

NCG Corporation

Part 1 - Minutes of Meeting held 4th December 2018

4476 Present

Peter Lauener	Chair of Corporation
John Cuthbert	
Chris Roberts	
Caroline MacDonald	
Peter Michell	
Chris Payne	Interim CEO
Mark Squires	
Alex Turner	
Jim Woodlingfield	

4477 In Attendance

David Balme	Executive Director of Governance, Assurance & Risk
Karen Heaney	Chief Operating Officer
Yolanda Hughes	Interim Clerk to the Corporation
Tony Lewin	Principal, Newcastle College
Steven Wallis	Executive Director of Quality
Ian Webber	Managing Director Intraining & Rathbone
Mike Wilmot	Chief Finance Officer

4478 Opening of Meeting

The Chair opened the meeting at 4.00pm.

4479 Apologies for Absence

Noted that the Student Member was not present.

Governance Conference – The Chair took the opportunity to thank everyone for attending the Governance Conference held at the end of November and stated that in his view the event had been well received by all that attended and that there was a lot work to take forward and the aim was to not lose momentum.

4480 Conflict of Interest

There were no additional amendments or new declarations of interest made in respect of the agenda.

4481 NCG Corporation Board Minutes

Approved

The NCG Corporation Board formally approved the following minutes:

- a. Part 1 Minutes of the Corporation Board meeting held 7th November 2018

The Confidential minutes would be reviewed under confidential business at the end of the meeting.

The Chair of Corporation signed the approved minutes.

4482 Schedule of Actions

The Board received the schedule of actions and outcomes as at 4th December 2018.

4461 – Quality Report – Quality Portal – The Board agreed to defer the action for a presentation on the quality dashboards to March 2019.

4439 – UKVI – The Principal, Newcastle College reported that they were in weekly contact with UKVI and at this stage there was no further updates. The Board requested that they be kept informed as and when there was any further progress.

4436 – Merger update carried forward to the February 2019 Board meeting.

4483 Student Member's Report – Verbal update

The Board were advised that there was no Student Members report.

4484 Confidential - NCG Interim Chief Executive Officer – Report December 2018

The Interim CEO presented the report highlighting the key points as follows:

- Strategic College Improvement Fund

Following the verbal update to the Board at the last meeting, NCG had now received written confirmation that their bid was successful and that NCG had been awarded the full amount of £484k being made to NCG with the funding being required to be spent before October 2019. NCG will be providing 25% match-funding through expenditure earmarked for the Improvement Plan.

The Interim CEO went through the steps that had already been taken and spoke of the updates on progress against the project and the emerging impact which would be provided via the monthly quality reports.

- HR Review

Governors received the update and questioned the attrition rate which sat at 21% and asked if there were any additional benchmarking data which could be included. The COO stated that the data was from the AoC. The governors then requested that the

information provided be divided by teaching and support staff for each division so that they had a snapshot view across the group.

Action – COO

To provide benchmarking data by division on staff turnover for both teaching and support staff categories.

- Lewisham College & Southwark College – Principal Recruitment
The Board were advised that following a recruitment process that two Principal's had now been appointed to Lewisham College and Southwark College.
- FE Commissioner Diagnostic Assessment
The Board were advised that at the beginning of November NCG had been contacted by the FE Commissioner, Richard Atkins, who confirmed that the group was in line for a 'Diagnostic Assessment' which would commence in March 2019. The report provided details on what the assessment would entail.

Received

The Board received the Interim CEO's update for December 2018.

4485 Confidential - Quality & Standards Report – update

The Executive Director of Quality took the report and highlighted the key points.

- Education and Training Performance,
- Quality of Education and Training,
- Improvement Action Plan,
- Safeguarding update.

Governors referred to the attendance scatter graphs within the report which provided an in depth analysis of attendance data and were pleased to note that the data presented was improved against that previously available.

Improvement Action Plan

The Board noted progress in respect of the Improvement Action Plan as follows:

- The new and enhanced approach to Quality and Performance Review will now move into the 2nd meeting cycle and will integrate use of the MI Dashboards, analysis of qualification type data, GPTT progress, Group TLA walkthroughs and the risks identified in the Annual QA Plan. This is now a comprehensive process.
- Self-assessment for 17/18 was nearing completion; Divisional SARs were progressing to College Boards who would then make recommendation for approval to Corporation in January 2019.

- The Group Quality Portal was now live and the team were building resources; the Dashboards [a sub-section of this portal] were now drawing in data from Carlisle, Lewisham and Southwark Colleges.
- The outcome of the application for the Strategic College Improvement Fund (SCIF) was successful at the full amount – work planning is now underway to deliver the project on time and on budget.
- The Progress and Attainment policy was due to go to the Executive for approval before being presented to the Board.

Learner Walk Feedback

Governors commented on the planning point identified as requiring improvement and asked the Executive Director of Quality whether this was expected. The EDoQ confirmed that it was.

Governors referred back to the Attendance data for Lewisham and Southwark Colleges which inferred that there was a data issue. It was explained that they had drilled down but were not convinced from the learning walks that the data was correct. The EDoQ added that attendance had further declined to a low 80% so the aim was to clean the data and then really delve down to find out what was the route cause for attendance issues.

Governors requested that they receive additional developmental training to enable them to understand the report particularly in respect of the divisional score cards as they found it difficult to understand the information.

Action – Executive Director of Quality – Feb 2019

To arrange training and briefing sessions for the Board over the next three months on divisional scorecards and in addition to arrange learning walks across the Group for Governors.

The Executive Director of Quality welcomed the feedback provided and agreed to review the documents requested and provide the Board with further narrative going forward.

Safeguarding update

Rathbone & Intraining – the EDoQ confirmed that he would be the Lead Safeguarding Officer for both of subsidiary companies and would report regularly to the Subsidiary Board members.

Complaints Policy

The EDoQ presented the revised Complaints Policy. Governors welcomed the revised policy document but requested that the use of the word ‘customer’ be reviewed.

Approved

The Board formally approved the draft Complaints & Compliments Policy subject to the amendments being made.

Received

The Board accepted the updated.

4486 Confidential - Finance Report

The Chief Finance Officer presented the Finance Report including the Monthly Management Accounts.

Financial Position update

The CFO advised the Board that at P3 the year to date deficit was £0.5m worse than budget and that income was £4.5m short of budget. It was noted that vast improvements in data processing were being made but that there were still significant data issues in Newcastle College and the training providers.

The CFO added that a lot of work had been done and was ongoing with divisions and emphasised the disappointing and concerning position at Intraining and Rathbone which needed high priority intervention.

Governors asked why Intraining showed a significant overspend compared to a reduction in costs at Rathbone. The CFO explained that a lot of the services for Rathbone and Intraining were shared and that was how the budgets were planned however, with the £3m restructuring costs Rathbone were making a small saving and Intraining was carrying a significant portion of the costs.

The Board accepted the financial update as per the circulated documentation.

Bank Covenants

The CFO referred to the section in his report around Bank Covenants and asked the Board for formal approval to proceed with looking at renegotiating the current rates before year-end. The proposal was to engage the services of an external debt advisor to undertake the negotiations with Lloyds. Governors who wished to partake in the exercise were asked to make contact with the CFO.

The Board questioned and discussed whether there were any negatives in using property of NCG as security and it was explained that there would not be unless the Group intended to sell off part of their estate that had been used as assurance for finance.

Governors asked for an update on the property review at the last meeting and it had been agreed that the COO would bring a discussion paper to the Board early in the New Year. The COO provided the Board with a verbal update on the initial work that had been undertaken since November 2018.

Action – COO to provide a brief progress update to the Board in February 2019 with the view to receiving a detailed Property Strategy for consideration in May 2019.

The Board agreed the CFO's request and requested that a detailed report be brought to the Board meeting in February 2019.

Agreed

The Board agreed that the CFO and Executive along with any interested Governors proceed with the engagement of an external debt advisor to renegotiate the current bank covenants.

Subcontracting Provision 2018-2019

The CFO presented the planned levels of subcontracting activity for 2018 / 2019 and sought Board approval for that delivery. The paper was a follow-up to the Subcontracting paper submitted for approval at the July 2018 Corporation meeting.

Approved

The Board formally agreed to the proposed planned levels of Subcontracting for the 2018/2019 period as detailed in the report.

Received

The Board received the Finance report.

4487 Confidential - Chief Operating Officer Report – December 2018

The Chief Operating Officer presented her report drawing out the key points.

Highlights

Confirmation had been received from the ESFA regarding the Discovery School building. The COO explained that the lease had been allocated to the Department for Education and therefore the clawback had been mitigated. The ESFA had indicated that they would be happy to discuss any short term use if NCG chose to do so.

Low Lights

Noted that there had been a slight improvement in mandatory training but targets were still not being achieved.

Governors questioned why the mandatory training was not being undertaken and the COO explained that work was ongoing to establish better practices and would provide a further update at the next meeting.

Performance Objectives – the Board were advised that there was significant under performance in ITrent upload of performance objectives and appraisals. There were also big variances across the divisions of which details were provided in the report.

Noted that there had been a large increase in agency spend from September to October 2018 which was also higher than October 2017. The Board were informed that a review would be undertaken as part of the Quarter 1 financial discussions.

Focus for December and January

The COO explained that alongside the review of increments emerging from the Lewisham and Southwark negotiations that NCG would be commencing a wider review of job descriptions, pay and pay progression. This would be delivered across the Group to improve consistency and to reduce the risk of equal pay claims. Governors stated that there was no indication of costings and stated that they would need clarity on the financial implications. The COO referred to the 3 pieces of working being undertaken and the report within the Interim CEO's Report for further information.

Received

The Board received the COO report.

4488 Executive Director of Governance Assurance and Risk's Report

The Executive Director of Governance, Assurance and Risk presented the report as written.

Received

The Governance report was accepted by the Board.

4489 Annual Audit Committee Report 2017 / 2018 to the Corporation Board and Interim CEO as Chief Accounting Officer

The Chair of the Audit Committee presented the report which covered the work of the Audit Committee during the 2017 / 2018 financial period. It was noted that the Audit Committee had met on two separate occasions to review the draft end of year financial statements and now formally made recommendation to the Corporation Board for the approval of the accounts.

Approved

The Board formally approved the Annual Audit Committee Report for 2017/18 as recommended by the Audit Committee. The Chair of the Audit Committee signed off the report.

4490 Confidential - Prior Year Adjustment

The Board received an amended and updated version of the prior year adjustments and the CFO proceeded to give a detailed explanation for the adjustments which had been reported to the Audit Committee and the ESFA. It was noted that Lloyds Bank had also been made aware of the adjustments.

NCG had reviewed the accounting policy for the recognition of the ESFA funding for 16 to 19 learners and believed that it needed to be amended. EY, the Financial Statements Auditors, had also raised the issue as part of their audit and agreed with the need for an adjustment.

The two main impacts on the adjustments were as follows:

1. A prior year adjustment was required to reduce the deferred income in the opening July 2016 balance sheet by £4.5m
2. An adjustment to increase income (therefore reducing the deficit) by £1.2m in the year ended July 2018 and a corresponding entry to reduce deferred income by the same amount.

The CFO provided a detailed explanation of the background in funding and historical accounting practices and the correction that needed to be made. The Board were advised of the financial impacts as per the tabled documents.

The Board discussed the matter at length and agreed that they were satisfied with the adjustments that needed to be made and accepted the explanations provided.

4491 Annual Self-Assessment on Regularity Audit, Propriety and Compliance

The Board formally received and approved the report as recommended by the Audit Committee.

The Board expressed their concerns re the level and the lack of governor approval of settlement payments and requested that any future settlement payments be reported to the Remuneration Committee.

It was confirmed that the Remuneration Committee had carried out a thorough review of their terms of reference and responsibilities and this particular issue had now been addressed.

Governors furthermore requested that the wording in the self-assessment be reviewed to reflect the work that the Remuneration committee had undertaken and would be fully implementing particularly in respect of Senior Post holders, remuneration, settlement approvals and performance.

Approved

The Board formally approved the Annual Self-Assessment on Regularity Audit, Propriety and Compliance subject to a review of the wording. The Chair of Corporation and Interim CEO were delegated the responsibility of signing off the document once amended.

4492 Going Concern Review

The CFO presented the Going Concern report and explained that the Board were required to make an assessment of the going concern status in order to sign off the End of Year Financial Statements.

The CFO stated that the Board could conclude that NCG and its subsidiaries were a going concern based on the following points:

- The Group has significant cash resources to manage its day to day finance requirements with a minimum cash level of £13m in the next 12 months.
- While the budgeted debt service cover loan covenant headroom is tight (£0.3m), the group has significant assets to allow negotiation with the bank should a breach look likely during the year

The Board considered the matter and agreed to the following narrative to be included in the End of Year Financial Statements:

After making appropriate enquiries, the Corporation considers that NCG has adequate resources to continue in operational existence for the foreseeable future. The Corporation maintains a strong balance sheet with low gearing and substantial cash reserves. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Approved
The Board formally agreed to the statement in respect of Going Concern.

4493 EY Audit Results Report

Formally received by the Board.

4494 NCG Financial Statements and Management Report for the Year Ended 31st July 2018

The CFO presented the NCG Financial Statements and Management report for the year ended 31st July 2018 and referred to Page 3 covering the operational review, learner numbers, outlook, principle risks & uncertainties and corporate social responsibilities.

Governors requested some minor amendments be made and agreed that that subject to these changes that the NCG Financial Statements for the year ended 31st July, 2018 be signed off by the Chair of Corporation and Interim CEO as Chief Accounting Officer on Wednesday 5th December 2018.

Formally approved
The Board formally approved the NCG Financial Statements for the Year Ended 31st July 2018 and the EY Management Report subject to minor amendments being made.

4495 Management Representation Letter to EY

Formally approved
The Board formally approved the Management Letter to EY and agreed that the Chair of Corporation would sign the master copy.

4496 Group Letter of Support to Rathbone Training & End of Year Financial Statements

The Chair of Corporation asked a governance question in respect of him signing the letter as Chair of NCG Corporation and also as Chair and Director of Rathbone Training. It was explained that it was a whole Board decision and that the Chair of Corporation was signing the support letters on behalf of NCG Corporation Board and as a result this would not be an issue.

Approved
The Board formally agreed to the content of the Support Letter to Rathbone Training as presented to the Board and the End of Year Financial Statements.

4497 Group Letter of Support to The Intraining Group Limited & End of Year Financial Statements

Approved
The Board formally agreed to the content of the Support Letter to The Intraining Group Limited as presented to the Board and the End of Year of Financial Statements.

4498 Risk Management Report Category D Funding, Audit & Compliance

The Board received the risk management report for Category D Funding, Audit & Compliance

Committee Minutes & Reports

4499 Draft Audit Committee Minutes of meeting held 22 November 2018

Received

4500 Draft remuneration Committee Minutes Part 1 of meeting held 7 November 2018

Received

4501 College Board Minutes

The Board received the following College Board minutes:

Newcastle College Board Minutes 19th November 2018

4502 NCG Divisional Report

Received

4503 Corporation Matters

The Chair of Corporation reported that the overall feedback was that the Governance Conference was well received and the presentation by Sir

Frank McLoughlin was good and opened areas for further exploration. The Executive Director of Governance Assurance & Risk would now take forward the feedback from the conference, implementing the proposed actions and recommendations.

A follow up Governance meeting would be planned for June 2019 with the view to holding this event at Lewisham College and / or Southwark College.

The Chair of Corporation proposed that the Board reviewed the NCG mission, vision and values as part of the SAR Evaluation day on the 22nd January 2019.

Governors requested that a plan be developed for NCG Governors to visit the different divisions.

College Board Appointments

Lewisham & Southwark College

The Board formally approved the appointment of Kass Stone as a Staff Governor on the Lewisham and Southwark College Board for a 3 year term of office effective as of 4th December 2018.

Kass Stone – Kass is a lecturer in Functional Skills and GCSE English and has worked at the College for 2 years.

Newcastle Sixth Form College

The Board formally approved the appointment of two College Board members to the Newcastle Sixth Form College as recommended below.

Paul Atkinson, Governor – Jarrow School – Paul Atkinson is part of the senior team at Jarrow School and has significant experience at Key Stage 4. It is proposed that Paul be appointed for a 3 year term of office with effect from 4th December 2018.

Suzanne Crozier, Parent Governor - Suzanne Crozier is the parent of a current student and a senior lecturer at Northumbria University. Suzanne Crozier was elected by the Parent Body of the College and the Board are asked to appoint her for a 3 year term of office with effect from 4th December 2018

NCG Board Membership – End of Term of Office December 2018

The Chair of Corporation formally thanked Mrs Alex Turner and Mr Peter Michell for their long standing commitment and contribution to the NCG Corporation Board.

4504 Any other Business – Confidential covered under Part 2 minutes

4505 Confidentiality of Business – Not for public record

NCG Interim Chief Executive Officer
Quality & Standards Report – update
Finance Report

18.50hrs– Executive members, Staff & Students excused from the meeting.

4506 Confidential Items – Not for public record – Recorded as Part 2 Confidential Minutes

NCG Board Minutes 9th October 2018 – strictly confidential
Part 2 Minutes of 16th October 2018
Part 2 Minutes of 7th November 2018
Remuneration Committee Minutes Part 2 7th November 2018
CEO Recruitment update

Meeting closed at 19.05

4507 Date of Next Meeting

22nd January 2018 – 10.30am till 5pm
5th February 2018 at 4.00pm

Minutes agreed as being a true and accurate record and signed off by the Chair of Corporation

Date

Signed