

NCG Corporation

Part 1 - Minutes of Meeting held Tuesday 5th February 2019 at 4.00pm

4527 Present

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| Peter Lauener | Chair of Corporation |
| John Cuthbert | |
| Chris Roberts | |
| Caroline MacDonald | |
| Mark Squires | |
| Chris Payne | Interim CEO |

4528 In Attendance

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| David Balme | Executive Director of Governance, Assurance & Risk (EDGAR) |
| Karen Heaney | Chief Operating Officer |
| Yolanda Hughes | Minute taker |
| Tony Lewin | Principal, Newcastle College |
| Steven Wallis | Executive Director of Quality |
| Ian Webber | Managing Director Intraining & Rathbone |
| Mike Wilmot | Chief Finance Officer |

4529 Board Briefing Session on Electronic Board Packs

The Board received a briefing on the use of the new Electronic Board packs led by EDGAR.

4530 Opening of Meeting

4531 Meeting Management

The Chair opened the meeting at 4.00pm welcoming all present. Reference was made to the agenda and the Chair explained that he intended that going forward Board papers would be taken as read with key points being highlighted by the Executive in order to achieve efficient handling of the items for consideration under a tight timeline.

The Board were advised that Matt Hamnett would join the meeting to provide input on Project Apple. Substantive discussions would also be required on the Pay Award item, NCG Strategic direction and the Estate Strategy.

4532 Student Governor

Governors asked if there was a strategy to replace the student member. EDGAR stated that Newcastle College had replaced their student governor and that attendance at Corporation Board would be discussed under the Governor Recruitment agenda item.

4533 Apologies for Absence

All members present.

4534 Declarations of Interest

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

4535 Part 1 – Non-Confidential Minutes of the Corporation Board meeting held 4th December 2018

Approved

The Board formally accepted and approved the Part 1 Minutes of the Corporation Board meeting held on the 4th December 2018 as a true and accurate record.

The Chair of Corporation signed off the master copy.

Part 2 Confidential minutes would be reviewed under confidential items of business.

4536 Register of Actions

Received and noted.

4537 UKVI update

The Principal – Newcastle College presented the update on the UKVI position as detailed within the report.

Governors expressed their disappointment in the lack of progress that had been made by [REDACTED] and the UKVI Policy team in reaching a solution.

Action

The Chair requested that the Principal – Newcastle College revert back to [REDACTED] to express the Boards concerns that their approach was not yielding the results expected and that NCG were considering working directly with UKVI to expedite an outcome as soon as possible.

The Principal – Newcastle College to report back to the Chair at the earliest opportunity on progress.

4539 Student Members Report

The Board received the Student Members Report to February 2019 and formally thanked the member of staff that had compiled a well written report in the absence of a formal student member.

4540 Interim Chief Executive Officer Report

The Board received the Interim CEO's report.

The following key points were noted:

4541 Agency Update

Governors questioned the teacher pension costs and the Department for Education plan to provide funding to assist with unforeseen cost increases. The CFO confirmed that further information remained outstanding from the Department for Education but that it was highly likely that the additional funding being made available would only be up to March 2019 with any future amounts being subject to the outcome of the annual spending review.

4542 FE Consolidation update - Confidential

Governors asked for further information to be provided around the FE Commissioner's Structure and Prospects Appraisal for BMET. It was noted that Kidderminster College would be well placed to take on additional capacity of learners from the Wyre Forest / Kidderminster area should BMET be required to split its current offering into three separate entities.

Action

Interim CEO to provide a report with further detail on FE Consolidation in relation to BMET and Kidderminster College.

4543 GPTW (Great Place to Work) Annual Report

The Interim CEO tabled a summary paper for the Boards information and it was agreed that a full report would be presented to the March 2019 meeting for consideration and review.

Action

COO to provide a detailed GPTW Report to the March 2019 Corporation meeting.

4544 Strategy – next steps

The Interim CEO presented the Strategy report which set out the potential next steps towards the changes of NCG's Strategy – specifically updating the Mission, Vision and Strategic Goals for the organisation. It was explained that a further meeting had taken place with Sir Frank McLoughlin which had been very useful.

Governors referred to the case for change and were in support of the points raised within the report as it set the scene for NCG's next steps.

The Board were advised that the Chair, Sir Frank McLoughlin, Amanda Melton and the Interim CEO had met the week before to look at the next steps of strategic planning and the proposal was to hold another meeting in early April in order get further input from Sir Frank and Amanda. It was

agreed that Governors would be consulted on a prospective date to hold such a meeting.

Action

EDGAR to arrange a governor away day to consider strategy development in mid-March / early April 2019 in order to feed into the planned Governance Conference in June 2019.

Governors felt that the paper was useful and helped to take things forward but emphasised the need to ensure that whatever was produced was understandable, credible and that any changes could be accepted and integrated throughout the group.

The Interim CEO went through the proposed next steps stating that the aim was to get to a point where they could articulate what they wanted for NCG by the time they reached the May Governor Away Day. The Interim CEO referred to the proposed timeline within the document and welcomed any further input from the Board.

- Early February - Pen approach and identify external resource via SCIF to enable progress.
- Late February - Executive Away days focussing on visualising the potential long-term vision and underpinning goals. Workshop on identifying the 'high performance' culture needed to drive change.
- Early March - Workshops with local SLTs on vision and goals.
- Mid-March - NCG Board Strategy event to assess, challenge and improve on proposals to date.
- Late April - Executive away day focussed on further crafting the vision and goals. Further work on testing culture change required against current values.
- May - Final proposals to NCG Board.
- June – Consideration at the NCG Governance Conference.

Received

The Board received the report and welcomed the work undertaken so far.

4555 Quality report

The Executive Director of Quality presented his report on Quality up to February 2019.

The Chair asked about the quality of teaching across the group which needed improvement. The Executive Director of Quality stated that across the group there were issues around quality of teaching and learning as referred to on Page 9 of his report and provided an explanation of what was being done to remedy the position. He also commented on the CPD that was being undertaken, noting that this was at different stages. The Executive Director of Quality stated that although he felt some improvements had been made since inspection there were still concerns about the teaching delivery and that there needed to be a concentrated effort to make even greater progress. It was explained that any implied improvement had to be evidence based and until they were able to effectively demonstrate improvement

through reliable evidence, they were unable to categorically confirm that there had been any.

The Board discussed the issue around pay which was on the agenda for consideration, but it was emphasised that the quality of teaching did not automatically improve with pay awards however did contribute to the ability to recruit new staff and attract higher quality practitioners.

Governors asked about the work being done around Maths and English and whether the strategies in place had made an impact. The Principal – Newcastle College spoke about the work that they had implemented and the strategies being used (for example the review of the delivery and support for first year learners) however, the outcomes were not always immediately evident. Members were also informed that the appointment of high-quality practitioners in both English and Maths within the FE sector continued to be a challenge.

Action

Learning Walks for Governors – the Executive Director of Quality / EDGAR to arrange learning walks for governors before the end of May 2019.

Received

16.47hrs ***Director Information Services joined the meeting.***

4556 IS Strategy Presentation led by Director of Information Services - Confidential

The Director of Information Services for the group provided the Board with a detailed presentation on the proposed IS strategy and direction of travel. (Covered within the Chief Operating Officer's report to the Board)

Having given the presentation which set out the proposed IS strategy and the two options for consideration Governors asked the Director of Information Services how the current IT infrastructure impacted on the operational capabilities of the group. It was explained that significant issues were experienced.

Governors commented that the strategy appeared to take a very long time to reach the final stage and asked whether a 5-year horizon was appropriate. The Director of Information Services explained that there had been a significant lack of investment over recent periods which had impacted on the current offering. Additionally, as a result of the recent mergers the team were supporting a significant number of different IT systems which was resource intensive. The plans proposed, and especially for the next 2 years, would involve updating and carrying out the most vital improvements.

The Board thanked the Director Information Services for the presentation and agreed to consider the formal recommendation under the Chief Operating Officer's report covered within the agenda.

17.22hr ***Director Information Services excused from the meeting.***

17.23hrs Matt Hamnett – External Consultant joined the meeting.

**4557 Project Apple – Strictly Confidential
Minuted as Part 2 Confidential Business due to commercial and strategic sensitivity.**

Matt Hamnett (Lead Consultant on Project Apple) was welcomed to the meeting and formally introduced to the attendees.

The Interim CEO set the scene by explaining how they had reached the current position which included the commission of an external review of Intraining and Rathbone. In January 2019 the Board had received an update on progress with Project Apple and the Quarter 1 financial position for Rathbone and Intraining which had again confirmed the continued loss in income.

Matt Hamnett formally presented his report which provided a summary of his approach to the review; covered business sustainability and the changes in the market place. The Board were then given an extensive presentation providing the key facts and information and the proposed next steps.

Action – EDGAR to circulate copy of the presentation to all governors.

The Chair thanked Matt Hamnett for the presentation.

Governors asked the Managing Director, Intraining & Rathbone if there was anything in the report that he did not agree with. The Managing Director confirmed that he was largely in agreement with the report highlighting that further work was required to ensure opportunities for alternative provision were not missed. The Managing Director and the Finance Director for Intraining and Rathbone had reflected on some of the probable opportunities but needed to be certain that these would be achievable. The Managing Director referred specifically to the potential opportunity around virtual learning which had been presented to the Board in the past and it was felt that this was one of their key opportunities.

Governors referred to the emerging markets and asked to what extent these could be advanced. The Managing Director spoke at length about the apprenticeship strategy for NCG as a group and how the use of IT and distance learning would be critical.

Governors further questioned if there were any fragments in the business that were saleable. The Managing Director confirmed that this was being considered however the answer remained unclear at this time.

Governors stated that it would be regrettable should the proposed next step impact on a charity supporting disadvantaged learners and that it would be important to look how this could be continued.

A governor acknowledged that it was all very radical but sought clarification on what sections of the business would be likely to survive, at what cost and for how long it would remain sustainable. Matt Hamnett explained that they would need to look at all the current contracts, estates commitment and it

would be at this stage that they would be in a position to calculate the costs in order to give the Board a clear picture. Governors would need to think about the wind down process and above all take account of the learners needs.

In summary it was clear that to take no action was not viable however significant further work was now required prior to the Board being asked to make a final decision.

The Chair recapped on the discussions held as follows:

1. The Board endorsed the direction of travel as set out in the Project Apple report.
2. A further report on the future business operations would be presented to the Board meeting in March 2019. The report would include clarification on the planned timescales and costs.
3. That detailed information clearly setting the options for full closure to be provided before any formal decision could be reached.
4. The management should commence decisions including a review of the size of the corporate centre. It was agreed that the decision to terminate contracts with Wales and Scotland would be an operational decision.
5. Matt Hamnett to proceed with further works towards a closure project providing a programme and seek professional advice.

Governors raised concerns around the continued retention of key staff. Also, it was noted that any decision needed to ensure that the best was done for the learners, staff members and to manage NCG's reputation. It was also agreed by the Board that they needed to ensure that appropriate governance processes were adhered to particularly in respect of the subsidiary board's role and that of NCG as the parent body.

The Board agreed to proceed on the following basis with a formal decision to be taken in March 2019 when all the points raised had been met:

1. Management would begin to take operational decisions consistent with the direction of travel – looking to control and exit cost where possible [REDACTED]
2. Delegated authorities would be reviewed from the NCG corporate centre to ensure that costs were being appropriately controlled and new commitments were not being made that might prejudice plans or create new liabilities.
3. Detailed work on due diligence, implementation planning and costing would be initiated by Matt Hamnett and the Executive, working toward a final Board decision on implementation at the end of March. This would include engagement with relevant professional advisors.
4. Work on Wales and Scotland would be accelerated so decisions can be taken through the current contract extension / renewal cycles. Board endorsement for decisions would be sought by correspondence.

5. Detailed work on the preparation of a business plan for the possible future operation will be kicked off, led by the Managing Director and working toward a March decision.

The Managing Director was formally thanked for his continued support and input into Project Apple.

18.02hrs Matt Hamnett excused from the meeting.

4558 Chief Operating Officer Report to February 2019

The Board received the COO's report and the key points for consideration as follows:

4559 Mesnes House Wigan - Confidential

The Board received the report on Mesnes House Wigan which was originally acquired in 2013 at a cost of [REDACTED]. The rationale at that time was to provide a headquarter provision for Rathbone training.

The Board were briefed on the two options in respect of the property:

Option 1 – Investment Sale – Let to Single Tenant – the report set out the full scope for Option 1

Option 2 – Sale with Vacant Possession – the report set out the estimated value of the property including the worst and base case scenario.

Agreed

The Board considered the proposal made and agreed that the Executive should proceed to market the property for sale OR for rent to generate the maximum number of enquiries and to return to the Board to seek final clearance once a preferred option is noted.

4560 IS Strategy - Confidential

The COO referred to her report and the Chief Finance Officers (CFO Report) recommendations on the IS Strategy as covered in the presentation earlier in the meeting.

The report set out indicative capital costs of £650k, reducing to £570k should the training providers be excluded. The COO noted that the actual request for funding approval was included within the CFO financial report.

2018-19 Option 1: Costs include Training Providers

Wireless £80,000
Single Domain £250,000
Digital Classes
Unified Comms
Disaster Recovery
4Cast £70,000
Finance System Infrastructure £250,000

Audio/Visual (AV)
Totals £650,000

2018-19 Option 2: Costs exclude Training Providers

Wireless £30,000
Single Domain £220,000
Digital Classes
Unified Comms
Disaster Recovery
4Cast £70,000
Finance System Infrastructure £250,000
Audio/Visual (AV)
Totals £570,000

The Chief Finance Officer was asked by the Board if the proposed IS Strategy was affordable and a sensible way forward. He stated that despite the current financial position, recognising that the proposed expenditure would impact on the NCG cash reserves, the proposed work was essential.

Governors agreed that it was clear that the work needed to be undertaken particularly in the first year but expressed their concerns about the financial costings going into year 4 and 5 and asked what would happen if in Year 2 to 5 there would not be enough capital to continue the project. It was explained that as the first stages of the plan related to the overarching infrastructure and therefore any future budget restrictions would not make the work valueless.

Action

The COO was requested to provide further costings particularly for years 2 to 5.

4562 Review of Pay Increments - Confidential

The Chief Operating Officer presented the recommendation in respect of an incremental progression pay scale as set out in the report for Newcastle, Lewisham and Southwark Colleges.

The Chair queried the long term costs of the proposed incremental pay progression scheme. The COO explained to the Board how this proposal had been reached confirming that it was affordable and that the current approach was inconsistent with the wider sector and results in a higher turnover of staff than would normally be expected.

The Chief Finance Officer was asked if the proposed costs were affordable and he explained that there was capacity in the budget as long as they maintained the four work streams.

Governors asked about the cost of the living increase which was budgeted for at 1%. The Chief Operating Officer explained that the proposed pay award had not been awarded for the current year to which the Governors expressed their concerns as this resulted in staff at Newcastle College not

having received a pay award for some three years and were as indicated in the report falling below the sector norm.

Governors asked how staff would progress on the incremental pay scale and it was explained that it would be down to their individual performance which would entail ensuring a robust performance management process.

The Board discussed the recommendation at length and the Principal – Newcastle College spoke about the performance management processes and the differentials in standards of performance.

Governors felt that they needed to have further clarification on the performance management processes before reaching a decision on the proposed Pay Progression scheme. They questioned what the impact would be in deferring a decision to March 2019 and it was emphasised that UCU may feel that their requested action point had not been addressed.

The Board were supportive of the proposal but were mindful that they needed to ensure that the performance management policy was acceptable.

Action - COO

The Board agreed that before approving the recommended Pay Progression Scheme that they would need to review the Performance Management Policy in March 2019.

4563 Chief Finance Officer Report to February 2019

The Board received the Chief Finance Officers report including the Monthly Management Accounts.

Additional Capex

The Board formally approved the additional capex expenditure of £500k. This was for £250k essential infrastructure improvements and £250k moving to a single domain and Wi-Fi surveys as detailed in the IS Strategy Presentation and the Chief Operating Officer report.

4564 Learner Records Review

The Board received the update on Learner Records as per the circulated report.

4565 Governance Report

The Board received the Governance Report noting the key highlights as follows:

Governor Recruitment – update received and agreed that Caroline MacDonald, Peter Lauener, Chris Roberts and Mark Squires would form the search and selection panel for governor interviews.

Approved

The Board formally approved the revised Governance Mapping Document, College Board Terms of Reference and the Corporation Board Skills Analysis.

4566 HE Fees Policy

The Board received the proposed HE Fees Policy but questioned the differentiation in fees across the division and requested that the HE Governance Committee review the policy and that the policy be brought back to the March 2019 meeting for consideration.

Action – HE Governance Committee

Review proposed HE Fees policy with formal recommendation to be made to the March 2019 meeting.

4567 NCG Corporation Board Membership – February 2019

Approved

The Board formally approved the revised committee structure as follows:

Audit Committee

John Cuthbert (Chair)

Mark Squires

HE Governance Committee

Chris Roberts

Caroline MacDonald (Chair)

Remuneration Committee

Peter Lauener

Mark Squires (Chair)

Caroline MacDonald

4568 College Board Minutes

The Board received the minutes from the following College Board meetings:

Newcastle College 22nd October 2018

Newcastle College 10th December 2018

Lewisham Southwark College 30th October 2018

Lewisham Southwark College 20th November 2018

Lewisham Southwark College 18th December 2018

West Lancashire College 17th October 2018

Newcastle Sixth Form College 22nd November 2018

Kidderminster College 4th October 2018

Carlisle College 25th September 2018

4569 Intraining and Rathbone Subsidiary Board Minutes

The Board received the minutes of the meetings held by Intraining and Rathbone Subsidiary Boards on 4th December 2018.

19.01hrs *All Executive and Staff members excused from the meeting.*

4570 Part 2 Confidential Board Minutes of the meeting held 4th December 2018

Approved

The Board formally approved the Part 2 Confidential Board minutes of the meeting held 4th December 2018.

4571 Confidential items of business

- a. CEO Recruitment update – the Chair provided the Board with a brief verbal update on the CEO recruitment and explained that they would be looking at going out to advert in late April, early May 2019.
- b. Senior Post Holders – EDGAR advised the Board that the Remuneration Committee would be asked to review the initial SPH structure discussions at their next meeting.

4572 Date of Next Meeting

5th March 2019 at 4.00pm

4573 Meeting closed

The meeting was declared closed at 19.05hrs.

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