

NCG Corporation - Minutes of Meeting held 5th March 2019

1. Meeting Administration

1.1. Opening of meeting and welcome

The Chair opened the meeting and welcomed all in attendance.

1.2. Apologies for absence

It was noted that the following were present for the meeting:

- Members

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|-----------------------------|----|
| ○ Peter Lauener (Chair) | PL |
| ○ Chris Payne (Interim CEO) | CP |
| ○ Jim Woodlingfield | JW |
| ○ Mark Squires | MS |
| ○ John Cuthbert | JC |

- In attendance

- | | |
|-----------------------|----|
| ○ Steve Wallis | SW |
| ○ Tony Lewin | TL |
| ○ Karen Heaney | KH |
| ○ Mike Wilmott | MW |
| ○ Ian Webber | IW |
| ○ David Balme (Clerk) | DB |

In addition, apologies for absence were noted from:

- Caroline Macdonald
- Chris Roberts

1.3. Declarations of Interests

PL reaffirmed that as well as being Chair of the NCG Corporation board he was also the Chair of the Rathbone and Intraining Subsidiary Boards.

Having taken legal advice on this however PL confirmed to members that as any decisions re Rathbone and Intraining would need to be made by the full Corporation his role as Chair of both Boards would not create a governance concern. It remained however, if any members considered that there was a conflict of interest they must raise this immediately.

PL also informed Corporation members that he had changed the frequency of the Rathbone and Intraining Subsidiary Board meetings to monthly (having previously been quarterly).

PL further confirmed that should decisions made by the Corporation result in the need for additional meetings of the Subsidiary Boards these would be arranged on an extraordinary basis.

1.4. Minutes

The minutes were approved by members as written.

1.5. Register of Board Actions

Members noted the register of board actions, specifically recording:

- 4537 UKVI – Item on the agenda
- 4542 FE Consolidation update – Item on the agenda
- 4543 Great Place to Work Annual Report – Item on the agenda
- 4544 Strategy – On the agenda for the 1st April 2019
- 4555 Quality – On the agenda for the 1st April 2019
- 4557 Project Apple – Complete
- 4560 IT Strategy – Not due.

1.6. Matters Arising

1.6.1. UKVI (Confidential)

TL reaffirmed to members the position stating that as a result of NCG receiving an Ofsted grade 3 in its most recent inspection UKVI had reduce to zero the number of CAS (needed to sponsor international students to study in the UK) available to NCG. TL further explained that as the Ofsted verdict was in relation to FE level delivery only, NCG was challenging the decision in relation to the decision impact on the ability to recruit international learners to HE programmes.

TL informed the meeting that NCG was still awaiting a decision from the UKVI although he understood that there had been discussions between UKVI and Ofsted to clarify Ofsted's position.

MS asked for clarification on the timeline before the delays started to have a greater impact on the group's recruitment and financial performance.

TL confirmed that the ongoing issues have already meant that the recruitment, which would have normally occurred in June / July, would not go ahead and that colleagues were now focusing on the January 2020 intake. TL further informed members that it was estimated that the inability to recruit learners had already cost in the region of £90k.

Members noted the report.

2. Student Members Report

The student members report was presented to the meeting by DB. Members accepted the report as written expressing their thanks to Paula Miller (Head of Learner Services and Safeguarding) for her role in pulling the report together from the submissions of the individual divisions.

The meeting noted that CM, whilst not in attendance, had used the electronic notes function within Board Packs to ask if the dates of the graduations could be shared with members.

Action – DB to circulate graduation dates.

Members noted the report.

3. Report – Interim Chief Executive (Confidential)

The report was taken as read with the following specific points being noted:

- Item two required the Board to approve the transfer of the lease of Discovery School building from Discovery Learning to the DFE.

CP explained to the meeting that NCG retained contractual clauses giving some control over the future use of the building and in agreeing to the transfer it would avoid NCG having to pay associated contractual and maintenance costs however the land on which the property is build would remain the property of NCG.

Members approved the request to transfer the building from Discovery Learning to the DFE.

- Non-levy apprenticeships

CP informed the meeting that the ESFA had now confirmed that it would be in a position to fund the over delivery of non-levy apprenticeships for the period of January 2018 to March 2019 (recognising that for NCG this figure currently sits at circa £500k).

Whilst this is good news, CP made members aware that the budget available for 2019 / 2020 is extremely limited which will limit recruitment during this period.

Action – CP to provide further updates re non-levy funding as and when further information becomes available.

- Minimum standards and qualification achievement rates

CP informed members that following our Intraining data submissions the ESFA had undertaken a data audit to review their compliance of Intraining with Minimum Standards. This audit was completed in February 2019 and at the time of writing; the results had not been shared.

Action – CP to provide further updates re the outcomes of this audit to the May 2019 meeting of Corporation.

In addition, CP further informed members that an error in the NCG ILR data return had resulted in an error in the ESFA calculated Qualification Achievement Rates. At the time of writing whilst the ESFA had accepted their calculated rates were incorrect (by an estimated 7%) a solution had not been reached. This is currently with ESFA as a complaint for resolution.

Action – CP to provide further information re the solution reached to the May 2019 meeting of Corporation.

- Birmingham Metropolitan College (BMET)

CP informed members that there was nothing further to note (other than the info shown within the presented paper) with the exception that a date of the 12th March 2019 had now been agreed to meet with BMET representatives.

Action – CP to provide a further update to members on the outcome of this meeting.

- Ongoing Projects

CP drew members' attention to the list of 18 ongoing projects as documented in his report. CP explained that whilst many of these were largely operational it was important that members felt they had appropriate oversight and understanding of each. Board members noted that current resources were fully deployed because of this high volume of work.

Action – Any member requiring further information in relation to any of the projects shown should make a request via DB.

- Strategy

In addition to the paper included within the pack CP issued an additional document that set out the work undertaken to date around the strategy of NCG and provided an indicative timeline for future activity (which ties back to already agreed Corporation dates).

Members noted that the timeline provided concluded in September 2019 where it was expected that the final strategy documentation would be approved by the Corporation. In addition, it was noted that the members of the College Boards would have the opportunity to challenge and to contribute to the strategy discussions during the next Governors conference (to be held on the 10th and 11th June 2019).

CP further explained to members that he had asked the Director of Learning & OD to support him in relation to the delivery of the strategy project.

MS stated that it important the within the strategy work we were clear around what we would be exploiting and those areas we believe have potential for future growth. An example was given around the HE awarding powers and how they would fit into our offer going forwards.

CP responded and stated that this would be covered and that a number of pieces of specific work had already been commissioned to support this. These included, but are not limited to, Project Concert and a review of Higher Education strategy.

MS accepted this however reiterated the need to pull thoughts together under a series of grouped headings such as 1) Curriculum Offering, 2) Shared Services, and 3) Best Practice.

PL informed members that he had attended a senior staff away day in Carlisle on the 25th February 2019 and had shared with the management team his thoughts on this matter.

Action – DB to circulate PL presentation notes.

Members noted the report.

3.1. Great Place to Work Results

The Director of Learning & OD (DLOD) joined the meeting to present the results of the most recent 'Great Place to Teach' survey. In addition to the report provided within the papers a presentation was also delivered.

Action – DB to circulate the GPTW presentation to members.

The DLOD presented the results, explaining to members that at a top level the 'Trust Index' score provided an indication of performance when all other results were brought together. In addition, members were told that the survey was based on five core strands (Credibility, Respect, Fairness, Pride and Camaraderie).

In relation to the scoring members were told that each question (with the exception of two open questions) were scored out of five. Scores of four and five were considered positive whilst scores of one and two were considered negative. A score of three held no weighting and is excluded from the results.

Additionally, and for the first time, members were told that NCG had been benchmarked against a new category of employer – Super Large (over 100-staff).

Overall, the results from the survey showed:

- An overall response rate of 73% – down from 80% in the previous survey.

Members were told that this was as a result of a decision not to 'push' staff in the way that had been the case during previous collections as it was felt that more appropriate results would be achieved where staff completed the survey because they wanted to rather than because they were chased to do it.

In comparison to the benchmarks, this engagement level was still well below the best organisation within the Super Large category, but improving over the 5-year trend.

- A trust index score of 66% - up from 51% in 2013 when the survey was used for the first time.

Members were told that management had hoped for a greater improvement however, the continued positive rise should be noted.

MS asked for clarification around the percentage that NCG was aiming for. DLOD responded to this highlighting that NCG should be achieving a rate of circa 80% (high performing benchmarked organisation averaged a score of 79%).

- 51% responded to the key question (Is NCG a great place to work?) in a positive manner.
- 68% responded positively in relation to the 'Engagement' score however 21% of staff reported a split decision.

JC asked for clarity around the areas where NCG's data is noticeably different to that of the very best employers. In response DLOD stated that NCG had received more responses in both the mid and negative scores (scores of three, two and one) than the higher performing organisations.

In relation to areas of the survey which had resulted in positive outcomes, the areas of 'Protected Characteristics' and NCG being a 'friendly / safe and welcoming place to work' were noted as being areas where NCG scored equivalently to the best performing organisations.

Similarly, the areas of 'Recognition', 'Reward' and 'Strategy' were flagged to members as areas where the results were less positive.

The DLOD further presented the results broken down by division and highlighted that these results showed some areas of significant improvement and some areas of noticeable difference. For example, Kidderminster, West Lancs, Newcastle 6th Form, Lewisham & Southwark and Group Services all recorded improved results. At a summary level however, results continued to show that whilst people are proud of what they do they are not always proud of who they work for.

JC asked whether members should be concerned with the results for Newcastle College as in some areas these were worse than in the previous period.

In response, TL outlined that the results had been impacted by challenges within four specific curriculum areas and that action was already underway to address this.

PL asked for clarity around how the data would be shared with College Board members. In response, the DLOD stated that all results would be added to the agenda for the next appropriate College Board meeting.

Action – DB to ensure GPTW results are shown on College Board agenda's

Action – DB to add GPTW results to the workplans for both Corporation and College Boards.

MS asked for further detail around the companies who are included within the Super Large benchmarking group. In response, the DLOD explained that as all participants were required to pay between £15k and £20k to be involved the survey and therefore the benchmark population was made up of organisations that valued staff satisfaction and that this would result in the benchmarked results being higher than those had the survey been undertaken across a random selection of organisations.

JC asked what happens next re the results and whether an action plan has / will be drafted. In response, the DLOD confirmed that an action plan would be established at a largely divisional level and that further updates would be presented to Corporation.

Action – DLOD to provide ongoing updates to Corporation in relation to the actions taken to address the weaknesses noted within the GPTW results.

MS, having noted the discussion and the survey results, observed that there were two core themes that would need action taking. These themes are 1) Recognition and Reward and 2) Leadership and Pride.

Members noted the report.

The DLOD left the meeting.

Matt Hamnett (MH) joined the meeting.

3.2. Project Apple / Project Concert

Project Apple (Confidential)

PL introduced the report on Project Apple. Specifically, members were reminded that the decision being made today, in line with legal advice, was whether to move to the next phase of full consultation.

In addition, following discussions held in the earlier Rathbone and Intraining Subsidiary Boards, PL proposed the following:

- Recognising the current losses (estimated to be circa £250k per month) NCG should look to start the consultation as soon as is reasonably possible.
- That all recruitment (with the exception of some short AEB provision) should be suspended until the outcome of the consultation is known.
- That should the consultation begin on the 15th March (as was currently being suggested) the S188 form should provide sufficient information to

allow meaningful discussion ahead of further information being issued within 14 days of the start of the consultation.

PL reaffirmed that the next steps would be dependent on the outcomes of the consultation.

MH briefed the members highlighting that should a decision to close be reached post consultation then:

- From an initial review a sizeable proportion of delivery could cease by the end of July 2019.
- Some existing contracts (including 13 property contracts that had end or break points after July 2019) would need exit points negotiated.
- That the continued interaction between Project Apple and project Concert was an important factor

JC asked MH for clarity around how many staff would be involved in the consultation. MH responded that currently it was in the region of 400 staff as very few staff would be required should Project Concert go ahead.

MS expressed a view that he was very surprised at the proposed speed of closure should the post consultation decision be to close significant parts of the business. IW stated that as most of the provision delivered in England was either classroom based short provision or apprentices the ability to make swift operational changes was viable.

In relation to the financial information provided within the papers, JC stated that a £1.7m cost was lower than he had expected and equated to approximately 6 months of current losses

JC asked management for their assurance that the numbers provided were robust. In response IW stated that the numbers were based on detailed planning and as a result were felt to be reliable. It was noted however that they would be refreshed as the project went on and further information was known.

JC further asked for clarity around the impact of these calculations on the current year NCG accounts.

MW responded that if following the consultation outcome the decision was taken to wind up the majority of activity by the end of July 2019 costs relating to dilapidation, leases and redundancies would all be shown within the current accounting results. This would result in a worsening of the group results and would increase the amount by which NCG were expected to breach the bank covenant. It would however also be significant in allowing NCG to demonstrate to the banks, during the refinancing discussions, that the most significant loss-making area of the business had been addressed.

Returning to the consultation MS asked for clarity around whether all staff would be consulted (and therefore put at risk) at the same point in time even through in reality subsequent leaving dates could vary by 6 to 12 months.

MH responded that this was the case and that should the decision to close the business subsequently be approved by Corporation appropriate end dates would be agreed with staff that align to the needs of the business.

JC asked if members could be briefed around the plans for communications, as this was a vital element of ensuring the business continues to operate during the consultation period.

In response MH outlined that a careful balance needed to be achieved in relation to the messages to staff re the consultation and in relation to the link between Project Apple and Project Concert as this could result in the failure of Project Concert before the decision is taken to progress it.

MS stated that is important that any issued communications are clear and reflect that the decisions being taken are part of a strategic restructuring to maximise the success of NCG going forwards.

PL concurred with this view however stated it was equally important that staff recognised the seriousness of what was being consulted upon.

Action – MH to ensure that all communications reflect the views expressed by Corporation members.

MS challenged management around the proposed speed of closure (should post consultation this be the decision) and whether this would impact learners.

CP confirmed that the main risk of impact would be on apprentices however he felt this could be appropriately managed.

MS than asked (as a follow on) whether we would be able to ensure the level of service to the learners.

CP confirmed that we would although PL added that we would ultimately come to a point where we will have to bring the offer to an end that may disadvantage a small number of learners.

PL therefore summarised the discussions and specifically asked members for approval:

- Of the project's overall direction of travel,
- Of the approach and timeline in relation to the proposed consultation,
- That the consultation would begin on the 15th march or at any point within the following 2 weeks.
 - o Recognising that any change from the 15th must be approved by the governor's sub group.
- That a decision around the closure of Intraining and Rathbone cannot be taken until the completion of the consultation.

MS and JC both formally confirmed their agreement with these four statements and supported the continued delivery of the project.

JW commented that from a staff members perspective it is important to frame the message correctly ensuring clarity is understood within the staffing base that the proposed actions are to safeguard the wider business.

CP agreed with this observation adding that if the ultimate decision was to close Rathbone and Intraining it was essential to do so in a managed way that supported the learner.

PL confirmed this and shared with members that he had been involved in a number of similar cases (as CEO of the ESFA) where providers had simply closed the business and walked away and he was pleased to have agreement across the membership that this did not align to the values of NCG and was not the approach that NCG would take.

Project Concert

IW the presented the paper as shown in which he outlined four potential areas of future focus.

- 1 - The continuation of two specific areas of the current business (apprenticeships (standards) and virtual classroom).
- 2 – Rathbone College could be established as a delivery brand within each of NCG’s existing colleges.
- 3 – Apprenticeship administration for all NCG delivery could be undertaken by one central team.
- 4 – A group wide business development unit could be established.

PL noted these options however expressed his concerns that before corporation could have a meaningful discussion the proposals required a significant amount of further work.

PL further stated that business cases for the above needed to be produced as a priority to ensure that should the outcome of the consultation be to end trading via Rathbone and Intraining, NCG was ready to push ahead with these other opportunities.

CP stated that he had already discussed the further work with IW and had instructed IW to focus on numbers 1 and 2 (above) that he was to have a business case developed and available for further consideration within the next 5-10 days.

PL asked IW directly if he was confident that the above business case was achievable within the 5-10 day timescale and IW confirmed that he believed it was.

JC asked for clarity around the legal vehicle that would be used should option 1 (above) be progressed however CP confirmed to members that at this time no decision had been taken.

JC further asked if any thought had been given into the implications of moving activity from a training provider to a charity and again CP confirmed that at this time this work was still outstanding.

MS raised concern over the fit of the proposed activity alongside the established charitable requirements of Rathbone.

CP acknowledged the observation and gave assurances to members that this matter would be considered (supported by legal advice) when the outcome of the consultation was known and any future proposal had been refined further.

MS asked for further information around which apprenticeship areas were being considered as currently this was not clear from the paper.

IW explained that it was proposed that the future offer would include level 3 delivery in 4 areas (Leadership & Management, HR, Finance and IT).

IW also noted that through the use of virtual classroom delivery in these areas could be offered in geographical areas not currently served by an existing NCG college.

PL thanked IW for the report, however reiterated that he expected significant progress to be made in relation to the business case for options 1 and 2 to be made within the next 5-10 days.

PL further confirmed that as the work in relation to Project Apple progresses Project Concert should be further discussed during the May Corporation meeting.

Members noted the report.

MH left the meeting.

4. Report – Executive Director of Quality

The report was noted as written by members however was not discussed during the meeting.

Ofsted Monitoring Visit

SW briefed members on the outcomes of the Ofsted monitoring visit that had taken place during the previous week. SW confirmed to members that Ofsted would conclude assign 1 of 3 outcomes (Insufficient progress, reasonable progress and significant progress) to each of the reported themes and he was pleased to be able to confirm that 'reasonable progress' had been achieved in all areas. This grading, which has not been shared widely at the current time, will be

confirmed in a formal report from Ofsted (which will be a public document) which is expected to be issued within the next 17 days.

SW told members that the inspection had been beneficial as not only did it give assurances in relation to the work being undertaken but also provided greater clarity on the areas, such as learner progress systems, that need further focus.

A full Ofsted inspection would now be expected within the next 12-24 months.

Members noted the report.

5. Report – COO

The report was accepted as written by members however was not discussed during the meeting.

Members noted the report.

5.1. Gender Pay Gap

The report was presented as written by the KH. PL stated that he was pleased to see that the report was clearer than it had been in previous years and offered his thanks to the staff involved for their work.

Member approved the report.

5.2. Review of Pay Increments – Phase 1 – Performance Management Update (Confidential)

The report was presented as written by KH.

PL commented that for the proposal to be successful it was essential that NCG operated a robust and rigorous performance management process where an increment was only given where it was supported by evidence of high-quality teaching.

KH confirmed to members that this was the case and no increments would be awarded where they were not deserved.

KH further highlighted that UCU had requested that only the formal performance process would be included within the overall assessment however NCG had resisted this and the agreed approach now included consideration of both the informal and formal stages of performance management.

KH further informed members that clear guidance re consistency and robustness of objective setting will be issued along with clear and detailed guidance for the annual review process (which would be based on a range of metrics including timekeeping, sickness and quality of delivery). A formal staff appeals process will also be established.

TL informed the meeting that current analysis indicated that around 6% of teaching staff would not achieve the levels required to move to the next pay increment.

PL challenged this statement asking specifically if it was not the case that currently more than 6% of staff are failing to deliver learning to the required level.

TL confirmed that the actual number was not known currently as the challenge provided by management needs to be strengthened to ensure levels of challenge are consistent across the teams and the business.

Action – TL to provide analysis in relation to the number of teachers failing to deliver at the required level.

JW supported the proposal however stressed that it was essential that guidance for managers is clear and focused as he felt the previous approach had been lacking in this area.

JC asked whether a member of staff would automatically go into the formal performance management process should they not be awarded an increment.

TL explained that this would not be the case as they would initially be considered within an informal process (which can last up to 4 weeks).

TL further shared with members that to support the introduction of the revised performance management framework SW had drafted some example quality objectives, which themselves tie back to the GPTT initiative. These will be shared with colleagues across the business.

PL specifically challenged management around whether the approach was clear enough that an increment would only be awarded where the individual's delivery was judged as being consistently Good or better.

TL confirmed that this was the case.

PL further challenged MW around the financial viability of the initiative to which MW confirmed it was affordable as long as the other financial controls across NCG were achieved.

Members approved the report noting the above assurances.

Action – Members to receive further updates on this initiative and specifically in relation to the number of staff being awarded increments.

CP informed members that as agreed at the December Corporation Newcastle 6th Form College had been early adopters of this approach and he was pleased to be able to confirm that during recent staff recruitment the

college had seen an increase of between 200% and 400% in applicant numbers.

6. Report – CFO (Confidential)

The report was accepted as written with the following specifics being noted.

- Bank Covenants

MW informed members that it remained very likely that NCG would breach its bank covenants. As a result, the CFO had met with Lloyds to make them aware of the expected year-end outcome. Based on this [REDACTED] have stated that they will be issuing a 'letter of concern' (yet to be received). Whilst this letter puts their concerns on record at this stage it does not change or impact on any existing arrangements.

Action – MW to present the 'letter of concern' to corporation once received.

MW further informed members that he had begun the process of meeting with a number of banks to consider the feasibility and benefit of renegotiating NCG banking arrangements. [REDACTED]

- Management Accounts

MW presented the latest management accounts for the group that showed numbers that remain largely in line with Q1.

Members noted the report.

6.1. Insolvency Regime

MW highlighted to members the newly introduced insolvency regime and the importance that they review and understand it.

PL noted this and requested that a fuller discussion be scheduled for the May 2019 Corporation meeting which would allow members to fully consider the guidance provided.

Action – Insolvency regime to be included on May agenda.

Members noted the report.

6.2. FE Fees policy

The paper was accepted as written with MW outlining the minor changes from the paper approved 12 months prior.

Members approved the report.

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

Members noted the report.

7.1. HE Annual Report

PL highlighted however that he felt the report lacked context and an overview of how the results shown linked to the established HE strategy.

Action – DB to ensure the report presented in 2020 addresses these concerns.

Members approved the report.

7.2. Risk Management

7.2.1. Category E – Quality and Standards

Members approved the report.

7.2.2. Category C – Contracting

Members approved the report.

7.3. Risk Management – Revised Approach

DB presented the report highlighting that the revised approach would result in Corporation focusing specifically on a significantly reduced number of strategic risks whilst the College Boards would be empowered to progress and monitor risks at an operational level.

Members approved the report.

8. Corporation Matters

The report was accepted as written.

In addition, members formally approved the appointment of Mrs Jane Galbraith to the West Lancs College Board.

9. College and Subsidiary Board Minutes

No minutes were presented to this meeting.

10. Divisional Updates

The report was accepted as written.

Members noted the report.

11. Any Other Business

11.1. CEO Recruitment

Members were informed that the intention remained to go back out to market during April / May 2019.

11.2. Finalised SAR

The final version of the group SAR was provided to members for information and completeness.

Members noted the report.

12. Date of Next Meeting

Members noted the next meeting of Corporation would be held on the 7th May at 4pm.

13. Circulars

Following the receipt (prior to the meeting) of an email from MS it was agreed that relevant circulars, publications etc would be issued to members via Board Packs on a weekly basis

Action – DB to ensure relevant circulars, publications, etc are issued to members weekly.

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