College in August and Keith Smith, Head of Apprenticeship Levy Implementation, is to visit the College in September. The Principal advised Members that she will use these visits to show the unique position of the College in relation to Apprenticeships, highlight our achievements and discuss aspects of the reforms that are raising concerns. Keith Smith is to be guest speaker at the AoC regional event which is to take place at the College following his meeting with the Principal.

6.6. EU Referendum

6.6.1. The Principal informed Members that since writing her report a number of political changes had taken place. The Principal outlined the ministerial and departmental changes that have taken place. Members were advised that the Brexit decision may result in further austerity measures and funding cuts being announced in the Autumn Statement.

6.7. The Chairman congratulated the Principal and Senior Management Team for achieving the current levels of success

Agreed:

6.8. THAT the Board note the content of the report.

7. Finance and Resources Reports

7.1. Finance Report up to period 10 (31st May 2016) Confidential item

7.2. Annual Budget 2016-2017. Confidential item

7.2.1 The Director of Finance and Resources presented the Budget Report and the Financial Plan.

7.2.2. The Director of Finance and Resources reminded Members that the current financial objectives had been agreed in July 2015. Due to the changes in the SFA financial health scoring methodology and the Board's decision to repay its long term loans, the financial objectives need to be updated. The Director of Finance and Resources then outlined in detail the recommended changes to the financial objectives.

7.2.3. The Director of Finance and Resources then highlighted the current year expenditure and the proposed 2016/17 budget in each of the following sections of the report:

- Income and Funding Income:
- Pay Expenditure:
- Non Pay Expenditure:
- Capital Programme:

7.2.4. Finally the Director of Finance and Resources distributed a cash flow chart and provided further detail in relation to EBITDA and financial health ratios.

7.2.5. Following questions and comments the Director of Finance and Resources provided further explanation in relation to the:

- EBITDA current ratio:
- Income summary contained within the report and agreed to provide a breakdown of Other Income at the next meeting of the Board:
- Increases in College pay expenditure:
- Capital programme.

7.2.6. The Director of Finance and Resources informed Members that subject to the agreement of the auditors, he was not going to renew the overdraft facility and he advised Members that if the proposed 2016/17 Budget can be delivered the College should have a good, solid year.

7.2.7. The Chairman thanked the Director of Finance and Resources for a very comprehensive report.

Agreed:

7.2.8. THAT the Board approve:

- **The proposed new financial objectives for 2016/17 onwards:**
- **The Annual Budget for 2016/17:**
- **The inclusion of a 0.5% pay award provision for 2016/17:**
- **The SFA Financial Plan covering the period from 2015/16 to 2017/18:**
- **The Capital Budget for 2016/17 of £125k.**

7.3. Risk Management Report

7.3.1. The Director of Finance and Resources presented the report which had previously been presented to the Audit Committee. Members were informed that recommendations made by the Audit Committee had been included in the report. The Director of Finance and Resources then provided details of the four Strategic Risks which had been identified as being outside the College's acceptable risk appetite.

7.3.2. Following questions and comments the Director of Finance and Resources confirmed that:

- The College is not in receipt of any E.U. funding:
- Because Risk 9 and 10 are so similar, consideration will be given to removing Risk 10 from the register:
- The inclusion of Risk 6 will also be reconsidered.

Agreed:

7.3.3. THAT the Board note the content of the report and the actions identified to reduce the impact and likelihood of each risk.

7.4. Staff Survey 2015/2016

7.4.1. The Director of Finance and Resources presented the report. Members were informed that the online survey had been carried out in June and the target response rate of 70% had been achieved. 104 members of staff completed the survey which was a very positive outcome.

7.4.2. Following a question from the Chairman, the Director of Finance and Resources confirmed that although the response to question 29 had improved by 11% on last year, some staff still feel they are not being asked enough for opinions on work matters.

7.4.3. The Director of Finance and Resources highlighted several aspects of the report and provided details of all of the work carried out by the Senior Management Team to improve communications throughout the College.

Agreed:

7.4.4. THAT the Board note the Staff Survey report.

8. Curriculum and Quality Reports

8.1 Quality Improvement Plan (QIP) Update

8.1.1. The Vice-Principal Curriculum and Quality presented the report and informed Members that all of the 56 actions contained within the QIP have now been completed. The effectiveness of these actions, particularly with regard to their impact on learners, were then highlighted.

8.1.2. The Vice-Principal Curriculum and Quality outlined the systems put in place to develop and strengthen the effectiveness of actions on an on-going basis.

8.1.3. Following a question from the Chairman regarding Overall success rates on Apprenticeships, the Vice-Principal Curriculum and Quality clarified the difference between the percentage point improvements and national percentile rating.

Agreed:

8.1.4. THAT the Board note the content of the report.

9. *Business Development Reports*

9.1. Partnership report 2015/16 – Confidential Report

9.1.1. The Director of Business Development provided Members with the background to the report and highlighted the College's business development priorities for 2015/16.

9.1.2. The Director of Business Development then outlined the 2015/16 partnerships and the College monitoring arrangements. Members were informed that the College has worked with 12 sub-contract partners during 2015/16. The contract with 1 partner is to be terminated as a result of unsatisfactory performance and a pilot contract with another partner will not continue.

9.1.3. The Director of Business Development distributed a copy of the Partnership RAG rating breakdown and fully described the RAG rating process. The College carries out a very robust partnership monitoring process on a termly basis. Each partner receives an overall RAG rating which takes into account ratings in each of the following three key areas, administration and compliance, quality assurance and improvement and performance.

9.1.4. The Director of Business Development finally provided a detailed summary of the 2015/16 partners where RAG rating changes had occurred.

Agreed:

9.1.5. THAT the Board note the report.

10. *Board Matters*

10.1. Training and Effectiveness. The Clerk informed Members that there were no regional or national Governor training sessions taking place over the summer months. The Area Review Implementation webinar from last week is now available from the AoC archive.

10.2. The Clerk informed Members that he will be trying to arrange the Board Member Personal Review meetings over the next few weeks.

10.3. The Clerk informed Members that the September Board meeting had originally only been scheduled to only discuss two items. The outcomes of the Area Review

and the Strategic Plan. Due to the Area Review being delayed and the meetings re-scheduled the September Board meeting would now take place before the Area Review meeting. The Clerk suggested and Members agreed that the September Board meeting could be cancelled and replaced with a Strategic Plan review presentation followed by an informal lunch.

11. *Next meeting Agenda*

11.1. The items for the next meeting include:

- Declarations of Interest
- Minutes of the previous meeting
- Chairs verbal report
- Principal's report
- Finance report and Management Accounts.
- Health and Safety (whole year) Report.
- Teaching, Learning and Assessment (whole year) Report
- Learner Feedback Report
- Safeguarding Report.
- Member Personal Review report
- Governance Document Review

12. *Any other business*

12.1. There were no items of other business

13. *Date of next meeting*

13.1. The date of the next meeting is Tuesday 11th October at 5.30pm.

The Chairman and members of staff, with the exception of the Director of Finance and Resources were asked to leave the meeting at this point.

14. *Report from the Remuneration Task Group –Confidential Item*

The meeting closed at 8.05pm.