

## NCG – Corporation Meeting

Main Minutes of Meeting held on Tuesday 14<sup>th</sup> December 2021 – 3pm – 5.30pm.

Virtual meeting

Details			Attendance		
Full Name	Position	Initials	Attended	Apologies	No Attendance
Peter Lauener	Chair of Corporation	PL	X*		
Chris Roberts	Vice Chair of Corporation	CR	X*		
Mark Squires	Independent Governor	MS	X^*		
Caroline MacDonald	Independent Governor	CMA	X*		
Jeannette Strachan	Independent Governor	JS	X*		
Andrew Cunningham	Independent Governor	AC	X*		
Rob Holt	Independent Governor	RH		X	
Chris McCourt	Independent Governor	CMc	X*		
Matthew Otubu	Independent Governor	MO	X*		
Shirley Atkinson	Independent Governor	SA	X^*		
John Widdowson	Independent Governor	JW	X*		
Liz Bromley	CEO – Ex-Officio Governor	LB	X*		
Jennifer Mitchelson	Staff Governor	JM	X^*		
VACANCY	Student Governor				
<b>Clerk</b>					
David Balme	Executive Director & Secretary to the Board	DB		X	
Nicola Taylor	Deputy Clerk – Assistant Director of Governance (minutes)	NT	X*		
<b>Visitors/ Presenters</b>					
Mike Wilmot	Chief Finance Officer	MW	X*		
Steve Wallis	Executive Director of Quality	SW	X*		
Chris Payne	Deputy Chief Executive Officer	CP	X*		
Scott Mulholland	Chief Information and Data Officer	SMu	X*		
Tony Lewin	Executive Principal South	TL	X*		
Lisa Sproats	Interim Chief Finance Officer	LS	X*		
Jon Ridley	Deputy Principal (HE)	JR	X^*		

\*Attended via Microsoft Teams / ^Attended for part of the meeting

## **1. Chair Opening Remarks / Board Matters / Declaration of Interests / Apologies for Absence**

The Chair opened the meeting and welcomed the attendees.

Apologies had been received from RH and MS. SA and JM both noted that they needed to leave the meeting early. **The Board agreed that the meeting was quorate.**

The Chair **noted** the apologies from DB and confirmed that NT would be in attendance as the Deputy Clerk.

The Board were asked if they had any interests to declare in relation to the planned agenda items, however there were no additional interests to report.

**The Board noted the updates.**

### **1.1. Update from the Chair of Relevant Matters – Verbal**

The Chair **noted** the following:

- JR (Deputy Principal (HE)) would be in attendance for Item 2.4 - HE Strategy Update.

- This was MW's last meeting prior to him leaving NCG.

**The Board noted their thanks to MW for his work whilst at NCG.**

- Welcome to LS as the newly appointed Interim Chief Finance Officer.

**The Board welcomed LS as the new Interim Chief Finance Officer.**

- This was MO's last meeting prior to him taking a leave of absence from the Corporation Board.

**The Board noted their thanks to MO for his contribution as a Corporation Board Member, wished him well for his new role and looked forward to welcoming him back when the time was right.**

- NCG had a successful FEC visit towards the end of November.
- PL and LB had met with several College Board Chairs as part of the scheduled Chairs Forum. The meeting had been positive, and the attendees discussed the progress of the revised governance arrangements and noted good levels of challenge and cohesion.

**The Board noted the updates.**

### **1.2. Governor Training / External Activity**

The Board were asked if they had any relevant activity to report. The following was highlighted:

- CMA and JS attended a learning walk at Newcastle College on 25<sup>th</sup> November 2021.
- MS noted he had attended an Institute of Fiscal Studies webinar on Education spending.

**The Board noted the updates.**

## 2. Strategic Items

### 2.1. Chief Executive Group (CEG) Report

LB presented the CEG report and highlighted the following:

- The FE Commissioner Team visit in November 2021 had been positive.
- NCG had been invited to sponsor the CBI Annual Conference held in the North East. LB attended the event and catering was provided by Newcastle College students.
- NCG had co-hosted a Net Zero North conference, along with the University of Liverpool, to consider how to reduce the carbon footprint through a Skills Alliance.
- The application for IDAP continued, and if successful NCG would be the first College Group to gain IDAP.

LB also referred to two additional appendices of the report, and highlighted the following:

- Graduation ceremonies for students of Newcastle and Carlisle Colleges had taken place with a great turnout. Positive feedback was received from staff, graduates and parents. LB had included a student speech as an appendix to the report for information. The Board **noted their appreciation** for the inclusion of the speech and the invitation they had received to attend the ceremonies.
- The Leadership Hub Summit took place on 9<sup>th</sup> December 2021 in London, and the outline of the day had been included for information. LB confirmed that the event had been positive and included project presentations and workshops.

#### **The Board queried and discussed the following:**

- Enrolment Data – The Board **discussed** the Enrolment Report appendix in detail and **suggested** that they found the information difficult to follow and that information was different across the reports. SM confirmed that the timing of the reports were different, and that the enrolment appendix was the most up to date. SM also confirmed that he would work with the Board to improve the readability of the reports. The Board **agreed** they would like an additional session to discuss the ways in which the data was presented, with attendance from SM, PL, CMA, JS and JW.

**Action: SM to arrange data session with PL, CMA, JS and JW.**

The Board **agreed** it would be useful to see the split of qualification levels within the enrolment data provided.

**Action: SM to arrange inclusion of qualification level data going forward.**

The Board **discussed** the new reporting and streamlined process for enrolment, however noted it was then hard to compare data at points in time.

The Board **noted the difference** of enrolments to target / previous years and **requested** further detail to understand the substance of this at the February 2022 meeting (to include lessons, issues, best practice etc, as well as the work colleges were doing with learners who had dropped out). LB reminded the Board that the reduction in enrolments in Kidderminster was largely due to decisions taken in relation to MAS records.

**Action: Enrolments to be added to the March 2022 meeting.**

- Entrepreneurial Leadership / Brilliant at the Basics Updates – The Board **noted** that each Executive member had been given a monetary target in relation to the Entrepreneurial Leadership and a project relating to Brilliant at the Basics project and **requested further updates** on the progress of these. LB noted that progress had been made, however also noted the detrimental impact of Covid. LB confirmed an update would be provided at the February meeting.

**Action: Entrepreneurial Leadership / Brilliant at the Basics Executive Project Updates to be provided at the February 2022 meeting.**

- Regular reporting on meeting local employment needs – LB confirmed that colleges needed to provide evidence regarding meeting employer needs and that there was a national move to establish local skills implementation pilots (LSIPs), however there was no LSIP pilot within the NE. Work was however underway with the NE LEP, with links to the Synergy Hub.

**The Board noted the report.**

*MS joined the meeting.*

### **2.1.1. Our Community is Your Community**

LB presented the report and noted that work continued around working with employers and resolving potential barriers that impacted on this happening.

The Board **welcomed and supported** the initiative and **requested** that they be kept up to date with progress.

**The Board noted the report.**

*Post-meeting note: This item was originally marked as confidential however it was agreed during the meeting that this item was not to be confidential.*

### **2.1.2. NCG Strategy and KPI Review**

CP presented the NCG Strategy and KPI Review report, following the discussions at the previous meeting, and highlighted that end of year values for July 2021 had been updated and suggested a revision of a number of KPI targets as a result of the past year.

The Board **challenged** the revised proposed targets in relation to EBITDA (8% in 2022, 10% in 2025 and 10% in 2030 to 5% in 2022, 7% in 2025 and 8% in 2030), suggesting that these were unambitious. MW suggested that this revision was due to cost pressures and noted this could be further revised in the future. MW reminded the Board of the issues faced within the past year. The Board **queried** the assumptions behind this revision. MW noted that this related to cost pressures, funding issues, current position and current information regarding increased costs / no increase in funding. MW suggested that there was an assumption of growth in student numbers and that more CAPEX would come from external grants. The Board **requested** for a note to be appended to the minutes to quantify the assumptions made.

**Action: LS and CP to write a statement to quantify the assumptions made around the revision of the EBITDA KPI.**

The Board **queried** the next steps. CP confirmed that a final copy would be circulated to the Board, and monitoring of progress would continue.

**Action: CP to circulate final version and arrange for amendments on the NCG website where appropriate.**

**The Board approved the amendments to the NCG Strategy and KPIs.**

*SA left the meeting.*

*Post-meeting note regarding the quantified assumptions:*

*The 7% EBITDA KPI target for 2025 is based on the 21-22 budget and assumes:*

- *16-19, 2022/23 learner numbers and high needs funding growth of 3% plus 4% net rate increase, subsequent years assume growth of 2% and rate increase of 2%.*
- *Adult Education Budget, 3% increase in Adult funding rate in 2022/23, future year rate increase of 2% plus 1% contract growth.*
- *Apprentices, 1% apprentice growth in 2022/23 then 2% in subsequent years.*
- *HE fees, 2% growth in 2022/23 then 1% in subsequent years.*
- *International, 3% in 2022/23 and 5% in subsequent years.*
- *2022/23 1% pay inflation and 1% NIC (no cost savings modelled as assume that these will be achieved and will fund a pay award which is above 1%).*
- *2% pay inflation in subsequent years.*
- *Non pay cost inflation of 2% from 2024*

*Since these were set, two main risks have been identified, 16-19 recruitment not as strong as planned therefore numbers growth will be lower than 2022/23 assumes, impact of utilities inflation not fully included.*

### 2.1.3. NCG Operational Plan Update

CP presented the NCG Operational Plan Update (including an update of the individual College Operational plans). CP confirmed that Local College Boards had reviewed the respective College Operational Plans at a local level to monitor progress.

CP noted that following the review, the RAG rating process was being updated to reflect an additional category (grey) where it was too early to measure an objective due to timing. This was to prevent reporting looking like progress was not being made and would therefore improve readability of future reporting.

#### **The Board queried the following:**

- Level of focus on Apprenticeships – CP noted that there was not a wish to grow the Apprenticeship offer until there was evidence of a consistent approach to delivery and compliance.
- Updates at Kidderminster College – TL noted that the Operational Plan update did not reflect the situation around MAS records due to the timing of reporting. TL confirmed that a recovery plan would be taken to the next Kidderminster College Board meeting, and an update of this would be brought to the Board.

**Action: TL to provide update of Kidderminster Recovery plan to February 2022 meeting.**

**The Board noted the update and usefulness of the information presented.**

## 2.2. Finance Report

LS presented the Finance Report and highlighted the following:

- Compared to the prior year, EBITDA was £0.6m lower. This included loss of income around Adult, Apprenticeships and HE.
- 16-18 recruitment was down, predominantly relating to the reduction in enrolments to MAS records. LS confirmed that this would have an impact on the contract value in the next academic year due to lagged funding.
- There was an expected in-year increase of £1.2m in utilities costs.
- Costs had been recovered around pay and additional high needs income.
- Cash remained secure, with the covenant forecasts due to be met.
- Financial health remained good, although 10 points had been lost due to being below 5% EBIDTA. LS confirmed that work would be undertaken with the colleges and professional services to improve this.

- Risks and opportunities included more delivery on the devolved contract, a concern regarding the delivery of direct delivery at WLC, and the ongoing uncertainty around the impact of Covid.

**The Board queried and discussed the following:**

- Pay costs – The Board **noted** the mixed economy of NCG. LS confirmed that benchmarking had been difficult, and that work was now underway to categorise teaching staff to try and improve benchmarking. The Board **agreed** that this was an important issue to understand & monitor and **requested** an update at the May 2022 meeting. The Board **also requested** consideration of outsourcing where appropriate and LS confirmed this was on going.

**Action: LS to provide an update of work around percentage of pay costs at the May 2022 meeting.**

**The Board noted the report.**

**2.2.1. Approval of Annual Accounts and Financial Statements (20/21)**

MW presented the report and supporting documents, and highlighted the following:

- Going concern review – MW confirmed that the auditors were comfortable that NCG had sufficient cash to continue to trade and there were no significant issues regarding achieving bank covenants.
- EBITDA had dropped by £1m, and this was due to additional provisions regarding ongoing issues. MW confirmed that the auditors were comfortable with the methodology used.

The Chair of the Audit and Risk Committee confirmed that **the Audit and Risk Committee had reviewed the documents in detail** which included a re-write of sections to remove superfluous detail and consideration of the levels of provision (including disclosures and calculations) **and endorsed the approval of the accounts.**

The Board **requested** confirmation of the date of the wind up of the training providers.

**Action: DB to confirm date of wind up of training providers.**

**The Board noted the going concern review and approved the Annual Accounts and Financial Statements for 20/21.**

**Action: PL and LB to sign post-meeting.**

**2.2.2. Newcastle Surplus Land Options – Confidential**

*Covered under a confidential minute.*

**2.2.3. Chief Finance Officer Exit Report – Confidential**

*Covered under a confidential minute.*

#### **2.2.4. Tender Recommendation - Grocery, Frozen, and Chilled Foods – Confidential**

*Covered under a confidential minute.*

### **2.3. Quality and Performance Report**

SW presented the report, and confirmed that his report included the usual Safeguarding, Equality, Diversity, Inclusion & Belonging (EDIB) and Scorecard updates, but also included the NCG SAR for review and comment. SW confirmed that Local College Boards had gone through their college specific SARs at a local level and that the version of the document presented (of the NCG SAR) still required some final formatting changes to be made.

#### **The Board queried the following:**

- Ofsted Inspection – SW confirmed that during an Ofsted inspection, the inspectors would focus on the current position and offer, rather than look at any previously offered provision.

#### **The Board noted the report and approved the NCG SAR and Lines of Enquiry subject to final formatting.**

*JM left the meeting.*

### **2.4. HE Strategy Update**

*JR joined the meeting.*

JR presented the HE Strategy Update and highlighted the following:

- The Strategy had been well received by Staff and Students.
- The HE Strategy had been **endorsed by Academic Board and the HE Governance Committee.**

The Chair of the HE Governance Committee confirmed that this had been **discussed and endorsed by the HE Governance Committee** and the Committee felt this was an excellent strategy.

The Board **discussed** the plans for expanding the HE offer and **reiterated the importance** of ensuring courses were financially viable. JR confirmed that there was a robust course approval process in place and data would be continuously monitored.

The Board **also noted the importance** of continuing to offer unbiased advice and guidance to FE students, not solely directed to progression to HE offered by NCG.

The Board **requested** a description of short courses to provide further clarity.

**Action: JR to include description of short courses.**



JR also provided an update in relation to the application of IDAP. JR noted that a QAA visit would be taking place in January 2022, however this would focus on meetings with staff and students. The Board **noted their concern** with this and suggested one of the lines of enquiry for the visit was in relation to Governance. The Board **requested** JR to go back to the QAA to check this and suggest an additional meeting with JR, LB and CMa (Chair of HE Governance Committee).

**Action: JR to follow up with QAA.**

**The Board approved the HE Strategy.**

*JR left the meeting.*

### **3. Items for Approval / Noting**

#### **3.1. Audit Committee Annual Report (20/21)**

The Chair of Audit and Risk Committee presented the Audit Committee Annual Report for 20/21 and confirmed that this had been **approved by the Audit and Risk Committee** in September 2021.

**The Board noted the Audit Committee Annual Report (20/21).**

#### **3.2. Internal Audit End of Year Report (20/21)**

The Internal Audit End of Year Report was presented, and it was noted that this had been **discussed at the Audit and Risk Committee**.

**The Board noted the Internal Audit End of Year Report (20/21).**

#### **3.3. Corporation Matters**

NT presented the Corporation Matters Report and requested approval for the extension of appointment of Minerva Peace Eweka as the Student Governor at Newcastle College until the end of the academic year, to align with the timing for MPE's Student Union presidency.

**The Board approved the above extension of appointment and noted the report.**

*Post-meeting note: MPE's SU presidency ends on 30<sup>th</sup> June 2022, and therefore MPE's appointment term as the Student Governor has been amended to reflect this.*

### **4. Minutes of Previous Meetings / Information Flows / Matters Arising / Register of Actions**

#### **4.1. Minutes of the Previous Meeting – 15<sup>th</sup> November 2021**

The Board **reviewed** the minutes of the previous meeting and **agreed** that they were a true and accurate reflection of the meeting.

**The Board approved the minutes.**

#### **4.1.1. Confidential Minutes of the Previous Meeting – 15<sup>th</sup> November 2021**

The Board reviewed the confidential minutes of the previous meeting and agreed they were a true and accurate reflection of the meeting.

**The Board approved the confidential minutes.**

#### **4.2. Register of Actions**

NT presented the Register of Actions.

**The Board reviewed the register of actions and noted that relevant actions had been covered within the meeting or closed as per the document.**

#### **4.3. Corporation Committee Minutes**

The following Corporation Committee meeting minutes were shared with the Board via BoardPacks in advance of the meeting:

- Draft Audit Committee - Meeting 1 (Chair approved).
- Draft Appraisal and Remuneration - Additional meeting (Chair approved).
- Draft HE Governance Committee - Meeting 1 (Chair approved).

**The Board noted the Committee minutes.**

#### **5.1. College Board Minutes**

The following College Board meeting minutes were shared with the Board via BoardPacks in advance of the meeting:

- Carlisle - Meeting 1 September 2021.
- Newcastle - Meeting 1 October 2021.
- NSFC - Meeting 1 October 2021.
- Kidderminster - Meeting 1 September 2021.
- Lewisham - Meeting 1 October 2021.
- Southwark - Meeting 1 October 2021 and draft additional SAR meeting November 2021 (Chair approved).

It was noted that there were no Meeting 1 minutes for WLC as this meeting had not taken place due to quoracy issues.

**The Board noted the College Board Minutes.**

#### **5.2. Information Flow**

NT presented the Information Flow from Carlisle College Board.

**The Board noted the information and approved the suggested response.**

**Action: NT to submit Information Flow to Carlisle College Board.**

### **5.3. Matters Arising**

Not applicable.

## **6. Deferred Items**

### **6.1. Update of NCG Business Continuity Plan**

*Deferred from September 2021.*

## **7. Any Other Business**

The Board **reiterated their thanks** to MW and MO for their contribution to NCG.

## **8. Time and Date of Next Meeting – 8<sup>th</sup> February 2022**

It was **noted** that the next meeting was due to take place face to face at Rye Hill House in Newcastle, however this would be reconsidered closer to the time in relation to Covid guidance.

The Board **noted the update.**

**Action: NT to update Board Members.**

*Post-meeting note: In consultation with the Chair of Corporation the decision has been taken to revert to an online Teams meeting for the February 2022 meeting.*

**Approved: 8<sup>th</sup> February 2022**