

# Minutes of Meeting



^Attended for part of the meeting / \* Attended the meeting virtually

CORPORATION BOARD				
Details	Tuesday 9 May at 3pm via Teams			
Corporation Board Members			Attendance	
Full Name	Position	Initials	Attended	Apologies
Peter Lauener	Chair of Corporation	PL	Leave of Absence	
John Widdowson	Vice Chair of Corporation	JW	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*^	
Shirley Atkinson	Independent Governor	SA	X*	
Matthew Otubu	Independent Governor	MO	X*	
Liz Bromley	CEO – Ex-Officio Governor	LB	X*	
Kevin Stach	Staff Governor	KS		
Tristan Jackson	Student Governor	DW	X*	
Clerk				
David Balme	Chief Compliance & Operations Officer and Secretary to the Board	DB	X*	
Jane Farrelly	Assistant Director of Governance (minutes)	JF	X*	

<b>In Attendance</b>				
Lisa Sproats	Chief Finance Officer	LS	X*	
Steven Wallis	Executive Director of Quality	SW	X*	
Tony Lewin	Executive Principal – Curriculum	TL	X*	
Gerard Garvey	Executive Principal – People and Culture	GG	X*	
Scott Mulholland	Chief Information, Data & Estates Officer	SM	X*	
Jon Ridley	Deputy Principal, Higher Education	JF	X*^	

<b>Item</b>	<b>Agenda Item</b>
<b>1. Chair Opening Remarks / Apologies for Absence / Declarations of Interest / Board Matters</b>	
<b>1.1</b>	<b>Opening and Welcome</b>
The Vice Chair welcomed all those present to the meeting.	
<b>1.2</b>	<b>Apologies for Absence</b>
No apologies were noted. The Vice Chair advised that Independent Governor Chris McCourt would be joining the meeting later. The Board noted that the meeting was quorate.	
<b>1.3</b>	<b>Declarations of Interest</b>
The Board were asked if they had any interests to declare in relation to the planned agenda items, however members confirmed that they had nothing new to declare.	
<b>1.4</b>	<b>Update from the Chair on Board Matters</b>
The Vice Chair confirmed that he had nothing further to add to the items that were included as substantive agenda items.	
<b>1.5</b>	<b>Governor Training and External Activity (including Link Governor and Committee Chair Feedback)</b>
No additional activity since the last meeting was noted. The Vice Chair reminded colleagues to complete the feedback form and return to the Governance team for recording.	

## 2. Strategic Items

### 2.1 Chief Executive Group Report

The Board received the report from the Chief Executive Officer (CEO) and noted the key points as follows:

- Talk around the pace and volume of the Lifelong Learning Entitlement and the associated impact on learners, has significantly increased across the sector.
- A full and final letter to ESFA regarding a resolution of the MAS records issue has been submitted. The letter includes NCG's final calculations as well supporting evidence for those calculations. A formal mediation approach is being sought.
- Conversations with the Education and Skills Funding Agency (ESFA) and the Department for Education (DfE) regarding the future of the Discovery School are progressing positively, with all parties proactively engaged.
- A voluntary redundancy scheme is on offer within the DfE – it is anticipated that this may precede a change to regional boundaries and teams. The Secretary to the Board advised that a letter on this subject is expected to be circulated shortly to all CEOs.
- The staff survey has closed, and early indicators are that engagement levels are higher than in previous years.
- A recruitment exercise for the new Principal of Lewisham College was held on 4 May 2023. The process included a peer panel, staff and student panels, test, and presentation. Independent Governor Caroline MacDonald was in attendance to provide oversight and input from the Appraisal & Remuneration Committee. All parts of the process were unanimous in their decision to appoint an external candidate. An offer will be made to the successful candidate upon receipt of references. The CEO advised that the Appraisal & Remuneration Committee were supportive of this approach and requested Board approval to proceed with a formal offer to the successful candidate upon receipt of references.

**Decision: CB D13:** The Board approved in principle, the offer of employment to the successful Lewisham Principal candidate upon receipt of satisfactory references.

- Discussions regarding plans for growth are ongoing with the respective Principals. The Board noted that there is an open action on the log relating to this and that an update would be made at the July meeting. In the interim however, the CEO advised that Newham Sixth Form College is entering a 'Structure and Prospects Appraisal' and there may be an opportunity to expand the Group through the inclusion of Newham Sixth Form College. The inclusion of another sixth form college has previously been identified as a positive for the Group, as Newcastle Sixth Form is currently the only NCG sixth form college and remains an outlier in this regard. The Board noted that the Newham College proposition is at an early stage and there are currently ten potential partners who have been identified. The CEO advised that the deadline for an expression of interest was 10 May 2023 and therefore requested Board approval to proceed with an expression of interest.

- **Decision: CB D14:** The Board approved the decision to make a formal expression of interest in bringing Newham Sixth Form College into the NCG Group.
- Indefinite Taught Degree Awarding Powers (TDAP) – the Deputy Principal (HE) advised that the provisional decision to award indefinite TDAP reported in the paper to the Board, had since been confirmed by the Office for Students. NCG had therefore achieved its strategic priority to award taught degrees on an indefinite basis.

**The Board, having noted the key points above and the contents of the report, queried the following:**

- Lifelong Learning Entitlement – the Board noted that there are significant opportunities for NCG through LLL due to an existing comfort and familiarity with modular learning. The Deputy Principal (HE) advised that this had been discussed at a recent meeting of the Higher Education Committee and that he would be bringing a more detailed analysis to the Board at a future date.
- ESFA and MAS records – the Board were supportive of the leaderships approach in attempting to conclude this matter.
- High Staff Turnover – the Executive Principal (People & Culture) advised that this is a challenge across the FE sector with complex and varying causes. He advised that dissatisfaction around levels of pay, career changes, and the movement of staff between colleges are all contributing factors to the elevated level of staff turnover. He reported that an Advanced Lecturing role is currently being piloted in Newcastle College which will provide an enhanced salary, and which may make Newcastle College more attractive in terms of recruitment. Regarding retention, the Executive Principal (People & Culture) reported that NCG are currently higher than the AOC average. The Board noted that it is now openly agreed that the sector is under-funded when compared to secondary schools and universities and that this had undoubtedly impacted the Groups' ability to recruit and retain staff.
- Sector Funding – the Secretary to the Board advised that the AOC are working closely with the Labour party to help shape their manifesto regarding funding for the FE sector. The Board noted that unions have made a pay request of 15% which is not unreasonable, given how far the sector has slipped in terms of pay equity but which equally is unachievable for almost all FE colleges in the current climate. The Board noted that the Swiss Vets (referenced in the CEG report) are better funded and enjoy closer relationships with employers who release their staff to teach in colleges.
- Indefinite TDAP – the Board noted the benefits of indefinite degree awarding powers such as greater opportunities for collaboration and potential income generation.
- The Chair commented on the breadth of initiatives contained within the CEG report and thanked the Executive team for their efforts.

## 2.2

### Group Accountability Statement

The Board received the Group's Accountability Statement from the Executive Principal of Curriculum, and noted the key points as follows:

- The Accountability Statement must be submitted to the DfE by 31 May 2023. Submission of the statement will then trigger the NCG funding application for the next academic year.
- All colleges have followed the same process in developing their statements. In contrast to the initial pilot year where colleges had to identify priorities through consultation, a key difference for 2023/24 is that colleges needed to go back to stakeholders to confirm that the identified priorities were most the appropriate.
- All statements include SMART objectives which are to be delivered over the next 12 months with a focus on aligning local priorities with over-arching NCG strategic objectives.
- Local Skills Improvement Plans (LSIPs) were drafted according to a different timeline which meant that Accountability Statements were often consulted and drafted without sight of a corresponding LSIP. The Executive Principal of Curriculum advised that LSIPs vary in their level of specificity and granularity and while they are a key component of a successful partnership approach, colleges should also rely on their own local knowledge and expertise.
- The duty to review is a new statutory duty which places a duty on Governing Bodies to review how well the education or training provided by the institution meets local needs and consider what action might be taken to better meet those needs. The Board noted that NCG had identified challenges with this during the pilot process, due to the Corporation Board and College Board governance structures in place across the Group.

**The Board, having noted the key points above and the contents of the report, queried the following:**

- Cost and Benefits of the New Approach – the Board noted the additional workload for Principalships and executive colleagues in a sector that is already under-funded and queried whether this has been addressed via any national channels. Both the Chair and Chief Executive agreed that they would raise this issue through their respective regional and national networks.
- Challenges Associated with the Duty to Review – the Executive Principal advised that he has been having conversations with commissioners around how this could work for Groups with structures such as NCG's.

**Decision: CB D15:** The Board approved the 2023/24 NCG Accountability Statement for submission to the DfE.

## 2.3

### NCG People Plan

The Board received the People Plan from the Executive Principal of People & Culture and noted the key points as follows:

- This is the final version of the plan which had received input from marketing and PR since the previous iteration was presented to the Board in late 2022.
- The annual staff survey closed at the end of April 2023. Initial high-level findings show a 5% increase on completion rates (69%). The Board noted that HIVE consider anything over 50%

to be reliable with a completion rate of 70% being the overall target. The full findings of the survey will be shared with the Board in July 2023.

- The People Plan will be soft launched in the colleges during the summer term after they have received and analysed their staff survey results. This will then inform what the colleges will do next year in terms of recruitment, retention, and staff development. The People Plan will be officially launched in the Autumn term, with events in all of colleges.

**Meeting note:** Chris McCourt joined the meeting. (15.42).

- The Executive Principal of People & Culture concluded by advising that the plan now includes additional KPIs and measurables which will assess its effectiveness, and which are aligned to NCG strategic priorities.

**The Board, having noted the key points above and the contents of the report, queried the following:**

- Employee Benefits - the Board noted the employee benefits summary table and suggested that this is highlighted and emphasized to potential employees as it is significantly different to other commercial offers. They also noted that not all benefits are available to all employees at every college (such as car parking) and requested that the wording in the plan reflects this.
- Ways of Working – the Board recalled discussions around a four-day working week, noting that this may have the potential to spread across the Group. The Executive Principal of People & Culture advised that a four-day week is currently being explored as a pilot in West Lancashire College.
- Impact and Outcomes – the Board challenged the detail contained within the strategy and suggested that it may be too focused on the resolution of specific operational-level people issues, rather than providing the Board with a high-level strategic view. The Executive Principal advised that monitoring and reporting of progress will be critical and should provide the Board with assurance that the organisation is moving in the right direction. He further noted that the document will evolve as the organisation reflects and responds to the changing external environment.
- The Board agreed that progress against the plan should be regularly reported following its formal launch using operational metrics (such as turnover and sickness absence) and more strategic level indicators which demonstrate that the plan is being successfully implemented.

**Action: CB A11:** Termly reporting on the People Plan to be incorporated into the annual workplan (Owner : Governance Team).

<b>2.4</b>	<b>Quality and Performance Report</b>
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The Board received the Quality Report from the Executive Director of Quality and noted the key points as follows:

- The DfE have published national grades for the first time in several years which allows colleges to benchmark their performance. NCG are currently placed around the national average for 16-19 and +19. Apprenticeships are safely above the national average although this was noted as being quite low.
- Kent College was recently inspected and received 'Outstanding' in all areas. The Board noted that their rates were lower than NCG's which implies that Ofsted are not just using achievement and performance to inform their assessments.
- Attendance remains lower than expected with GCSE English and maths remaining particularly challenging.

**The Board, having noted the key points above and the contents of the report, queried the following:**

- Attendance – the Executive Director of Quality reported that this a legacy of Covid and while Ofsted have acknowledged this, they are not making allowances for it. He advised that the Group continues to look at the causes (tutorship, course management, timetabling and social aspects) to try and make the necessary improvements. The Board sought assurance that lessons have been learned which can be implemented in time for the next academic year. The Executive Director of Quality advised that the executive team are advocating a standards based approach to attendance management and timetabling, whereby the Group are consistent with the elements that are within NCG's control - such as learner-centred timetabling and robust programme leadership. There will also be more scrutiny of variation between similar courses. He further reported that a deep dive into timetabling has been conducted which will impact how courses (particularly English and maths) are timetabled in future.

## **2.5 Finance Report**

The Board received the Finance Report from the Chief Finance Officer and noted the key points as follows:

- The Q2 forecast has been finalised and the finance team are now working on Q3. The forecast is back in line with budget and remains on track for an EBITDA of £6m, although from differing sources than originally planned.
- Cash is in line with expectations.
- AEB and savings on pay remain challenging.
- Audit planning for the external audit of 2022/23 financial statements will commence later in May 2023.
- The Group continues to work through the impact of reclassification. Following reclassification, NCG is subject to the framework for financial management set out in Managing Public Money (MPM). As part of MPM, a return must be submitted to provide information to the DfE around compliance with the framework. The Board noted the MPM return attached.
- The Group has been struggling to find banks to deposit cash. Barclays are offering higher rates than Lloyds and so the Board was requested to approve an increase in the counter party limit with Barclays to £12m (which is the Treasury maximum) to allow maximum return on

investment of short-term funds as required. The Group is also seeking to engage with Santander, to spread the risk by having cash deposits with multiple banks.

**Decision CB D16:** The Board approved the increase in the counter party limit to £12m.

**The Board, having noted the key points above and the contents of the report, queried the following:**

- The Use of Clearing Banks – the Chief Finance Officer advised that Treasury is risk averse regarding the types of banks with which colleges can deposit cash. The Board noted that the Group has restricted itself in these kind of dealings through its Treasury policy and the Chief Finance Officer advised that this could be revisited subject to Board support.

**Action: CB A12:** Chief Finance Officer to review the Treasury policy and discuss at the next Audit Committee meeting in June (Owner : Chief Finance Officer).

- The Impact of Reclassification on Loan Covenants – the Chief Finance Officer reported that initial discussions with the bank have taken place regarding the impact on covenants with an informal request to treat as an exceptional item. Until this is confirmed, the Group will continue to forecast on the basis that it is not excluded and so are planning worst case.
- Change in financial year-end date to 31 March – the Chief Finance Officer advised that NCG are currently working with the DfE on what a change in date will mean for the sector. NCG has provided a list of issues which the DfE are mapping out. She advised that discussions have been positive to date and that the DfE are keen to understand the effort and implications. The Board acknowledged the positive efforts of NCG in working with the DfE on this matter.
- The Board noted a recurring trend around the demands of nationally led initiatives (for example, reclassification and accountability statements) and their impact on operational capacity and effectiveness in a sector that is already under-funded / resourced. The Secretary to the Board noted that there is an action on the Board action register which relates to capturing these for future reference.

## 2.5.1 Kidderminster CASC Update

The Board received the update on the Kidderminster Construction & Automotive Academy from the Chief Information, Data & Estates Officer and noted the key points as follows:

- The project commenced in November 2020 with £550k Local Enterprise Partnership (LEP) funding, which was matched by NCG, totalling a projected spend of £1.1m.
- Subsequent delays, scope creep, increases in market costs and inflation have resulted in a revised projected cost of approximately £1.8m.
- The Board was therefore requested to approve an additional £650k spend on the Kidderminster Construction and Automotive Academy.

**The Board, having noted the key points above and the contents of the report, queried the following:**

- Affordability – the Chief Finance Officer advised that the additional expenditure has been planned as part of 2023/24 capital spend. The Chair of the Estates Committee reported that the request had been thoroughly reviewed at the Estates Committee who endorsed the proposed additional spend to the Board.

**Decision: CB D17:** The Board approved the additional £650k spend on the Kidderminster Construction and Automotive Academy.

## **2.6 Investment Strategy**

The Board received a presentation on the Investment Strategy from the Chief Financial Officer and Chief Information, Data & Estates Officer and noted the key points as follows:

- The strategy has been delivered in consideration of previous Board discussions around the protection of cash (disposals) and ensuring that a well-documented investment plan is in place to support growth and learner needs.
- The strategy is aligned to the over-arching NCG Strategy which identifies the criticality of outstanding physical and digital environments. It is further aligned to the NCG infrastructure plan which has the following key objectives:
  - Develop sector leading facilities.
  - Increase capacity of teaching space.
  - Reduce operating costs.
- This version of the strategy includes Lewisham College where significant investment is planned.
- College senior leadership teams have contributed to the strategy by outlining their individual roadmaps and what they would like to develop in the coming years.
- The investment strategy and infrastructure plan are co-dependent. Further updates to the infrastructure plan were noted as:
  - Smart campus proof of concept pilots agreed with Jisc and Carbon Architects which will inform how the estate is managed.
  - The pausing of Newcastle disposal pending an improvement in market conditions.
  - The disposal of the Van Hee site appears positive with a best offer of £560K (against an original valuation at £400K).
- A key challenge relates to how funds are used. The CIDEO advised that over 80% of PCs must be replaced by 2025 to meet the deadline for when Microsoft will end support for Windows 11.
- The breakdown by college illustrates that Newcastle College represents the largest spend, followed by Lewisham and Newcastle Sixth Form (which is largely related to future development of the Discovery School).

- The Chief Finance Officer advised that NCG will receive £34m in capital grants between now and 2026 but that this will not include IT requests which therefore must be funded via other means.
- The Board was therefore requested to:
  - Approve management to proceed with the NCG (prioritised) spend plan as per the summary presented. This is on the basis that the plan is a working, responsive document which will be refined on an ongoing basis as business needs develop and the external / internal environment evolves.
  - Approve an initial 2023/24 routine curriculum capital request of £0.5m to be spent across the colleges.
  - Agree that once the budget position is established, further capital spend requests for 2023/24 will be presented as part of the budget approval in July.
  - Agree that as future funding is received, the list provided will be used as the basis on which areas of spend will follow and final approval will then be requested.

**The Board, having noted the key points above and the contents of the report, queried the following:**

- Prioritisation of Spend – the Board queried how spend is prioritised and the Chief Finance Officer agreed to provide the supporting rationale.

**Action CB A13:** Further detail and rationale relating to the prioritisation of areas identified for investment to be provided to the Board.

**Decision: CB D18:** The Board approved in principle, the approach to the prioritised spending plan as presented, noting that it is a living document which will be refined on an ongoing basis as business needs develop and the external / internal environment evolves.

**Decision: CB D19:** The Board approved the initial routine curriculum capital request of £500k to be spent across all colleges.

- The Board further agreed that further capital spend requests for 2023/24 will be presented as part of the budget approval in July and that as future funding is received, the list provided will be used as the basis on which areas of spend will follow and that final approval will then be requested.

**2.7**

**Deptford Disposal**

This item was discussed under a confidential minute.

### 3. Items for Approval / Noting

**3.1**

**Information Governance Policy**

The Board received the Information Governance policy from the Chief Operations & Compliance Officer and noted that there were no major amendments.

**Decision: CB D21:** The Board approved the Information Governance policy.

### 3.2 Grievance Policy

The Board received the Grievance policy from the Executive Principal of People & Culture and noted that it had received a routine update to ensure that it remained current with legislation. The Board queried whether there was anything in place to address grievances against Board members, noting that the role of Senior Independent Director exists in other sectors to address matters such as this. The Secretary to the Board agreed to explore options with a view to returning a policy / procedure which would address grievances against Board members.

**Action: CB A16:** The Secretary to the Board to explore options regarding grievances against Board members and return a policy / procedure to the Board.

**Decision: CB D22:** The Board approved the grievance policy.

### 3.3 2023/24 Budget Approach Approval

The Board received the approach to the 2023/24 budget process and noted the key points as follows:

- The process for budget setting remains the same as in previous year.
- Final sign-off will be required at the 18<sup>th</sup> July Corporation Board meeting to submit the Groups Financial Forecasting Return to ESFA.
- An EBITDA figure of £6m is the target which will provide a 4% EBIDTA ratio and good financial health.
- Each college has been given a different % EBITDA target which reflects their financial situations. The Chief Finance Officer advised that if all colleges can deliver their target alongside professional services, then the £6m target should be achievable without any need for redundancies.
- Discussions with unions are ongoing – the Board noted that the pay award that has been provided for, may not be enough to avert action.
- The Chief Finance Officer sought Board approval to continue with the 2023-24 budget setting approach as presented.

**The Board, having noted the key points above and the contents of the report, queried the following:**

- Teachers' Pension Scheme – the Chief Finance Officer advised that this has previously been funded through an ESFA grant and colleagues are assuming that it will continue to be funded in this way.

**Decision: CB D23:** The Board approved the 2023/24 budget setting process.

#### 3.4 2022/23 Modern Slavery and Human Trafficking Statement

The Board received the 2022/23 Modern Slavery & Human Trafficking Statement from the Chief Finance Officer noting that it had received minimal changes as part of its scheduled annual review.

**Decision: CB D24:** The Board approved the 2022/23 Modern Slavery and Human Trafficking Statement.

#### 3.6 Corporation Matters Report

The Board received the Corporation Matters report from the Secretary to the Board. The Board noted the 2023 Governor Conference agenda attached to the report.

**Decision: CB D25:** The Board approved the appointment of Matt Cooney as Independent Governor on the Kidderminster College Board for a period of four years.

**Decision: CB D26:** The Board approved the extension of Jane Galbraith as Independent Governor on the West Lancashire College Board until the end of the academic year.

**Decision: CB D27:** The Board approved the response to the Newcastle College Board information flow.

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

#### 4.1 Minutes of the Previous Meetings

#### 4.1 Corporation Minutes 9<sup>th</sup> March 2023

**Decision: CB D28:** The Board reviewed and approved the minutes of the Corporation Board meeting held on 9<sup>th</sup> March 2023.

#### 4.2 Corporation Minutes Confidential 9<sup>th</sup> March

**Decision: CB D29:** The Board reviewed and approved the confidential minutes of the Corporation Board meeting held on 9<sup>th</sup> March 2023.

#### 4.3 Register of Actions and Decisions

The Board noted that all actions had either been completed or were in progress and that there were three overdue actions as follows:

- Growth Framework – suggestions have been gathered and will be presented to the July Corporation Board meeting.
- Complaints Policy – a policy has been drafted which will go to Chief Executive Group in June and to the Board in July for approval.
- Financial Reserves Policy – this will go to Audit Committee in June and to the Board in July for approval.

#### 4.4 Committee Minutes

The Board received for information the following sub-committee minutes, noting that these had been reviewed and approved by the respective committees:

- Audit Committee – 14<sup>th</sup> March 2023.
- HE Governance Committee – 2<sup>nd</sup> February 2023.

#### 4.5 College Board Minutes

The Board received for information the following College Board Minutes noting that these had been reviewed and approved by the respective Boards:

- Carlisle College Board – 24<sup>th</sup> January 2023.
- Kidderminster College Board – 26<sup>th</sup> January 2023.
- Newcastle College Board – 30<sup>th</sup> January 2023.
- Lewisham College Board – 31<sup>st</sup> January 2023.
- Southwark College Board – 1<sup>st</sup> February 2023.
- Newcastle Sixth Form College Board – 2<sup>nd</sup> February 2023.

### Closing Items

#### 5. Meeting Evaluation

**Action CB A16:** The Secretary to the Board to explore a methodology for conducting a routine meeting evaluation.

#### 6. Any Other Business

There was no other business raised.

#### 7. Date and Time of Next Meeting

The next meeting of the Corporation Board will take place in person on Tuesday 18<sup>th</sup> July 2023 at 3pm.