

NCG – Corporation Meeting

Minutes of Meeting held on Tuesday 4th June 2019 – 15.00 to 18.35

Details			Attendance		
Full Name	Position	Initials	Attended	Apologies	No Attendance
Peter Lauener	Chair of Corporation	PL	X		
Mark Squires	Governor	MS	X		
Caroline MacDonald	Governor	CM	X		
Chris Roberts	Governor	CR	X		
John Cuthbert	Governor	JC		X	
Jim Woodlingfield	Governor	JW	X		
Chris Payne	Governor	CP	X		
Visitors/ Presenters					
David Balme	Executive Director Governance, Assurance & Risk	DB	X		
Mike Wilmot	Chief Financial Officer	MW		X	
Karen Heaney	Chief Operating Officer	KH	X		
Steve Wallis	Executive Director of Quality	SW	X		
Tony Lewin	Principal – Newcastle College	TL	X		
Lisa Sproats	Group Financial Controller	LS	X		
Cameron Hartley	Newcastle College Student Union President	CH		X	
Nicola Procter	Divisional Finance Director		X*		
Nicola Taylor	Assistant Director of Governance (minutes)	NT	X		

*Attended for part of the meeting.

1. Meeting Administration

1.1. Opening of Meeting and Welcome

The Chair opened the meeting and welcomed the attendees.

1.2. Apologies for Absence

Apologies were received from JC, CH and MW. The apologies were accepted.

1.3. Declarations of Interest

No new declarations were reported.

1.4. Review of Minutes from the Previous Meeting – 5th March 2019

The Board reviewed the minutes of the previous meeting and agreed that these were a true and accurate reflection. The Chair signed a hard copy for filing purposes.

The Chair noted that there had been a delay in the agenda and supporting papers being issued. The Chair reiterated that these documents should be issued 7 days in advance of the meeting to ensure there is sufficient time to read and digest the information included within the documents.

Action: DB to investigate if additional papers can be added to BoardPacks without the need to create a separate meeting.

1.5. Register of Board Actions

The Board reviewed the register of actions.

Action: Circulars to include information from FE Week (where NCG are mentioned) and from the TES.

1.6. Matters Arising

1.6.1. [REDACTED]

[REDACTED]

2. Student Members Report

DB presented the report produced by Paula Miller. It was noted that the report hardly ever contains a full set of submissions from each of the colleges and the Chair noted that he would like this to be addressed.

Action: DB to reiterate the need for submissions from each College Board.

DB confirmed that following the last Corporation meeting, he had met with CH (Newcastle College Student Union President / Newcastle College Student Member) about becoming the Student Member of the Corporation and to set out what this entailed. CH agreed to this, however was unable to attend the meeting today due to illness.

The Board noted the report.

3. Report – Interim Chief Executive

CP presented the report to the Board confirming that a reply had been received from the ESFA (concerning NCG's published Qualification and Achievement rates) however he felt the response did not appropriately cover the concerns raised. CP will follow this up by replying to the ESFA.

The Board discussed the Augur Report, and confirmed that the circular provided from the AOC regarding the Augur Review included some useful recommendations.

Action: CP to update the Board about the Augur Review in October 2019.

It was suggested that WonkHE is also included within the Governor circulars.

Action: NT to include the weekly WonkHE update in the governors circulars.

CP explained that ESFA had been in contact to say they may make an exceptional change to the 16-18 funding allocation, following the closure of the centres with regards to Rathbone and Intraining. Many of the centres had single digit learners, and ESFA have agreed to look into the figures in closer detail. CP suggested that the numbers would be offset in relation by the transfer of learners from BMET (although it was noted that BMET still need to make a decision in relation to the Football Excellence Academy). An exceptional bid for additional 16-18 number can then be submitted if needed, once the evidence of an increase in learners is available.

[REDACTED] It was confirmed that the facility is currently owned and run by BMET, who offer 16-19 study programmes, predominantly around football. They own the ground and the buildings where the teaching takes place. KH confirmed that the Kidderminster Principal has suggested that the local council may take on part of the building, and that NCG may be able to take a small part. NCG have made it clear that there is no money to invest although may be interested if acquired at a zero cost.

The license for UKVI is now in place, and it was noted that the recruitment for international students is mainly around January and will proceed as planned. TL confirmed that the team are working on securing applications however before international students could be registered at any other college site a UKVI review will be required.

The Board noted the report.

3.1. Project Apple

The Chair noted that weekly Project Apple calls continued to take place and that the latest report (drafted by Matt Hamnett and Associates) was included in the Corporation papers.

Member were told that a transfer deal was now in place with PeoplePlus for the Wales Provision and that as of the 31st May, most of the delivery centres have been closed. Of the remaining centres, one in Bury, is being used to pick up any other learners from the Greater Manchester area to enable them to finish their learning.

NP entered the meeting.

Members were told that there are currently three interested parties around the provision in Scotland, one of which is PeoplePlus. [REDACTED]

The Chair noted that following the passing of a special resolution any member of staff who were suspended from their role (whilst holding a director role within Rathbone or Intraining) would no longer be able to attend board meetings or participate in the running of the company. The individual would be protected during this time however, so that they would not be held liable for any decisions made in their absence. [REDACTED]

The Subsidiary Board meetings will continue to meet to ensure that plans are being followed in terms of the remaining provision and ensuring the best for learners.

NP presented a Financial Update in terms of Project Apple and confirmed that a number of cautious assumptions had been made in the latest forecast figures.

It was noted that the updated outlook for 18/19 shows a significant improvement in EBITDA, mainly due to the earlier than planned reduction in staff costs. It was noted that redundancy costs have reduced due to the number of resignations.

Members were told that whilst financial planning had been undertaken based on cautious assumption a number of risks remained and as a result, additional contingency had been included in the Q3 base position. Members were told however, that work is ongoing to attempt to quantify the risks in terms of monetary value and that the risks included

- [REDACTED]

Governors asked if the latest forecast for 18/19 was the worst-case scenario. NP confirmed that it was based on currently knowledge and understanding.

Governors asked if the consultancy fees for Matt Hammnet & Associates remained within plan and challenged management to ensure value for money was still being achieved. CP confirmed that he believed this still to be the case.

NP left the meeting.

3.2. Strategy Update

CP presented the Strategy Update presentation and confirmed that the Executive Team considered the previous working version of the mission statement and had spent further time improving this.

Governors asked if NCG was now to stand as the National College Group however CP confirmed that this is not what is being suggested at this stage.

The Chair confirmed he did not want to get into redrafting the mission statement at this meeting, and that there would be a creative discussion around this at the upcoming Governance Conference.

CP presented the diagram to show how the vision, mission statement, principles and objectives would all fit together and inform each other. Governors liked the strategic and operational direction with the targets underpinning the goals, which links to revised draft of the mission.

Governors felt that this had moved on enormously and that the ambition and passion is now obvious. Governors wanted to note their thanks to the Executive Team for all of their work surrounding this.

4. Report – Executive Director of Quality

SW presented the Quality and Curriculum report, and ran through the executive summary.

SW noted that attendance is still an area for focus especially surrounding English and Maths. SW noted that all colleges are predicting an improvement in Maths. SW confirmed that the predictions for English might not be accurate, as this exercise has not previously been done at group level. Additionally he reported that LSC and KC are expecting a decline in pass rates and attendance.

Governors asked about the issues surrounding attendance, and SW confirmed that this was due to a varied range of factors however, improvement plans are in place for 19/20, and lessons have been learned from the SCIF partners that will be implemented going forwards.

It was confirmed that SW and the Chair have had a separate conversation around Ofsted, and that there will be a discussion at the next Corporation meeting around progress, what needs to be done, and what is expected to come out of the SARs.

Action: SW to provide this information for July's Corporation Meeting.

Governors asked about the proportion of Teachers / Educators currently at a good standard, and queried the levels at Newcastle College. SW confirmed that whilst many are 'good' there is a need for some to improve. TL confirmed that CPD is being implemented to raise standards, and identify those who do not engage. Where this is the case HR actions will be initiated.

Governors challenged the issues of T&L at LSC and SW confirmed that there are issues surrounding the adult provision.

4.1. Complaints Policy

Deferred to July meeting. **Action: NT to add to agenda.**

5. Report – Chief Operating Officer

KH presented the COO report, and advised Governors of the recent HSE visit to NC that highlighted two material breaches, one relating to NCG's approach to Health Surveillance. KH informed governors that the visit had been initiated by members of the union contacting the HSE directly, rather than highlighting any concerns they had through the partnership meetings (this is being picked up at the next Partnership meeting, and to ensure there are no other concerns). KH confirmed that work is underway to ensure these breaches are rectified, and that staff members are being put through the relevant training to reduce risk levels. A communication plan will be issued to all colleagues, and a supplier has been appointed to carry out the necessary checks. An action plan is in place to mitigate.

Governors agreed that this was a disappointing position to be in, and challenged as to how NCG were in this position. Governors also wanted confirmation that there would not be similar issues on the other sites. KH noted that the Health Surveillance requirement is not in place across the colleges, however this will be rectified. Until this time, however it remained a group wide issue.

Action: CP to provide further feedback to Governors following investigation.

KH confirmed to members that she is in the process of pulling together a more detailed H&S work plan that will be put in place shortly. Progress against the plan will then be brought to Corporation.

Action: KH to provide update at July Corporation meeting.

The Governors noted that they are overall responsible for Health and Safety of the group.

TL informed members that risk assessments were in place, and that part of the breach had been caused by a direct disregard in terms of using a piece of equipment that should not have been in use with evidence being held locally to support this.

KH also confirmed that having noted a relationship between workload and absence a new Health and Wellbeing strategy is being implemented. This is directly linked to the release of a new AOC charter around Mental Health and Wellbeing.

Governors noted that the Performance Management figures still seem to be low, and that this has been highlighted previously. It was advised that there are issues around the ease of use of the system and plans are in place to simplify this. CP confirmed that he had assurances from every principal to confirm that every member of staff has been set objectives and a yearly appraisal is taking place.

The Board noted the report.

5.1. Lewisham Property Proposal

KH briefly presented the Lewisham Property Proposal that is due to be discussed in more detail at the additional Corporation meeting to be held on the 11th September.

KH confirmed that the Lewisham and Deptford Creek sites are very different, and there are different options to explore.



KH stated that next steps are to create a clear educational business case, to explore further funding opportunities and to carry out soft market testing with developers.

Governors felt that it was hard to comment at this stage, as they have not seen the sites or been part of the detailed discussions. Governors also stated that further assurances would be required that the learners have been prioritised throughout the process.

5.2. Code of Conduct for Suppliers and Contractors

KH presented the report as written. Governors asked if NCG currently pay the London Living Wage to which KH confirmed that whilst NCG do a number of subcontractors do not. CP confirmed that whilst NCG are keen to have all contracts paying the living wage that this has not been accounted for in current financial planning. An assessment needs to take place in terms of the costings of this.

Action: KH to carry out costing assessment for paying LLW to subcontractors.

Governors approved the Code of Conduct.

5.3. Disciplinary Policy

Governors felt that this policy was not consistent with the agreement of the Appraisal and Remuneration Committee in terms of senior staff. As a result, the policy was not approved at this stage.

Action: DB to investigate, and ensure policy is consistent.

5.4. Pay Claims Update

KH presented the recommendations for the 18/19 and 19/20 pay claim that were as follows:

- Continue to pay the 'living wage' from 1st April 2019 and from 1st April 2020.
- Award a flat rate consolidated pay increase to all colleagues (excluding Senior Post Holders) of £450 effective from 1st August 2019.
- Award a flat rate consolidated pay increase of a further £150 to all colleagues (excluding Senior Post Holders) effective from 1st April 2020.
- The flat rate consolidated pay increases being increased to £495 and £165 respectively for colleagues in London to ensure no erosion to London weighting

KH confirmed amicable discussions have taken place with the Unions.

The Governors approved the recommendations.

5.5. Cleaning Services for NCG Tender Recommendation Report

KH presented the NCG Tender Recommendation in relation to cleaning services. KH informed members that whilst the outcome did generate savings further saving could have been realised however, Kidderminster College rejected the approach stating that they did not have the internal capacity to manage the change of approach. [REDACTED]

Governors approved the recommendations within the Cleaning Services Report.

6. Report – Chief Financial Officer

LS presented the CFO report and confirmed that the most recent 18/19 forecast shows EBITDA at Breakeven pre training providers and at a loss level when the performance of the training providers is taken into account. Tracking remains ahead of the Q2 forecast and whilst Q3 numbers are being processed, the numbers are yet to be finalised. The risk provision is built in.

As members were aware from previous discussions that NCG is currently in discussions with Lloyds to ensure that alternative arrangements are in place ahead of a banking covenant being breached. Member were informed that whilst discussions are progressing well no written proposal has been received from the bank at the time of the meeting.

Action: MW to provide members with further detail at the July meeting.

It was agreed that a subcommittee may need to be created to look at this in further detail, and CM and JC were suggested to be a part of this.

Governors asked why WLC were half a million away from their budget and it was confirmed that this was due to a lack of 16-18 income. The current position is an improvement on the previous year, however further improvement is required.

6.1. Financial Health

Using the 18/19 forecast, members were informed that NCG would need to achieve a financial health score of 120 points to ensure they avoided being placed into intervention. Members expressed their concern re this however LS confirmed that at the current time the finance team were confident that 120 points would be achieved.

Governors asked for the number of other colleges whose finances are classified as RI year on year.

Action: MS to investigate the number of colleges in RI year on year.

Governors asked why the figures for 2021 are down on 2020 and it was confirmed that the 2021 numbers include the repayment of a loan.

6.2. Current Fees Position

LS confirmed there were issues last year in terms of the new implementation, and a lack of staff within the credit control team. This led to further problems this year but processes are being made consistent which has resulted in improvements being made.

CP confirmed that the Financial Health position would be reported on monthly.

7. Report – Executive Director of Governance, Assurance and Risk

DB confirmed that Gatenby Sanderson have provided some prices for assisting with the recruitment of new Corporation Governors. [REDACTED]

Action: PL to speak to Gatenby Sanderson surrounding costs.

Governors noted that the FE commissioner has suggested for the Board to include two financially qualified members, and requested a discussion surrounding the current structure of the Board and committees (including the need for a Finance committee).

Action: Discussion around structure to take place at July Corporation Meeting.

DB advised about the addition (where applicable) of pre-meeting training to take place, being specific to upcoming agenda items to ensure Governors are aware of the benchmarks / types of questions they should be asking to allow them to challenge effectively.

7.1. Recruitment Process for Staff and Student Governors

Governors asked if the Staff Governor for Corporation was advertised across the whole group, and it was confirmed that this was the case. Members were further informed anyone wishing to put themselves forward would need to seek prior permission from their line manager.

Governors agreed to restrict the Student Governor appointment to current Student Governors across the group. This makes the appointment process more manageable, whilst remaining fair.

Governors noted that the commitment level needs to be clear from the outset.

Governors approved the recruitment process.

7.2. Governor Conference Agenda

DB presented the draft agenda for the NCG Governance Conference.

Governors approved the suggested agenda.

7.3. PI Insurance Cover

DB confirmed that the PI insurance has a limit of £10million with a £1k excess. Corporation Governors and College Board Members are covered.

7.4. Information Policy

Deferred to July meeting.

Action: NT to add to agenda.

7.5. Category G – Relationships with Key Partners

Governors queried if the risk profile was a true picture, and noted issues with line 112 and 114.

Action: DB to take to the next Executive Meeting for further review.

8. Corporation Matters

DB presented the Corporation Matters report.

Governors noted that there is a recommendation to approve Vicky Heyes' appointment to the West Lancashire College Board, however it was agreed that this would not occur until a pen portrait was provided.

Governors noted that Cameron Hartley would require formal approval to be appointed to the Corporation Board.

Action NT – To include recommendation for CH in the report to the July committee.

Governors approved the appointment of Mike Maguire to the West Lancashire College Board.

8.1. NCG Divisional Updates

The Governors noted the NCG Divisional Updates.

9. College Board and Subsidiary Minutes

The Governors noted the following College Board minutes.

9.1. Newcastle College Board – 4th April 2019

9.2. Carlisle College Board – 26th March 2019

9.3. West Lancashire College Board – 13th February 2019

9.4. Kidderminster College Board – 28th March 2019

9.5. Newcastle Sixth Form College Board – 24th January 2019

9.6. Lewisham Southwark College Board – 26th February 2019

10. Any Other Business

N/A

11. Date and Time of Next Meeting – 9th July 2019 – 3pm

The meeting closed at 18.35pm