

**MINUTES OF A MEETING OF THE CORPORATION BOARD
HELD IN THE TONY EDWARDS BOARD ROOM ON
TUESDAY 5 DECEMBER 2023 AT 5.30 PM**

Present: Independent Board Members

Mr D Allsop (Vice Chair) – appointed to the role of Corporation Chair (see Agenda item 3.2)
Ms L Sewell
Mr C Bozeate
Mr M Short
Ms C Loader

Staff and Student Board Members

Mr C Todd (Principal & Chief Executive)
Ms N Dixon (Support Staff Member)

Other Attendees

Ms S Errington (Deputy Principal)
Ms R Holmes (Director of HR)
Mr A Hayday (Interim Vice Principal – Finance & Resources)
Ms E Gaines (Interim Clerk to the Board)
Ms C Hinshaw (Azets) joined the meeting remotely via Teams for Agenda item 7.1 only

Observers

Mr G Brown
Ms S Jones
Ms K Miller

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

The Vice Chair welcomed everyone to the meeting. A warm welcome was extended to Mr G Brown, Ms S Jones and Ms K Miller, all are going through the process of becoming Governors and were in attendance to observe the proceedings. A warm welcome was also extended to Ms C Loader (co-opted member of the Quality & Standards Committee).

1. Apologies for Absence

- 1.1. Apologies were received from Ms V McDermott (Corporation Chair). Mr Allsop informed the Board that Ms McDermott remains unwell. Apologies were also received from Ms H Brennan.

2. Declarations of Interest

- 2.1. There were no declarations of interest.

The Chair invited the Interim Clerk to take over the proceedings for the appropriate agenda items.

3. Resignation and Appointments

3.1. Resignation of Mr M Sowerby

- 3.1.1. A resignation was received from Mr M Sowerby on the 8th November 2023, notifying the Corporation Chair and the Clerk of his intention to resign as a Governor with immediate effect, due to other commitments.

3.2. Appointment of Chair

- 3.2.1. The Interim Clerk informed the Corporation Board of the slightly unusual situation; in that the current Chair, (Ms V McDermott) is currently unable to carry out the functions of office of Chair. The Vice Chair may Chair meetings of the Corporation in the absence of the Chair; however, due to the length of the Chair's absence and the unknown duration of it, it would be prudent for the Board to appoint a Chair in her absence.
- 3.2.2. The Interim Clerk informed the Board that the Instrument of Government identifies that the Corporation may give written notice, removing the Chair from office in the event of the Chair being unfit, or unable to carry out the functions of office. With the Board's agreement, the Interim Clerk proposed that was done and a new Chair appointed this evening. Alongside this, the Interim Clerk proposed the Board write to Ms McDermott and explain what the Board has done, retaining Ms McDermott as a Governor in the short term; and once she is well again, the situation can be reviewed, with the newly appointed Chair determining an appropriate course of action. The Interim Clerk asked the Board if they were in agreement that this was the correct course of action.

The Board agreed that this was the correct course of action.

- 3.2.3. The Interim Clerk informed the Board the Standing Orders dictate the process of appointing a new Chair (section 4). In order to appoint a Chair; nominations are required from any two members of the Board. Voting procedures will apply if there is more than one candidate. The Interim Clerk invited nominations for the role of Chair. Ms Sewell nominated Mr Allsop and Mr Todd supported this nomination. No other nominations were received. The Interim Clerk asked Mr Allsop to leave the room for the next part of the proceedings.
- 3.2.4. The Interim Clerk asked Governors if anyone had any objections to Mr Allsop taking the role of Corporation Chair. No objections were received. The Interim Clerk asked Governors if they approved the decision for Mr Allsop to be the Corporation Chair, all Governors present approved this decision.
- 3.2.5. The Interim Clerk invited Mr Allsop to rejoin the proceedings and notified him of the decision. Mr Allsop accepted the role.

The Board approved the appointment of Mr Allsop to the role of Corporation Chair and agreed the Corporation Chair will write to Ms McDermott and explain what the Board has done, retaining Ms McDermott as a Governor in the short term; and once she is well again, the Chair will review the situation and determine an appropriate course of action.



3.2.6. Appointment of an Audit Committee Chair

3.2.6.1. The Interim Clerk informed the Board that on the basis that Mr Allsop has been appointed as Corporation Chair, there was now a requirement to fill the role of Audit Committee Chair. Normally, the Audit Committee would appoint a Chair from within their membership, however, this cannot wait until the next meeting of the Audit Committee to make an appointment. The Interim Clerk proposed a Chair was appointed from the existing Audit Committee membership this evening.

3.2.6.2. The Interim Clerk asked Ms Sewell and Mr Bozeate if either of them would be willing to take on the role of the Audit Committee Chair. Ms Sewell informed the Interim Clerk and Governors that she would be willing to become the Audit Committee Chair. Mr Bozeate confirmed that he did not wish to volunteer; and supported the nomination of Ms Sewell. As there was only one member willing to accept the role of Audit Committee Chair, the Interim Clerk confirmed the appointment of Ms Sewell to the role.

Governors approved the appointment of Ms Sewell to the role of Audit Committee Chair.

The Interim Clerk invited the newly appointed Corporation Chair to take over the proceedings.

3.3. Appointment of Governors.

3.3.1. The Chair informed the Board of the recommendation by the Search & Governance Committee for the Board to approve the appointment of Ms C Loader to the Board.

The Board approved the recommendation of the Search & Governance Committee to confirm the appointment Ms C Loader as a member of the Board.

4. Minutes of Previous Meetings and Matters Arising

4.1. Minutes – Corporation Board held on 24th October 2023

4.1.1. The Principal reported that good progress has been made and the actions register updated accordingly.

4.1.2. It was noted that work is still underway to identify a suitable Student Governor. The Deputy Principal is scheduled to meet a potential student governor next week.

The Board approved the minutes of the meeting held on Tuesday 24th October 2023.

4.2. Minutes – Audit Committee held on Tuesday 21st November

4.2.1. The Chair invited the newly appointed Audit Committee Chair to provide an update to the Board regarding the Audit Committee meeting held on 21st November.

4.2.2. The Audit Committee Chair reported the Audit Committee Annual Report and Terms of Reference were presented at the Audit Committee meeting on 21st November. The Terms of Reference include the name change of the committee to the Audit and Risk Committee.

Questions were invited from Governors – none were raised.

The Board received:

- the draft minutes of the Audit Committee held on Tuesday 21st November 2023;
- the annual report of the Audit Committee; and
- approved the amended Terms of Reference for the Audit Committee, including renaming the Committee to the Audit and Risk Committee.

5. Strategy and Direction

5.1. Principal and CEO Report

5.1.1. The Principal introduced his report. The purpose of the report was to provide the Corporation Board with a clear view on the current risks and opportunities; the position of the College on the journey to achieving the strategic objectives; and matters that cause him concern.

5.1.2. The Principal presented the areas of concern (marked as amber on the Dashboard) (item 5.1a). They included: Adult Education Delivery & Funding, Attendance and Learning Visits.

5.1.3. *Key Issues & Concerns*

- **Attendance and Local Bus Strikes** – It was noted that a report on this topic will be presented later in the proceedings (Agenda item 6) by the Deputy Principal.
- **Adult Education Delivery and Funding** - Whilst the community learning and employer upskilling programmes continue to gain traction with learners and employers, recruitment to sector-based work academy programmes has been slower than expected. In response to employers' plans and requirements, it was anticipated that academies would be 'front-loaded' in Term 1, which has been done successfully within the Tees Valley. However, employer partners on the mainstream adult education contract, including two NHS Trusts and a significant retailer subjected to delay due to changes in their recruitment timelines.
- Although there is no further sector-based work academy delivery planned for December, there are confirmed dates for the provision outlined above from January 2024 in what will be a condensed period of delivery, across mainstream, Tees Valley and our North of Tyne contracts; with the number of academies delivered exactly in line with the Curriculum Plan for 2023-24.
- As planned, from January, the academy provision will also be complemented; by a classroom and community learning offer via a range of qualifications across Beauty Therapy, Construction, Maths and English, ESOL and Teaching and Education.
- The Principal reported that it is a little too early at this stage to make predictions on the forecast position at the end of the year; however, if further assurance is not provided at the February Board meeting, then the AEB forecast may need to be moderated down this year. The Deputy Principal and Assistant Principal for Adult Learning will present an update report at the February board meeting, detailing progress to date and plans for the remainder of the academic year.
- It was noted, going forward the College has a significant opportunity to grow its AEB provision, with the North-East devolution deal likely to result in a larger



allocation for the College from 2024-25 onwards. Based on current performance, this represents a significant challenge and will require some careful business planning. A report will be prepared for the February meeting to give assurance to the Board.

- **Learning Visits** – The Principal reported that 5 of 24 learning visits have not met the required standard (21%). Out of these, 1 staff member has left the College, 2 relate to a single staff member and 1 relates to a member of staff doing maternity cover. Raising the Bar in Teaching and Learning will be a key focus for the college, and this too will be driven forward by the Quality & Standards Committee.
- **Chief Financial Officer** - Members of the Board were invited to attend an Assessment Centre (on 21 November) as part of the recruitment process for the Chief Financial Officer position. Unfortunately, from the five candidates shortlisted for the Assessment Centre, no suitable candidate was found that met the requirements relating to cultural fit or capability, therefore no appointment was made. The Principal reported he will consider some alternative options over the coming weeks, with a view to presenting these to the Search & Governance Committee and wider Board early in the New Year. It was noted in the meantime, Mr Hayday will continue in his Interim Vice Principal Finance & Resource role. Mr Hayday remains committed to supporting the College and will support the Principal with a comprehensive review of the Finance Department, which will inform the alternative structural options
- **Governor Recruitment** - The College Corporation is currently made up of 9 members and there are four members in the process of joining the Corporation Board. With the four new additions, the Corporation Board will be increased to 13 members. The College recruitment partner (Peridot) is prepared and ready to launch a recruitment campaign in the new year and the intention of the Principal is to work with the Search & Governance Committee to strengthen the Board further in the coming months, with the aim of having a fully resourced Board with the right skills and experience in place by the end of July 2024.
- **Incumbent Clerk** - The Principal informed the Board the incumbent Clerk may be interested in pursuing ill health retirement. If this progresses, the Principal will work with the Search and Governance Committee to recruit to the role, potentially in the new year.

The Principal invited questions/comments from Governors.

A Governor noted on the Financial Performance Dashboard there were a few more items identified as amber compared to the Dashboard presented at the October meeting. In response the Principal assured her this was normal for this point in the year; he drew her attention to the forecast and target columns at the end of the Dashboard, the columns for the categories in question are green. He also reported there is nothing within the Dashboard that would put the college at risk.

A Governor asked if there was an easy-to-follow supporting sheet to determine the Red, Amber Green (RAG) conclusions. The Principal reported the Dashboard is a newly developed tool and that this was not yet in place. The RAG ratings are based on the judgement of the SLT and the Principal.

No other questions were raised.

The Board received the Principal and CEO report and noted:

- the College's positive performance against the Strategic Plan KPIs and considered the key issues, risks and implications presented within the report;
- that a report on Adult Education Delivery and Funding will be presented by the Deputy Principal at the next Board meeting;
- that the Quality & Standards Committee will be leading on the issues arising from the Quality & Education KPIs (learning visits/apprenticeship achievement rates).

5.2. [Redacted – commercially sensitive]

5.2.1. [Redacted – commercially sensitive].

5.2.2. [Redacted – commercially sensitive].

5.2.3. [Redacted – commercially sensitive].

5.2.4. [Redacted – commercially sensitive].

5.2.5. [Redacted – commercially sensitive].

5.2.6. [Redacted – commercially sensitive].

The Board:

- [Redacted – commercially sensitive];
- [Redacted – commercially sensitive];
- [Redacted – commercially sensitive].

6. Curriculum Quality and Learning

6.1. Curriculum Planning 2024-25

6.1.1. The Deputy Principal introduced her report. The purpose of the report was to provide the Corporation Board with an update on the progress made so far this term in relation to Curriculum Planning for the 2024-25 academic year across all provision.

6.1.2. Curriculum Planning Presentations (Autumn Term) – The Deputy Principal reported in the Education Programmes for Young People strand the focus this round was on the planning for T Level Implementation from September 2024. The College began its T Level delivery with the T Level in Childcare and Education this academic year, the programme currently has 100% retention. From next year four additional routes will be delivered in Digital Production, Health Care, Electrical Installation and Engineering Design as well as the Childcare route, with the aim of recruiting 62 learners. This is a significant scale up for the college, so both planning and recruitment will be a key priority in the year ahead. Research also confirms that the college study programmes offer is in line with market demand, and this is evidenced by the increase in numbers seen this year.

In the areas of both Adult Learning and Apprenticeship provision, October is quite early in the curriculum planning cycle, due to the continuous rolling recruitment; to determine the full impact of the current plan and whether any deviation is needed in the year ahead. The Deputy Principal reported that Adult Learning provision is very much employer led; there is a clear curriculum delivery plan covering 4 key strands,

but the sector-based work academy element has been delayed somewhat due to employers' recruitment timelines. This will be back on track from January, and the focus is now on the roll-out of the new Devolution Deal for the North East and what this means for the College. This will form an integral part of the next round of curriculum planning.

In apprenticeships, a significant overhaul of the provision was conducted in recent years to reduce the number of Standards offered to 39 and the Executive Team believe the offer is incredibly fit for purpose. Swift reaction was required to growth in Residential Childcare for now and also in preparation for next academic year. Additionally, there is a clear swing within the Health and Social Care apprenticeship provision to more Clinical Standards coming on board as opposed to general Health & Social Care.

6.1.3. Ofsted – The Deputy Principal reported as well as seeing an overall rise in general FE Colleges being graded good or better this year, there has also been the roll-out of the new enhanced element of the Ofsted framework to assess how well a college is addressing skills gaps. Inspectors will give one of three ratings – limited, reasonable, or strong. Out of the 51 colleges inspected last year, 3 were found to be making a 'limited' contribution, 30 were found to be making a 'reasonable' contribution and 18 a 'strong' contribution. It was noted there has been significant debate across the sector about the word reasonable – with sector leaders believing it is not reflective of their work. However, the Chief Inspector herself has pointed out - reasonable is a positive judgement and not a bad one. The Board were reminded the College was judged to be making a 'reasonable' contribution, and an area of improvement for the College was around the consistency of employer involvement in curriculum design. In response, two Industry Employer Forums have been rolled out to date this term, in Engineering, and in the Public Sector, both were perceived to be very successful in terms of actions and results; and the intention is to host more Industry Forums in 2024.

The Deputy Principal paused and invited questions/comments from Governors.

A Governor asked the Deputy Principal what impact she thought the Employer Forums will have on T Levels and in particular, work placements. In response, the Deputy Principal reported employers want to support the College, the forums held to date have been really impactful and rich intelligence obtained. It was noted the preparation of students prior to work placement is crucial.

The Audit Committee Chair noted that there will be a submission to the Board in May, she wanted to know if there would be anything in the lead up to this; she was keen to establish when the Board would get a full view of the costed curriculum plan. In response, the Deputy Principal said that there was nothing was planned prior to May. She gave an example of the curriculum planning process for Apprenticeships. Time was spent looking at the market intelligence and government priorities to ensure the offer meets these requirements. The Deputy Principal believes the current offer is right. A strong business case will be required to change this.

The Principal reported there is a lot of the operational work within the curriculum planning and previously this has not involved the Board. He asked Governors to consider how they would like to become involved in the curriculum planning process.

The Corporation Chair asked the Deputy Principal, in relation to the employer forums and the work that has been done to date; will this place the College in a stronger

position following the Ofsted visit on October 2022? He was also keen to know if there was anything that could be learnt from 'strong' colleges.

In response, the Deputy Principal reported the first College employer survey has been launched to gain feedback from employers who have apprentices on programme. At the Employer Forums, feedback from employers demonstrated Lean was a qualification they wanted their workforce to have, and the college responded to this and is delivering the qualification to match their requirements. Regarding the second part of the question, the Deputy Principal reported that from the Ofsted reports she has read, 'strong' colleges have a unique aspect to them.

The Board received the Curriculum Planning Report 2024-25 and noted:

- **the early-stage activity undertaken so far in developing the Curriculum Plan for 2024-25;**
- **the successful roll-out of two sector specific Industry Employer Forums during the first term.**

6.2. Health and Social Care Apprenticeship Review

6.2.1. The Deputy Principal introduced her report. The purpose of the report was to provide the Corporation Board with an update on the progress that has been made within the College's Health & Social Care Apprenticeship provision during 2022-23. The report also provided information on some of the key issues and actions subsequently taken to address improvement, as well as outlining the priorities and ambitions for the year ahead.

6.2.2. The Deputy Principal reminded the Board, the Health and Social Care apprenticeship provision was a significant issue for the College at the start of the 22-23 academic year. Despite this an overall rating of 'GOOD' was achieved for the Apprenticeship provision with Ofsted, and it was clear Inspectors could see some green shoots with the new interim Apprenticeship Manager who had been in post for around 3 weeks.

6.2.3. Context and Offer - The report outlined the progress made this year. The Deputy Principal provided some strategic context regarding why the College would continue to deliver provision that had been performing below national rates. It was noted there is clear evidence that this training is sorely needed across the region as a result of the College's growing work with NHS Trusts; many providers have left the marketplace due to poor achievement rates and limitations on funding; and Health and Social Care has been identified as a national priority sector for Further Education, and it is clear all political parties see this area as crucial in delivering the health and social care workforce of the future. This was further reinforced when funding bands increased by one third for the Adult Care Worker and the Lead Adult Care Worker from 1st August.

6.2.4. Achievement Rates - Section 3.2 of the Deputy Principal's report provided the background to the College's overall achievement rate of 48.8% in 2021-22, and how Health & Social Care was the sole contributor to this, placing the College in an 'At Risk' category under the Apprenticeship Accountability Framework. The Deputy Principal informed Governors that at the end of 2022-23, the achievement rate is now 56.2%, with Health & Social Care increasing by 15.3% on the previous year. It will be the end of March before we will see how this compares with national rates. The Board were reminded of the overall achievement rate target of 60% this year. The Deputy Principal and the Team are striving to ensure that Care reaches the same level which would see a further increase of 10% in this area.

6.2.5. Management Arrangements – There is now a permanent Apprenticeship Manager in place with an extensive background in Quality and Compliance from the private training sector, having previously worked as a registered Care Manager. The meeting structures have been rebuilt from scratch to ensure incredible focus on compliance and improving the quality of provision at every turn.

6.2.6. Staffing - A redundancy exercise was launched in the summer as it became clear staffing numbers were too high in the area of general Health and Social Care; and this was concluded in August with 4 staff members leaving the business and ultimately this also dealt with the underperformance issues. In terms of apprenticeship starts in the year to date, whilst the recruitment remains broadly similar to last year, but with an increase in Clinical Healthcare Standards; the staff headcount has also been reduced by more than 25%, while vastly improving quality at the same time.

6.2.7. Ofsted Findings from Health & Social Care Deep Dive - Section 3.5 of the Deputy Principal's report captured the key themes identified by Ofsted in relation to Health and Social Care apprenticeships and the progress that has been made so far. It was noted that this will be an agenda item at the Quality and Standards Committee in January.

6.2.8. Priorities 2023-24 - Key priorities in the year ahead were outlined to be:

- continue to improve the quality of provision;
- continue to raise achievement;
- reduce the number of overdue apprentices past their end date which has really impacted on timely achievement; and
- reduce the number of learners currently on suspension.

The Deputy Principal invited questions/comments from Governors.

A Governor acknowledged the complexity of predicting success rates, she wanted to know if there were any learners in next year's cohort that will impact on the data. In response the Deputy Principal reported predicted achievement is a key focus of the Apprenticeship Forum. Managers provide reports to the Forum on progress made. The Deputy Principal cited an example of the PBS Apprenticeship Manager, using the information provide by her staff, being the only Manager brave enough to predict Distinctions for relevant learners within her Team; and these predictions turned out to be highly accurate. The Deputy Principal informed Governors at the last Ofsted inspection high-grade data was not available, this has been addressed and it is now included in the Review process and talked about on a regular basis including at the Apprenticeship Forum.

The Quality & Standards Committee Chair felt the work that has been done over the last 12 months does need to be recognised; huge focus has been given and strides made – Well Done to all involved.

A Governor asked for assurance that if the Deputy Principal were to step away; would the progress and achievement still continue on this trajectory. In response, the Deputy Principal reported the Apprenticeship Manager is the key driver, the Deputy Principal supports by attending team meetings to drive the message forward.

The Principal informed the Board that during the recent FE Commissioner visit, the FE Commissioner acknowledged that it can take up to 3-years to improve apprenticeship achievement rates. Until recently, the College had a significant number of apprentices

overdue and past their planned end date, and it would take time for the achievement rates to reach the level demanded by the Board.

The Corporation Chair congratulated the Deputy Principal for the work to date and asked her to pass this on to the Team.

The Board received the Health and Social Care Apprenticeship Review and noted:

- **the significant progress made in Health and Social Care Apprenticeships in 2022-23;**
- **the key areas of focus that will be prioritised in this current academic year.**

6.3. Attendance Report EPYP

6.3.1. The Deputy Principal introduced her report. The purpose of the report was to provide the Corporation Board with an update on the current attendance figures for the Education Programmes for Young People (EPYP). This is set against the backdrop of the regional Go North-East Bus Strike that caused widescale significant disruption within our Education Programmes for Young People, not only for learners and parents, but also college staff. This was mirrored at colleges across the North-East, with disruption lasting the majority of this term. Issues ranged from learners attempting to walk 7 miles plus, to learners getting on the wrong buses in error and arriving at a different college and more along the way.

6.3.2. There are 168 16 to 18 year old College learners using public transport this year and in receipt of an annual bus pass from Go North-East (more than ever before) and whilst an estimated 45% of these learners were able to get into College by other means, although not consistently, the remainder were just not able to get to College at all. And whilst the overall attendance figure was 76.0% in the week of 13 November, this included some peaks and troughs with attendance at 85.5% in the weeks without the bus strikes and as low as 63.9% in the weeks of the bus strikes where no alternative transport was provided.

6.3.3. Following the intervention to improve the attendance situation, three bus routes were launched from Chester-le-Street, Rowlands Gill and Gilesgate from 14 November. As a result, attendance slowly rose to 79.4% w/c 27 November. It was noted that it is still early days in the return to any normality and consideration needs to be given to learners living in areas where the College were not able to provide a transport service i.e. Tanfield, Burnopfield, Sacriston, Moorside and Castleside.

6.3.4. The Deputy Principal met with the DfE on 27 November and as part of the agenda, she raised the potential for claiming the unexpected costs back.

6.3.5. The strike was resolved on Friday (1 December) and normal services have resumed; however, the service is not fully reliable. The Deputy Principal recommended that a report is prepared for the Quality & Standards Committee, following the end of the second term, where hopefully a full term without disruption will have taken place.

The Deputy Principal invited questions/comments.

A Governor asked a question regarding Contingency Planning, she wanted to know if this industrial action happens again, how can we ensure the attendance is 70%+. In response the Deputy Principal said being better prepared is crucial. It was noted that some classes switched to online learning, however, this was not possible for practical based courses. It was also noted the attendance figures outlined in the report only accounts for learners physically being in college, it does not include remote learning.

The Principal reported that comparatively other colleges have struggled more than we have. The Deputy Principal acknowledged the students and parents are really grateful for the college bus service. The support staff member agreed, citing some learners with anxiety issues struggled during the industrial action; she went on to say that although the wellbeing team kept in touch with these learners, the experience of the bus strike was similar to the covid lockdown for some.

The Board received the Attendance Report EPYP and noted:

- **the current attendance figures by area set against the backdrop of the regional strike;**
- **the actions being taken to improve the situation and to support learners and parents.**

7. Finance and Resources

7.1. External Auditors Report

7.1.1. At 6.40 pm approximately, Ms C Hinshaw (Azets) was admitted to the meeting (via Microsoft Teams), the Chair welcomed Ms Hinshaw to the meeting. The Corporation Chair informed Ms Hinshaw that the Board appointed him as Corporation Chair at the start of the meeting this evening, and Ms L Sewell was appointed to the role of Audit Committee Chair.

7.1.2. The Corporation Chair invited Ms Hinshaw to present her report.

7.1.3. Ms Hinshaw informed the Board, that normally the Corporation Chair would be invited to and attend the Audit Committee meeting to receive the External Auditors report on the College's Annual Report and Financial Statements. However, due to the current illness of the Corporation Chair she was not in attendance at the Audit Committee meeting held on Tuesday 21st November 2023. Ms Hinshaw also informed the Board that at the Audit Committee meeting on the 21st November; the Auditors were not in position to finalise the 2022-23 College Final Accounts (2022-23) as the decision was awaited from the Actuary regarding the Local Government Pension Scheme (LGPS).

7.1.4. Ms Hinshaw informed the Board as per the Post-16 Audit Code of Practice 2022-23, it is a requirement for the External Auditors to present their findings annually at a meeting of the Board of Governors and to give the Board the opportunity to ask any questions they may have.

7.1.5. The screen was shared, and the Audit Highlights Memorandum for the Year Ended 31 July 2023 (presented to the Audit Committee on 21st November 2023) was viewed and the following items were presented by Ms Hinshaw:

- **Executive Summary** – (Our Audit Report : page 4) – Ms Hinshaw informed the Board that the External Auditors do not propose any modifications to their audit opinion which is unqualified. The likelihood is that Azets will have an emphasis of matter in their audit report this year, making reference to the pension accounting which has been adopted by the college to draw attention to users of the accounts that there will be sector differences in accounting treatment.
- **Areas of Audit Focus** – Ms Hinshaw informed the Board that during the audit planning a number of specific areas of audit risk were identified. The report sets out the observations and conclusions in relation to these original identified audit risks along with other matters identified during the course of the audit. These were summarised in Section 2 of the report.



- **Adjusted Misstatements** – Ms Hinshaw reported that these were discussed with Management and asked them to correct certain misstatements identified in the financial statements. A schedule in Appendix 1 of the report records the adjusted misstatements.
- **Unadjusted Misstatements** – Ms Hinshaw reported a schedule is included in Appendix 2 of the report that records the unadjusted misstatements. The schedule does not include matters Azets believe to be clearly trivial in the context of the financial statements. The External Auditors have asked the College to separately affirm in writing whether we believe the effects of the uncorrected misstatements to be immaterial individually and in aggregate to the financial statements as a whole.
- **Other Matters**
 - **Matters identified during the Audit Fieldwork** [Redacted – commercially sensitive]
 - **Holiday Pay** - External Auditors obtained the holiday log for August 2023, showing all non-utilised holidays from the 22/23 year as at 01 August 2023. Using this log, it was calculated the average holiday entitlement across the college and the total non-utilised holiday as a % as at 31 July 2023. By multiplying these together against the gross wages per the accounts, an expected holiday pay accrual charge of £44k was generated. A similar amount of £29k was reported in 2022 and therefore year and year impact would be £15k. This is immaterial and after discussion with Management, an adjustment has not been made in the accounts. The proposed adjustment has been recorded in the schedule of unadjusted misstatements.
 - **Trade Debtors** - External Auditors reviewed the trade debtors listing for any items over 90+ days. This amounted to £16k. Upon investigation, a proportion of this balance, £5k. relates to debtors relating to 2021 and prior. Management have informed the External Auditors that the amounts have been retained on the ledger for compliance with the non-levy employer funding rules for apprenticeships. A review will be conducted in 2023-2024 to remove the older amounts where recovery from the employer is looking highly unlikely.
 - **Amount due to ESFA** - On breaking the creditor down by individual ESFA fund stream, several potential judgement balances were included within the net balance payable. Potential errors identified were:

High Value Course Premium	£66,800
Vulnerable Learner Bursaries	£9,600
Total	£76,400

From the review of the ESFA document and external review, the External Auditors do not believe that there will be clawback of the above and these amounts could be recognised as income in the current year. These were over and above usual funding streams.

High Value Course College Leavers Program	£13,500
Total	£13,500

This item has been clawed back by ESFA.



These have been raised as a combined adjustment of £89,900 on the schedule of unadjusted misstatements.

- **R14 ILR** -The final date for the R14 submission was 19 October 2023. External Auditors performed a reconciliation between the R14 submission and the financial statements. This resulted in overall difference of £103,702 which was made up of £110,867 AEB, £27,200 TV AEB and (£34,365) Apprenticeship. External Auditors are aware of AEB uplifts which it is calculated that £90,925 will be receivable from ESFA and £29,354 from TV and therefore the expected overall clawback will be £16,577 AEB. There is an AEB creditor of £43,885 relating to 2022 which potentially could be released. Therefore, the overall impact would be a net positive amount of £16,577 cash flow/income and a positive release of £43,855. The combined amount of £60,432 has been raised as an unadjusted amount.
- **Local Government Pension Scheme** – We requested our actuaries consider the impact of the minimum funding requirement on the asset ceiling and as a result we have restricted the asset to £0 based upon an asset restriction calculation. We consider this to be appropriate and a more accurate reflection of the pension positions as at the 31 July 2023. The main factor in the swing in values is the continuation of the discount rate being much higher than it has been in the past. As recently as 2020-21 the discount rate was 1.7% (a level it had been at for a decade or more). The discount rate increased to 3.5% in 2021-22 and has increased further to 5.0% in 2022-23 – where an increasing discount rate reduces the value of the liability. From the LGPS Actuary perspective, the change in value of the pension means that the LGPS scheme is regarded as an asset rather than a liability. However, upon advice from our External Auditors, we have chosen not to recognise the LGPS as an asset; but have limited the gain recognised so the LGPS is viewed as a zero asset / zero liability in the accounts. The scheme underwent its triennial valuation in March 2022. In overall terms, the LGPS is now 98% funded. The approach of the actuary is to make contributions relatively consistent until full funding is assured, so contributions for the next 3 years (commencing April 2023) have not significantly changed, but has slightly increased, with employer contributions increasing from 20.2% to 20.3% and our shortfall lump sum contributions set at £92k per annum in 2023-24 and increasing by £3k per year in the following two years.
- **Internal Control Observations** – Ms Hinshaw outlined the following:
 - **Expenses** – An employee retrospectively raised expense claims which individually meant only manager approval needed, however, the payment to the employee in the month if one claim made would need dual approval. Currently the regulations would allow for an employee to split a claim across various months to reduce the level of authorisation required. This provides potential opportunity for collusion by not needing dual approval. The recommendation is to ensure employees raise expense claims in a timely manner. Employees will not receive payments greater than £250 where usually dual approval is needed, without dual approval.
 - **Card Transaction** – A purchasing card transaction where the same person has raised and approved the expense. There is lack of segregation of duties. The recommendation is to ensure sufficient segregation of duties are in place to ensure the same person is not raising a purchase and approving their own purchase. Sufficient segregation of duties are in place to ensure only bona fide college expenses are purchased.



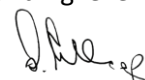
- **Prior Year Internal Control Observations** – Ms Hinshaw outlined the observations to be:
 - Several invoices above the £35,000 net limit which were then not authorised by the Principal. The invoices identified were in respect of the partnership costs which were authorised by the Partnership lead.
 - A large amount of old trade debtors with a proportion of the balance relating to 2021 and 2020. From the discussion with Management, it was identified that a full review will take place in due course and that a number of aged balances are retained to ensure compliance with funding rules.

Ms Hinshaw invited questions from Governors – none were raised. She asked the Board if they were comfortable with the conclusion of the local government pension scheme. All Governors agreed they were comfortable with the conclusion.

The Chair thanked Ms Hinshaw for her report. Ms Hinshaw left the meeting at 6.51pm (approx).

7.2. Annual Report and Accounts

- 7.2.1. The Interim Vice Principal Finance & Resources introduced his report. The purpose of the report was to present the annual report and financial statements for 2022/23 to the Corporation Board for review and approval. Following this, they will be signed the by the Chair of the Corporation Board, prior to filing with the ESFA.
- 7.2.2. Financial statements are produced annually as per ESFA financial memorandum and audited by Azets LLP. The draft annual report and financial statements for 2022/23 were presented to the Audit Committee on 21 November 2023.
- 7.2.3. The only change from draft to final will be the advice from AON, the actuaries to the County Durham LGPS, regarding the asset ceiling calculation and minimum funding level for the pension fund and therefore what should be included in the annual accounts.
- 7.2.4. The overall college deficit for the year ending 31 July 2023 was £376k. Once adjusted for depreciation of £497k, Local Government Pension Scheme (LGPS) and Enhanced Pension Adjustments of £266k, deferred grants of £86k and interest earned of £15k, the EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) equates to a surplus of £286k. The financial health grade for the year is expected to be “GOOD” coming from a financial health score of 220.
- 7.2.5. The college has a robust cash balance over and above the corresponding creditors to be repaid within 1-year (ESFA clawback). EBITA performance continues to be the weakest aspect of the financial health score. The college continues to hold zero debt, resulting in the maximum score for gearing. Cash balances at 31 July 2023 are £2.606m. This will reduce in 2023/24 due to clawback of unused AEB funding and payment for capital investments over the summer period. Tables were included within the Interim Vice Principal’s Finance & Resources report for Governors (section 4). The tables detailed Income and Expenditure (SOCl) and transactions between M12 management accounts and year end.
- 7.2.6. Changes from draft to final statutory accounts
As a result of a request from Azets, the College sought further advice from the LGPS actuary, AON, regarding the asset ceiling calculation and minimum funding level for



the pension scheme. The delay in this report led to a delay in finalising the statutory accounts. This information was made available and presented to Board members by Ms Hinshaw (see External Auditors Report above). The accounts will be finalised with the appropriate LGPS asset value (£zero) and signed off by the College's External Auditors.

7.2.7. Letter of Representation

The final draft of the letter of representation to the external auditors from the College was included in the Interim Vice Principal Finance and Resources report (item 7.1b) for approval by the Board and signature from the Corporation Chair. This will then be submitted alongside the annual report and financial statements to the ESFA.

Questions were invited – none were raised.

The Corporation Chair asked the Board if they were all comfortable with the conclusion of the LGPS valuation. All Governors agreed with the conclusion of the LGPS valuation.

The Board received the 2022/23 Annual Report and Accounts and:

- **reviewed and approved the final annual report and financial statements for year ending 31 July 2023 (2022/23);**
- **approved the letter of representation from the College to its External Auditors (Azets);**
- **Governors agreed the Corporation Chair to sign the accounts which will contain the agreed LGPS valuation, £zero asset.**

7.3. Management Accounts – 2023-24 Month 3

7.3.1. The Interim Vice Principal Finance and Resources introduced his report. The purpose of the report was to provide the Corporation Board with an update of the College's financial performance at the end of October 2023 (month 03 – 2023/24).

7.3.2. Outturn - At the end of month 03, the College has an EBTIDA deficit of £137k, against a budget deficit of £30k, giving a negative variance of £107k.

7.3.3. Income - At the end of month 03, the College has total income of £2,296k. When compared to the budgeted position for this period of £2,443k, this gives an under-recovery/negative variance of £147k, predominantly due to current low/slow AEB course delivery.

7.3.4. Staff Costs - Payroll costs at the end of month 03, gives the College a total spend of £1,491k. When compared to the budgeted position for this period of £1,577k, this gives a net payroll variance underspend of £86k. This significant variance reflects the savings being made from a number of unfilled posts. Several of these roles have now been filled, but there remain a few which haven't. Through normal attrition and time taken to recruit, the underspend is likely to carry forward to the end of the year.

7.3.5. Non-pay expenditure - Non-pay costs to the end of month 03, gives the College a total spend of £1,029k. When compared to the budgeted position for this period of £979k, this gives a net variance and overspend of £50k. The key variances are:

- Redundancy Costs - £14k
- Travel payments and costs - £38k
- Student uniforms and equipment - £13k
- Legal costs - £22k
- Consultancy fees - £13k

Questions were invited – none were raised. The Chair thanked the Interim Vice Principal – Finance & Resources for the clarity of his report and for pointing out areas of variance to the Corporation Board.

The Board received the Financial Performance – Month 3 (2023-24) report and noted:

- **the key points arising and the commentary presented within Appendix 1 (finance report commentary) of the report.**

7.4. T-Level Capital Project

7.4.1. The purpose of the report was to update the Corporation Board on the tendering process associated with the College's T-Level Capital Project and to seek approval to progress the project to the next stage.

7.4.2. The College was informed that its bid to the T-Level Wave 5 Capital Fund was successful in a letter dated 27th June 2023. On the 11th July 2023, the Corporation Board approved the project and accepted the Grant Terms, with the DfE awarding the College £1,179,170 in capital funding towards the project. The project involves the refurbishment of vocational facilities in Health Care, Childcare, Digital and Engineering, and the installation of a mezzanine floor above the College's fabrication and welding workshop to create increased electrical engineering space.

7.4.3. The original project costs which featured in the capital bid to the DfE last year were based on an estimate, which was provided by College professional advisors (Steel River). Unfortunately, the tenders came back significantly more expensive than originally planned, which will require the College to invest some of its own cash reserves.

7.4.4. Based on the tendering exercise that was carried out, the College's preferred contractor based on cost and quality is Contractor 1. On the basis that the tendered costs are significantly higher than anticipated, a contractor cannot be formally appointed until the value engineering exercise to bring the costs down has been concluded. Work will take place with both Contractor 1 and Contractor 2 towards the value engineering, with a decision on which contractor to be made once this is complete.

7.4.5. For the purposes of moving the project forward, the total project cost estimate which includes the target for value engineering was presented to the Corporation Board (see the table below):

Project Element	£
Project Expenditure	1,915,461
Value Engineering Target	(250,000)
Total Project Cost (Estimate)	1,665,461
DfE Grant	(1,179,170)
College Contribution	(486,291)

7.4.6. The Corporation Board was asked to approve the total project cost estimate of £1,665,461, which includes a College contribution of £486,291. The College contribution will fund costs that are ineligible against the DfE grant (enabling works) and the difference between the original anticipated expenditure (which was originally included in the capital bid) and final tendered costs (following value engineering).

7.4.7. The Principal informed Governors that he met with the DfE online yesterday (4 December 2023) and they confirmed there was no scope for further funding towards the project. There is scope however, for a renegotiation of the grant payments and it may be possible to front load some of these to reduce the cash flow strain of the project.

7.4.8. It was noted that the project will adversely impact on the College's overall financial health score; as a result of the deterioration in the current ratio (due to a decrease in cash reserves). However, this is not expected to impact the overall financial health grade, which is expected to remain 'good' at the end of the 2023-24 financial year (with an overall score of 190 points). Appendix 1 - section 2, included in the meeting papers provided further detail on this for Governor's perusal.

7.4.9. Following the approval of the Corporation Board, the College will work through a value engineering exercise to achieve the necessary savings. Once this has been done, the Corporation Chair will be required to approve the appointment of a contractor and the final costs; with a paper presented to the Corporation Board in February 2024, asking governors to ratify the decision.

The Principal invited questions from Governors.

The support staff Governor wanted assurance that there was a plan in place to ensure minimum impact to learners during the building works. The Principal reported that the Project Steering Group meet on a regular basis to discuss the planning for the implementation of the project. At Phase 1 – relevant parts of the building will be isolated; this work will be less invasive. Phase 2 of the project will involve the more invasive aspects of the project, this phase is scheduled to take place June onwards; at this point in the year the vast majority of learners will have completed their course, therefore will not be in College. It was also noted that the building works will take place outside of the summer Examination period.

A Governor asked for an overview of what the £1.6m investment would be. In response the Principal offered to provide a tour of the College facilities and suggested that he would provide an explanation of the plans at the next Board meeting.

The Audit Committee Chair noted that as a result of the T-Level Project, the financial health score will reduce from 230 down to 190, she wanted to know what score will put the College into requires improvement category. In response, the Principal reported that a prudent approach was taken to the forecasting of the financial health score. He assured the Audit Committee Chair that the College will maintain a GOOD financial score.

The Audit Committee Chair asked a question in relation to the payback predicted in relation to the T-Levels investment; she wanted to know if any sensitivity check had been done on this. The Principal reported the majority of income is from Apprenticeships, a prudent approach has been taken with the costs in terms of allocation. Discussion ensued.

A Governor asked the Principal, if the project goes ahead, how comfortable is he with the timetable. The Principal reported that penalties will be built into the contract and that he is confident the project can be delivered within the timetable identified.

A Governor suggested that robust credit checks takes place on the Contractor; the reason for his suggestion is that he is aware that quite a few building contractors are not in a good financial position.

The Corporation Chair asked the Interim Vice Principal – Finance & Resources for assurance that all of the figures in the T-Level Capital Project are accurate. In response, the Interim Vice Principal – Finance & Resources assured him that the cash flow is as accurate as it can be, he acknowledged the cash figure does dip, but this is manageable and is mindful the project will be hostage to inflation. He confirmed that the payback of the project investment will take approximately 6 years.

The Board received the T-Level Capital Project Report and:

- approved the total project cost estimate of £1,665,41, which takes account of the planned value engineering of £250,000;
 - delegated authority to the Corporation Chair to appoint a contractor and to agree the final project expenditure value (within the maximum of 1,665,461 figure identified);
- noted a report will be prepared for the Board at the 27 February 2024 meeting to ratify the decision.

8. Board Matters

8.1. CFFR Financial Health Rating Confirmation

8.1.1. The Clerk outlined the letter received from DfE. The letter confirmed the College's financial health as 'GOOD' for both 2022-23 and 2023-24.

The Board noted the letter received from the DfE which confirmed the College's financial health as 'GOOD' for both 2022-23 and 2023-24.

8.2. Upcoming Events and Meetings

8.2.1. The Clerk presented a verbal update on the key changes to the Board Business Cycle.

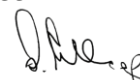
The Board noted the key changes to the Board Business Cycle.

9. Any Other Items of Urgent Business

- 9.1. ***Tuesday 19 December – Wellbeing Day*** – Governors were invited to join the staff at the Wellbeing Day on Tuesday 19 December, 9.30 am – 12 noon. This is an enjoyable Christmas social event and will provide an opportunity for Governors to meet the staff and join in the festive quiz. Governors were asked to notify the Interim Clerk if they will be attending this event.

The Corporation Chair invited Reflections from members regarding the proceedings. The following comments were made:

- The papers were clear, and the risks outlined were easy to understand.
- Supportive check and challenge took place.
- A good level of information was provided to give the level of assurance required.
- Good relevant discussion took place.
- A wider knowledge of Governance will benefit the Quality & Standards Committee.



Meeting closed at 7.30 pm.

A handwritten signature in black ink, appearing to be 'J. H. J.', located at the bottom right of the page next to the 'Signed:' label.

Board Meetings

Actions Arising

Date of Meeting: 5 December 2023

Minute Ref	Action	Responsible Officer	Status & Deadline
4.1.2	The Deputy Principal will meet with a potential Student Governor in the coming weeks	Deputy Principal	27 February 2024
5.1.3.2.5	A report will be presented at the February meeting to give assurance to the Board regarding Adult Education recruitment	Deputy Principal	27 February 2024
6.1	All Governors are to consider how they can be more involved with the curriculum planning process	All Governors	27 February 2024
7.3	Robust credit checks will be carried out on the allocated Contractor to provide assurance regarding financial stability	Interim Vice Principal – Finance & Resources	January 2024
7.3	A report will be presented to the Board in February to ratify the decision for the T-Level project	Principal	27 February 2024

Date of Meeting: 26 September 2023

Minute Ref	Action	Responsible Officer	Status & Deadline
4.2.8 – 4.2.10	Safeguarding Reports The Safeguarding Report will be revised to focus on the legal and regulatory duties of the Board, and to provide increased levels of assurance to the Board against these.	Assistant Principal – Student Services	6 th February 2024 Board meeting
5.1.2	Financial Planning Formulate a longer-term financial plan for 2024-25 onwards (three year) linked to the strategic plan.	Principal / VP Finance	21 st May 2024 Board meeting
7.3.4	Risk Management Policy Consider utilising the services of the Internal Auditors to support the Board's drive to improve risk management practice and to determine risk appetite.	Principal / VP F&R	27 th February 2024 Board meeting <u>Ongoing</u>



8.1	Future Policy Review Utilise track changes for future policy review, allowing Governors to see the key changes being made.	Board	<u>Ongoing</u>
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Date of Meeting: 11 July 2023

Minute Ref	Action	Responsible Officer	Status & Deadline
1.4	A student Board Member will be sought.	Deputy Principal	<u>Ongoing</u> Deputy Principal is continuing to work on this.
4.2.8	The Audit Committee will monitor Public Sector and Policy changes and update the Board accordingly.	Director of Finance	<u>Ongoing</u>
5.2.15	Performance and Profitability of the curriculum will be an item for the next Board Away Day.	Chair and Principal	<u>Ongoing</u> Date TBA

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	<u>Deferred</u> To be considered as part of the Governance Development Plan for 2023-24.

