



**MINUTES OF A MEETING OF THE BOARD
HELD IN THE ALBERT CRONEY CONFERENCE SUITE
ON TUESDAY 14 FEBRUARY 2023 AT 5.30 PM**

Present: Independent Board Members

Ms V McDermott (Chair)
Dr K Chester (Vice-Chair)
Mr C Bozeate
Mr G Lyons
Mr M Sowerby

Staff and Student Board Members

Mr C Todd (Principal and Chief Executive)
Ms H Brennan (Academic Staff Member)
Ms N Dixon (Support Staff Member)
Ms H Farrell (Student Member)

Other attendees

Mrs L Smith (Clerk to the Board)
Ms S Errington (Deputy Principal/Deputy CEO)
Mr M Gray (Director of Finance and Resources)
Ms R Holmes (Director of HR)

The Clerk confirmed that the meeting was quorate, with more than 40% of the actual Board membership present.

1. Appointment of new Chair

- 1.1 Ms McDermott left the meeting whilst the Board formally appointed her as Chair. The Clerk reminded Members that the Chair had been subject to a robust interview and selection process involving several Board Members and her appointment had been recommended by the Search and Governance Committee. The Board unanimously approved the appointment of Ms McDermott as the Chair.
- 1.2 Ms McDermott returned to the meeting.
- 1.3 Ms McDermott welcomed everyone to the meeting, including the new Student Board Member, and asked all parties in attendance to introduce themselves.

2. Apologies for Absence

- 2.1 Apologies were received from Mr D Allsop, Mr S Howard, Ms L Sewell and Mr M Short. It was noted that previously the Board had agreed to suspend Mr Short's membership for six months effective from October 2022 due to a potential conflict of interest. Mr Short had confirmed that he intends to resume his membership effective from the next Board meeting on 25 April 2023.

A handwritten signature in black ink, appearing to be a stylized 'S' or 'L' followed by a flourish.

3. Declarations of Interest

- 3.1 There were no declarations of interest.

4. Minutes of Previous Meetings and Matters Arising

4.1 *Board Minutes and Matters Arising*

- 4.1.1 The Principal referred Members to item 4.1.6vi which referred to capital funding of £180k. He confirmed that the College had been awarded the funding (not applied for funding). The Clerk agreed to amend the minute accordingly.
- 4.1.2 The Director of Finance and Resources stated that at item 6.2.4 payroll should read £5.5m (not £55m as stated). Again, the Clerk agreed to amend the figure.
- 4.1.3 The Principal provided an update on the outstanding actions which are reflected in the actions list attached to these minutes.

Subject to the amendments outlined above, the Board **approved** the minutes as an accurate record of the meeting held on 6 December 2022.

4.2 *CQS Committee Minutes*

- 4.2.1 The Committee Chair spoke to the draft minutes of a meeting held on 24 January 2023 and challenged the purpose and direction of the Committee. He expressed concern that the Committee was duplicating the business of the Board by discussing such issues as the development of T Levels and the curriculum structure.
- 4.2.2 The Principal explained that the Committee was newly formed and had stemmed from the governance review carried out in March 2022 which found that the Board was not focused sufficiently on curriculum and quality matters. Although the Board had approved the associated terms of reference, the Principal suggested that the agenda and membership would benefit from review to ensure the Committee had the relevant expertise and focus to be able to report effectively to the Board. The Principal stated that he felt the meetings had been useful, in particular the January meeting, as the Committee had had the opportunity to meet the College's new Apprenticeships Manager for Health and Social Care and discuss the progress she has been making.
- 4.2.3 Committee Members stated that the Committee provided an opportunity for them to interrogate detailed information and highlight key issues impacting on curriculum and quality to the Board. They felt that the Committee was worthwhile whilst acknowledging that it remained new and under continuous development. It was **agreed** that the Committee agenda and business schedule be reviewed, alongside the wider cycle of business, at the July Board meeting. The Chair added that she intended to hold one-to-one meetings with Board Members which would provide them with an opportunity to raise any issues concerning the Board and its committee structure.

The Board received and noted the CQS Committee minutes.

5. Strategy and Direction

5.1 *Strategic Update*

- 5.1.1 The Principal welcomed the new Student Member to the meeting and stated that he hoped she would find the experience of benefit.
- 5.1.2 He introduced his report and highlighted the key issues to note.

5.1.3 *Accountability Agreement*

- i. The Principal advised that the DfE had introduced a new requirement for colleges to produce and submit an annual Accountability Agreement which replaces part of the existing financial memorandum. The Agreement will need to include an overview of how



the College meets local skills needs and some objectives around how the College will develop its curriculum into the future. The Accountability Agreement will need to be signed off by the Board prior to submission to the DfE by the end of May 2023. Board Members will have an opportunity to discuss and consider a draft of the Accountability Agreement at the planned away day on 25 April 2023.

5.1.4 Acquisition of a private training provider

- i. (Redacted – Commercially sensitive minute).

5.1.5 T Levels capital bid

- i. The Principal was seeking retrospective Board approval for a capital bid submitted under Wave 5 of the T Level Capital Fund. The interim Chair had signed a letter of support as part of the bid process and further detailed information was available in the 'supporting documents' folder on SharePoint.
- ii. The capital project will involve the refurbishment of vocational facilities in Health, Science, Childcare, Digital, Engineering and Construction at a total cost of £982k. From a governance perspective, the College's financial risk exposure was limited to around £25k, which represents the cost of developing the project to the point at which the DfE make their decision. The project could not progress within the prescribed timeline, post approval, if this commitment was not made. These funds will be recovered in the event that the project is approved.
- iii. The project will create some logistical issues as in order to implement the development within the prescribed timeframe, significant parts of the College will be out of commission during term time. Temporary accommodation has been provided for within the bid, but more detailed planning will be required in order to make sure that these risks are managed. The Principal agreed to bring further detail to the Board, outlining the risks and how they would be mitigated to the July Board meeting.
- iv. A Member queried the expectations arising from a successful bid in terms of learner recruitment, retention and achievement. The Principal advised that learner number targets had been supplied to the DfE and that the College would need to commit to the delivery of T-Levels in the longer term.
- v. The Board expressed support for the capital bid, acknowledging that further detail would be provided on risk management at the July Board meeting.

The Board received and noted:

- a. the introduction of Accountability Agreements;
- b. progress of the devolution deal;
- c. the position regarding acquisition of a private training provider;
- d. the approval of the capital bid,
- e. the positive development in funding.

5.2 Strategic Monitoring Report

5.2.1 The Principal spoke to his report and highlighted a number of positive developments:

- Changes to the Executive and Senior Leadership structure had strengthened leadership across curriculum and quality.
- New staff appointed to the Health and Care department had had a positive impact and significant progress had been made with the development of a Health and Social Care QIP.

- There had been growth in 16-18 learner numbers which had increased by 25%, resulting in in-year growth funding of £92k and a consolidated increase in our funding allocation of £359k for 2023-24.
- The College is expected to meet its targets for AEB against the Tees Valley contract.

5.2.2 The Principal highlighted his main areas of concern:

- The College was experiencing significant issues in delivery of the AEB target this year, which is an issue being experienced across the FE sector;
- The College's financial performance has been impacted by financial pressures, coupled with the projected underperformance in adult recruitment against the original budget for the year. The financial forecast, to be presented later on, incorporated a revised forecast of adult education income and EBITDA;
- The government had not increased sector funding rates for many years and coupled with the challenging economic climate, the financial environment was proving very challenging. The Principal expressed a desire to make a pay award to the staff this year but stated that he did not feel it was affordable under the circumstances. The Principal identified that it may be more appropriate to implement a pay award on the 1 August 2023, and that he would bring a proposal to the Board to provide options at the July Board meeting.

Board Members received and noted progress made against the Strategic Plan.

6. Curriculum, Quality and Learning

6.1 Quality Improvement Plan (QIP) Progress Review

- 6.1.1 The Principal introduced his report and summarised the key issues and challenges to achieving the improvements outlined in the QIP.
- 6.1.2 He emphasised the positive impact of changes to the leadership structure which were driving implementation of the QIP. In addition, Ofsted inspection in October had provided a wealth of intelligence which had informed the QIP, which was approved by the Board in December.
- 6.1.3 21% of actions had been implemented with the majority of the remaining actions ongoing. There had been some issues experienced with the College's software development resulting in delays to planned projects.
- 6.1.4 This year the QIP had been focused on driving improvements to the area of Health and Social Care and follows a three-year cycle, the current year being year one which will lay the foundations for the following two years.
- 6.1.5 The Chair invited the CQS Committee Chair to comment on progress of the QIP. In response, the CQS Committee Chair explained that the newly appointed Care Manager had attended the meeting to provide a report on progress made to date and had outlined the challenges faced by the College in bringing about the required improvements.
- 6.1.6 A Member challenged whether any progress had been made in the recruitment of training consultants. The Principal stated that caseloads had been reviewed to ease pressure on training consultants, however the situation had been compounded by staff leaving for alternative employment including some staff members who had been subject to performance management. The College was advertising for additional training consultants, however he noted it would take time for the staffing structure to stabilise and for performance management arrangements to conclude.

The Board received the report and noted the positive progress being made towards implementation of the QIP.

6.2 Curriculum, Quality and Learning Report

6.2.1 The Deputy Principal advised that the report focused on the three main strands of provision.

6.2.2 16-18 Classroom Provision

- i. The well attended open events held in October 2022 and January 2023 indicate that the College's positive collaboration with schools is translating into increased 16-18 learner recruitment. The Deputy Principal is meeting with the Principal of Consett Academy this week and has already met with the new Principal at North Durham Academy following a significant rise in enrolments from the Academy.

6.2.3 T Levels

- i. The development of T Levels remains a focus for the College and the government's implementation is continuing at pace with the removal of funding for more Level 3 qualifications already confirmed. On behalf of the FE sector the AoC has raised concerns around the speed with which the proposed curriculum changes are being made and the potential lack of opportunities available for young people.
 - ii. Due to the local demographics the College does not offer a large volume of Level 3 provision and learner numbers therefore remain low. From September 2023 the College will deliver its first T Level in Education and Childcare and efforts are in hand to raise awareness with employers and secure commitment to the required placements.
 - iii. Recruitment to T Levels remains a challenge and the College will employ a number of strategies to attract the right learners to the programmes offered.
- 6.2.4 The Board noted the hard work of staff to promote and deliver the College's provision and acknowledged the impact that had been made to date, as evidenced by the growth in 16-18 learner numbers.

6.2.5 Apprenticeships

- i. The focus remains on driving improvements specifically around the Care apprenticeship provision and it is envisaged that continuing progress will support an increase in achievement rates. The government achievement rate target of 65% for 2024-25 was a key objective for the College. The Deputy Principal highlighted that improving achievement rates would take time but improvements made over the last few months were a good start.
 - ii. Learner recruitment to catering and hospitality apprenticeships had been impacted significantly by Covid due to the transient nature of the workforce and the decline in numbers had resulted in the decision to withdraw from this apprenticeship provision.
 - iii. The apprenticeships job fair hosted by the College on 10 February had attracted a large number of visitors, with 180 Year 10 and 11 pupils from both Consett Academy and North Durham Academy attending for a tour of the facilities. Two Board Members had also attended and had found the event to be highly enjoyable and productive, providing an opportunity to speak with employers who were keen to engage with the College.
 - iv. The Support Staff Board Member stated that her son was in Year 10 and he had been surprised at the facilities available at Derwentside College. Feedback had been extremely positive and the College was now perceived as a viable option for further education.
- 6.2.6 The Chair challenged whether the decline in learner recruitment to the hospitality and catering apprenticeships reflected the quality of provision delivered or whether it was a symptom of the prevailing jobs market. Responding, the Deputy Principal advised that the pandemic had severely impacted the hospitality and catering sectors. The TLA Manager added that there had been evidence of a decline in learners before the pandemic but it had since declined further and she stated it was prudent to discontinue this apprenticeship provision.



6.2.7 The Deputy Principal explained that the health care sector is growing due to the need to recruit more qualified staff to meet demand.

6.2.8 The Chair challenged whether the College had taken advantage of the opportunities available through social media to attract learners or had considered whether improvements can be made through research on search trends. The Deputy Principal responded to clarify that the use of social media was playing a significant part in recruitment.

6.2.9 Adult Learning Provision

- i. As a result of the pandemic attitudes to learning had changed significantly, and more courses were being delivered online. In addition, the prevailing economic climate had impacted on the jobs market and resulted in declining numbers of adults accessing training and development.
- ii. Nationally the ESFA had recovered around £70m in AEB funding from FE providers due to under-delivery. It was noted that 47 less adult learners had joined the College's study programmes this year as a result of adults directly entering employment.
- iii. Recruitment to the Access to HE programme had reduced due to a high volume of in year withdrawals. Ofsted had judged this provision highly, however it was acknowledged that changes were needed to our curriculum design to meet the priorities identified in our Local Skills Need Statement for Adult Learning.
- iv. The Assistant Principal for Adult Learning is leading on the development of online resources to support employer demand. Sector Based Work Academies delivered in South Tyneside, Middlesbrough and Consett were proving successful in progressing learners into employment and there is a continuing high demand for similar SBWAs.
- v. A Board Member probed the status of links with the local Job Centres which were confirmed to be good and continuing. South Tyneside in particular had a high volume of adults on their register and the College is looking to deliver provision in areas where there are high numbers of learners and more employment opportunities.
- vi. It was noted that one awarding body for Access to HE had closed and one college had moved to deliver fully online Access to HE programmes. The College is looking at a blended learning model to provide increased flexibility for adult learners, which will hopefully reduce the number of withdrawals. The market for this will be tested over the coming weeks and, dependent on demand, we will need to make a decision on whether or not to continue to deliver Access to HE provision in future.

The Board noted the challenges identified in developing and delivering T Levels and the decision to withdraw from delivering hospitality and catering apprenticeships. They also acknowledged the difficulties in recruiting to adult education and noted the positive actions being taken to address the issues.

7. Finance and Resources

7.1 Management Accounts – Month 5

7.1.1 The Director of Finance and Resources spoke to his report and explained that a combination of factors had impacted on the current financial situation, including the clawback of AEB funding, cost increases and inflationary pressures etc. He highlighted the key points to note:

- i. Income and expenditure show a deficit in the year to date of £489k, the main driver being the AEB under performance which is currently £443k adrift. A delivery plan is in place to recover the deficit, but there will be an under delivery at year end of approximately £224k.

- ii. The College's planned EBITDA surplus for the year was £284k. The revised forecast outturn, taking account of the challenges being faced in year, was an EBITDA surplus of £35k. This represented a prudent view which the Executive Team felt could be improved upon.
 - iii. Payroll is underspent by £164k in the year to date and this is expected to continue to year end, with a forecasted underspend of £288k predicted.
 - iv. Non-pay is over-spent by £58k in the year to date, mainly due to increasing examination costs, EPA fees and travel expenditure costs.
 - v. The College's cash balance as at the end of December 2022 is £2.43m, although this will reduce over the coming months due to the AEB clawback.
 - vi. Financial health is predicted to be good, and this will be strengthened further by the recently announced in year increase to the College's 16-18 funding allocation of £96k.
 - vii. The College had been awarded £206k in capital funding of which £59k had already been received and related to an energy efficiency grant. The remaining £147k would be paid in Spring. The terms and conditions attached to these grants are fairly specific but will be tied to improving building condition.
- 7.1.2 In summary the Director of Finance and Resources advised that the coming year will be difficult, but the College is good at recognising issues in advance and resolving them quickly.
- 7.1.3 The Principal explained that growth in 16-18 learners will lead to increased class sizes and would generate additional income. This would have an extremely positive impact on the College, as the financial effect would largely be felt on the bottom line. The local demographics are positive indicating an increase in young people in the locality which the College will be keen to capitalise on. In line with the plan to grow 16-18 provision, North Durham Academy Year 10s were due to visit the College on 10 March.
- 7.1.4 A Board Member challenged whether the College received government support with energy costs. The Director of Finance and Resources stated that there was nothing specific to the FE sector but the generic support for businesses did apply. This support ends on the 31 March 2023. He was aware that many providers use brokers to obtain competitive energy prices and had been encouraged to sign up to short term contracts to benefit from potential cost reductions.
- 7.1.5 A second Board Member said that an EBITDA surplus of £35k was good in the current economic climate.
- 7.1.6 The Director of Finance and Resources stated that the Executive Team were conscious that staff had not received a consolidated pay award for a considerable length of time, and they planned to consider options for rewarding staff a priority.
- 7.1.7 The Principal was looking for ideas to reward staff and cited the non-consolidated pay award made last year which could be an option again for the future. Staff in scope for the Real Living Wage will receive a 10% pay increase on 1 April 2023, with the College continuing to maintain its status as a Real Living Wage accredited employer.
- 7.1.9 Following a query from the Chair regarding the annual business planning cycle, the Principal explained the process by which the College develops its annual budget. The College is required to submit a three-year financial plan to the DfE each year, however it is typically very difficult to look beyond 12 months with any accuracy. Curriculum planning is an area the Principal is looking to strengthen in the future, aligned to the new Accountability Agreements and guidance issued by the FE Commissioner's Team. A curriculum plan will be presented to the Board in May, followed by the budget in July.

The Board noted and received the report.



7.2 Human Resources and Staffing Information Report

- 7.2.1 The Director of Human Resources updated the Board on staffing issues including recruitment and sickness absence. She noted that a higher number of staff had left the College in the first term than in previous years and undertook to monitor the situation and identify any emerging patterns.
- 7.2.2 Recruitment activity continues to be busy, and HR had adopted a creative approach to recruitment.
- 7.2.3 The Director of HR confirmed the College's continuing compliance with 'Keeping Children Safe in Education.'
- 7.2.4 Sickness absence continues to increase although this was largely due to long term absence. A difficult winter had also contributed to an increase in short-term sickness absence.
- 7.2.5 Long term sickness absence is high, with six staff members absent during Term 1. Most of them had now returned to work and those remaining on sick leave are receiving support.
- 7.2.6 The Director of HR reported that work related illness had increased compared to last year and this reflected a national trend.
- 7.2.7 In terms of a pay increase, the trade unions appear to understand and accept the College's position despite the UCU demands nationally for a 10% increase in pay. The Executive Team will continue to review the potential for a pay award and will implement the uplift in line with the national living wage effective from 1 April 2023.
- 7.2.8 A Board Member challenged whether there was anything outside pay that the College could offer to attract potential candidates to job vacancies. The Principal explained that the College did offer incentives such as access to a wellbeing team and participation in a car leasing scheme, however the information was not promoted actively. The Principal agreed to look into the possibility of promoting the benefits of working at Derwentside College more widely, through the College's website and recruitment activities.
- 7.2.9 The Support Staff Board Member suggested the use of testimonials from long serving staff to promote the ethos of the College and the increased involvement of staff in the recruitment process to highlight the benefits of working at Derwentside College. We promote learner services, why not promote staff services as well.
- 7.2.10 The Principal highlighted the staff survey which had produced excellent feedback and resulted in Derwentside College being the top performing college for staff satisfaction out of 46 colleges. Board Members acknowledged the need to sell the College to prospective employees by engaging more with the community and providing an interactive website to attract candidates seeking employment opportunities. As outlined above, the Principal agreed to look into the possibility of promoting the benefits of working at Derwentside College more widely, through the College's website and recruitment activities.
- 7.2.11 The Principal also highlighted that the Ofsted report could provide further evidence of the College culture and ethos which was judged to be strong.

The Board received the report and noted the rising levels of sickness and the actions proposed to address this trend.

8. Board Matters

8.1 Governance Development Plan Progress Report

- 8.1.1 The Clerk explained that the governance development plan had been produced as a result of recommendations arising from an external review of governance and the actions outlined were aimed at driving improvements and strengthening governance at Derwentside College. It was proposed that the governance development plan will inform the governance SAR with a draft being presented to the Board in April 2023 for approval.



- 8.1.2 The Board noted the update and agreed to review progress with a view to developing a new Governance Development Plan at the planned away day in April 2023.

The Board noted and accepted the update and agreed to review progress with a view to developing a new Governance Development Plan at the away day in April 2023.

8.2 Lead Board Member Roles

- 8.2.1 The Clerk had drafted role descriptors for lead Board Members in Safeguarding and EDI and stated that expressions of interest were sought from the Board. It was **agreed** that the new Chair will discuss the opportunity to take up the roles during her one-to-one meetings with individual Board Members.

9. Any Other Items of Urgent Business

- 9.1 The Chair suggested that Members spend a couple of minutes after each Board meeting to reflect on what had gone well and feed back to her on their views.

10. Agenda Items for next Meeting

- 10.1 Board Members noted the agenda items for the next meeting and agreed to remove curriculum planning and local skills needs from the agenda.

11. Date of Next Meeting

- 11.1 The next meeting (strategic review) will take place on Tuesday 25 April 2023 at Durham University.

The meeting closed at 7.35 pm.



Board Meetings
Actions Arising

Date of meeting: 14 February 2023

Minute Ref	Action	Responsible Officer	Status
4.1.1	Amend minutes of the Board meeting held on 06.12.22 - item 4.1.6vi the College had been awarded the funding (not applied for funding).	Clerk	Complete 14.02.23
4.1.2	Amend minutes of the Board meeting held on 06.12.22 – item 6.2.4 payroll to read £5.5m (not £55m as stated).	Clerk	Complete 14.02.23
4.2.3	Board to review the CQS Committee agenda and the Board/Committee annual business cycle for 2023-24	Principal	<u>Not yet due</u> To be presented at the July Board meeting.
4.2.3	The Chair to hold one-to-one meetings with each Board Member	Chair/Clerk	<u>Ongoing</u> 50% of meetings have now been concluded with further meetings taking place in the coming weeks.
5.1.3i	Board Members to discuss and consider a draft of the Accountability Agreement at the planned away day on 25 April 2023.	Principal	<u>Complete</u> On the agenda.
5.1.5iii	T Level Capital Bid - bring further detail to the Board on managing the logistical issues created by the project , outlining the risks and how they would be mitigated to the July Board meeting	Principal	<u>Not yet due</u> To be presented at the July Board meeting.
5.2.2	Present options and proposal for staff pay award	Principal	<u>Complete</u> On the agenda.
6.2.9vi	Test the demand for Access to HE programmes and bring a report to Board for discussion on whether or not to continue to deliver Access to HE provision in future.	Deputy Principal	<u>Not yet due</u> To be presented at the July Board meeting.
7.1.9	Develop and present a curriculum plan to the Board in July.	Deputy Principal	<u>Not yet due</u> To be presented at the July Board meeting.
7.2.8	Look into the possibility of promoting the benefits of working at Derwentside College more widely, through the College's website and recruitment activities.	Principal	<u>Ongoing</u> 'Work for us' section of the website has been created. Some information has been included, with further case studies and



			video content being produced over the coming weeks.
8.1.2	The Board to review progress and develop a new Governance Development Plan at the planned away day in April 2023.	Principal	Ongoing Considered at the away day. Governance development plan under construction and will be presented to the July Board meeting.

Date of meeting: 6 December 2022

Minute Ref	Action	Responsible Officer	Status
4.1.8i	Prepare briefing note for Board on the implications of the Skills Act.	Principal	Complete This has been covered in strategic updates from the Principal, and within the Accountability Agreement.
4.2.9i	Cross reference QIP to Strategic Monitoring Report to ensure KPIs are linked and measurable.	Principal	Complete Links have been established between the documents.
4.2.9iii	Review risk management policy and approach at Audit Committee.	Director of Finance	Ongoing A thorough review of Risk Management is underway to determine an appropriate approach going forward. A new policy will be agreed by the Audit Committee in June 2023.
5.1.10	Add student numbers to curriculum areas for achievement rates – to be picked up in future reports.	Deputy Principal	Complete Student numbers are included in the achievement rates report on the agenda.
6.1.6	Explore collaboration with other providers to obtain volume discounts and report back to Board on outcome.	Director of Finance	Not yet due

Date of meeting: 19 July 2022

Minute Ref	Action	Responsible Officer	Status
3.3.1ii	Pilot a scheme of workshops to be held before each of the next three Board meetings.	Principal/Chair	Deferred To be considered as part of the Governance Development Plan for 2023-24.
5.1.8	Board to agree a Level 3 curriculum plan following the outcome of the government's Qualification Review – the Board had received a report on the introduction and	Deputy Principal	Ongoing This will be incorporated within the Curriculum Plan report to be presented to the Board in July 2023.



	development of T Levels. Proposals for the Level 3 offering will be presented to the Board in July.		
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