

NON-CONFIDENTIAL MINUTES OF THE CORPORATION MEETING HELD ON 6 DECEMBER 2017

Present:	Roy Thorpe (<i>Chair</i>))
	Thelma Aye) External Governors
	Louise Briggs)
	Mark Leather)
	Javad Yazdani)
	Ainsley Cheetham	Co-opted Governor
	Louise Evans	Support Staff Governor
	Paul Ineson	Academic Staff Governor
	Wes Johnson	Principal
In attendance:	Angela Bathgate	Personnel & Professional Development Manager
	Iain Parkinson	Head of Faculty; Sports, Care and Arts
	Peter France	Vice-Principal Finance and Resources
	Charlotte Rawes	Director of Apprenticeships and Employer Engagement
	Oona Cushen	Clerk to the Corporation

STANDING ITEMS

WELCOME AND APOLOGIES FOR ABSENCE

B/17/270 The Chair welcomed Angela Bathgate (attending as part of the middle management development programme) and Iain Parkinson (covering for the Vice Principal Curriculum and Quality) to the meeting.

B/17/271 Apologies for absence were received from Ian Haines and Rebecca Hawkesford.

DRAFT MINUTES OF THE CORPORATION MEETING HELD ON 15 NOVEMBER 2017

B/17/272 The minutes of the previous meeting, held on 15 November 2017, paper LMC/C/31/17, were agreed as a true and accurate record and duly signed by the Chair.

MATTERS ARISING

Corporation Action Checklist

B/17/273 The Clerk referred Governors to paper LMC/C/33/17 and advised that all actions had now been completed.

B/17/274 The Corporation discussed and agreed the Corporation Action Checklist, paper LMC/C/33/17.

STRATEGIC ITEMS

SENIOR MANAGEMENT TEAM REPORT (Reclassified as Non-Confidential)

B/17/275 The Principal referred Governors to paper LMC/C/34/17 and advised that the learner funding return has only been completed today, so there may be some variances before the main report in February, but exceptions will be reported in the interim. The College had two unplanned closure days due to flooding and credit must be given to the Estates team for getting the College up and running again in a short period of time in difficult and exceptional circumstances. All senior and some middle managers were on site and worked very well together as a team. The College is now working with its insurers and Lancashire County Council (in regards to the impact of the new road on flooding), as the main boiler has been condemned. There will be a temporary boiler arrangement and there will only be three months to design, commission and install a new system. Governors echoed the gratitude of the Principal to staff teams and appreciated the quick decisions taken to re-open the College.

- B/17/276 The FE Commissioner has new powers to intervene earlier in colleges, through a new two-day diagnostic assessment based on quality and financial intervention. The Association of Colleges continues to push for further funding for the sector and, although this was not included within the Budget, other funding is emerging as the pressure of Brexit pushes skills up the political agenda. There is almost a sense of panic in some employers as they question where their future workforce will come from. As a result, more employers are looking to work with the College and it is time for the sector, as a whole, to step forward and maximise these opportunities. There have been positive meetings with high profile hospitality and tourism businesses, who have requested to work with the College in finding solutions to their future staffing requirements.
- B/17/277 Student lanyards have been introduced on site, under the Prevent and safeguarding agenda. The Head of Estates, Safety and Wellbeing has been the staff lead and the policy will be rigorously enforced. Consultation through staff focus groups has been well received; staff welcome the recognition and direct involvement of the Principal and are engaging well. Staff welcome the new opportunities to communicate directly with the Principal and senior team, who provide feedback on all suggestions put forward.
- B/17/278 The Director of Apprenticeships and Employer Engagement, along with the Head of Faculty for Sport, Care and Arts met with the University of Cumbria to look at developing apprenticeship pathways into higher level degree apprenticeships. The current round of ESF funding ends in July 2018 and the College is working with Inspira on different contracts and reviewing the next round of projects, focusing on two or three. One of these is a digital advantage programme to familiarise learners with the employability skills required in the digital industry and three one-day sessions are already in progress. Governors felt this was a brilliant initiative and were keen for the College to stay involved, with a suggestion to explore further projects through Digital Lancashire.
- B/17/279 There is little change to the key performance indicators, pending the learner funding submission. The Vice Principal Finance and Resources and the Director of Apprenticeships and Employer Engagement are working on profiling 16-18 and 19+ recruitment. The LMC Business team is working with more employers and the sales team have specific targets to achieve. The ESF NEET project from last year has been signed off and is a substantial amount of funding for the College. The Learndirect contract was around profile for November, but Level 2 work is slightly below profile. Many of the courses in January are full and further dates are being offered in February.

In response to questions:

- B/17/280 Governors queried how the College planned to make up 75% 19+ apprenticeships starts from October, as well as clarifying ESF profile against income. Governors would require early notification if income targets are not going to be achieved. The Vice Principal Finance and Resources advised that the learner funding submission had only just been completed, but ESF funding was below target. The Principal advised Governors that the outcome of the tender for non-levy apprenticeship funding from January 2018 should be known this week. The tender was hugely over-subscribed and the maybe reduced allocations. This funding is currently worth £1m to the College. The senior team will need to review the outcome of the tender and any financial impact before providing a full update to the Corporation. The Corporation had previously requested the separate funding key performance indicators and felt further narrative needed to be provided, once the Vice Principal Finance and Resources had completed any adjusted forecast.
- B/17/281 Governors welcomed receipt of the feedback from staff focus groups, which provides more narrative behind the data. It was suggested that faculty reports could be presented in a standard template in future, with the same style and format. The IT infrastructure remains an issue, but the new servers have been installed this week and the upgrade should be operational by Christmas. 70 MACs have already been replaced and 400 new desktops will be deployed as soon as the new servers are operational.
- B/17/282 The Corporation received and discussed the Senior Management Team Report; paper LMC/C/34/17.**

DRAFT MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 22 NOVEMBER 2017

The Chair of the Audit Committee, Ainsley Cheetham, reported on the meeting held on 22 November 2017, fully detailed and explained in the draft minutes, paper LMC/A/12/17.

- B/17/283 It was noted that both the Internal and External Auditor had been present at the Committee meeting and it had been remarked that there are few actions arising from the auditors' work. This is a real compliment to the Vice Principal Finance and Resources and staff teams who work with the auditors more regularly. The Committee undertakes a detailed review of the risk register once a year, to ensure it accurately reflects the risks facing the College. The Audit Committee did provide a number of recommendations around some personnel and development issues, which will continue to be monitored by Governors to ensure they are accurately graded with adequate mitigating action. The key to the effectiveness of the Committee is to ensure that it is given adequate assurance from both staff and auditors. The audit plan this year has been quite flexible, following discussions with the Principal and the Vice Principal Finance and Resources.
- B/17/284 Every audit, however, has minor recommendations and occasionally medium recommendations. These generally relate to non-compliance with paperwork and the senior team have been requested to improve this in the future. Governors' attention was specifically drawn to minute A/17/030, which details areas the Committee felt should be significant and those have been passed to the senior team to review. It was agreed that marketing metrics are difficult to measure against value for money, as actions cannot always be directly linked to outcomes. There were no issues arising from the Committee's Annual Report and there were very few errors in the funding audit, which is highly unusual within the sector. The auditors were complimentary about the work of the Vice Principal Finance and Resources and his team. In regards to the Committee, the risk register is the key method to identify and monitor the key risks to the College.

In response to questions:

- B/17/285 The Chair of the Corporation advised that members should be reassured by the fact that the College has good audit processes, including the work of the Audit Committee. The College also has an effective risk register and management strategy and, whilst the Committee wishes to further identify some areas for change on the register, the overall process work very well.
- B/17/286 The audit plan for 2018/19 will be reviewed at the May meeting, and any unused spend for this year will be reviewed with both staff and auditors. The Audit Committee also drew Governors' attention to their requirement for increased monitoring around performance management and a failure to recruit staff, as well as quality assurance and timely information. Governors should find the appendix on emerging issues quite useful as a guide to what is going on within the FE sector from an audit perspective point of view.
- B/17/287 The Corporation received, noted and accepted the Audit Committee minutes and papers and approved:**
- **Annual Report on Risk Management, including Review of Risk Management Strategy, paper LMC/A/07/17.**
 - **Audit Findings Report (Financial Statements Auditor Management Letter and Regularity Auditors (Opinion) Management Report, paper LMC/A/09.17.**

COLLEGE ANNUAL REPORT AND FINANCIAL STATEMENTS 2016/17; 1 AUGUST 2017 – 31 JULY 2017

- B/17/288 The Vice Principal referred Governors to paper LMC/C/35/17 and advised that these were the audited annual accounts. The audit findings report had been reviewed under the previous agenda item as part of the audit work. No adjustments to the figures are proposed, which are the same as those presented in the management accounts throughout the year. Once approved and signed by the Corporation, the accounts will be submitted to the Education and Skills Funding Agency.

In response to questions:

- B/17/289 The Chair congratulated the team on a set of unqualified accounts, with the information being well-presented and accurate. It was noted that the External Auditor had also expressed the view that this was a very good set of accounts.
- B/17/290 The Corporation was requested to approve the financial reporting, as well as the Corporation's statements within the report. The level of accurate report throughout the year was acknowledged, as the end-of-year figures correspond to those previously reported to Corporation. Governors thanked the Vice Principal Finance and Resources, as well his staff team, in producing a solid set of financial accounts.
- B/17/291 The Corporation discussed and approved the College Annual Report and Financial Statements 2016/17; 1 August 2016 – 31 July 2017; paper LMC/C/35/17.**

AUTUMN TERM QUALITY ASSURANCE REVIEW OF COLLEGE PERFORMANCE (INCLUDING SELF-ASSESSMENT SCORECARD AND QUALITY IMPROVEMENT PLAN)

- B/17/292 The Principal referred Governors to paper LMC/C/36/17 and advised that the executive summary details the key issues, mainly the significant attendance differences in each areas and for maths and English. Some of the issues relate to early register data problems and teams are now undertaking a data cleansing exercise with CIS. Parents are also being contacted and this is helping to improve attendance at maths and English. There are some attendance issues on Level 1 study programmes and for adults, and staff are now working more closely with those learners. Staff have been tasked with reducing the gap between attendance and attendance including authorised absence. The College has set a target of 5% maximum for authorised absence, with a stretch target of 3%. Retention is based on the funding return at the end of October, so it is difficult to see any significant issues with classroom based learners but there are some issues with apprentices. The Director of Apprenticeships and Employer Engagement is working with the training co-ordinators, Programme Area Managers and Heads of Faculty so they understand how one learner can proportionately impact on funding and achievement rates. The six-week analysis of withdrawals was not completed for 2016/17, so is benchmarked against 2015/16. There have been some more leavers, however, and this data will need to be revisited. Curriculum managers do have action plans to reduce the number of withdrawals within the first six week in the future.
- B/17/293 Following the visit from the Ofsted Support and Challenge Inspector, the College has reviewed the quality improvement plan. It was suggested that a 'high level' strategic improvement plan, detailing only the key priorities for 2017/18, could be developed. The existing plan could also be devolved into project action plans with key staff.
- B/17/294 Live data was presented to show how managers can more easily identify areas for intervention. One area identified was Brickwork, which was subject to a performance review following concern around falling attendance and lesson observation outcomes. New software has been developed to track learner progress, with a toolkit and pictorial element produced by CIS. This allows staff to drill down into data at team, group and individual learner level to check action and assessment plans. This will have a positive impact on individual learners and assessment profiles, with earlier intervention and support for learners that may previously have drifted. A number of learners are not yet being fed through from Markbook, but this is being addressed by the Programme Area Managers. Marked assessments are rated green, those yet to be marked are amber and red is where a learner is below expected progress. There is a data issue for some two year courses, where year one can be a standalone course and year two makes up a full qualification. The first year data is not yet showing within the tracker but a solution is being sought. Managers and course tutors are able to make timely interventions based on clear evidential data. Staff have been asked to ensure that all data is up-to-date and accurate by the end of term. Staff like the system as it is straightforward to use and the CIS team should be commended for implementing this in a short period of time. Termly assessment boards have been introduced and only data on the system will be reviewed.

In response to questions:

- B/17/295 Within the CIS team, there are two dedicated members of staff leading on inputting data, which is provided by course tutors and overseen by Programme Area Managers. There is separate information for over 25 teams, so getting all the information onto the system has taken some time. The new system provides clear lines of accountability for staff, the senior team and for Corporation, where everyone is working to improve learner experience and outcomes. There is a collective responsibility within staff teams and faculties, with overall oversight led by the senior team.
- B/17/296 The Chair noted that it was useful to review the live data and to see a good level of staff ownership and work on triangulation will continue going forward. The Principal advised that there were a number of data issues directly due to having no dedicated induction week this year and staff are now working through the issues, e.g. some students may appear on four registers but only attending one class. For 2018/19, induction week will be reintroduced following consultation, to ensure clear staff buy in and ownership.
- B/17/297 Governors noted that it would be useful to see employer engagement using a similar system. It was clarified that work experience and placements are tracked in a similar way. The Principal advised that there is now much more data available to staff, including admissions pivot tables, application and offers tracker and marketing metrics on gender, age, schools, previous qualifications etc. and CIS should be credited for their work.
- B/17/298 The Corporation received and discussed the Autumn Term Quality Assurance Review of College Performance, including Self-Assessment Scorecard and Quality Improvement Plan; paper LMC/C/36/17.**

HE STRATEGY AND HEFCE BOARD ASSURANCE STATEMENT

- B/17/299 The Head of Faculty; Sport, Care and Arts referred Governors to paper LMC/C/37/17 and advised that the strategy was written a few years ago. A new strategy will be developed for 2018/19, to correlate to the new strategic plan. The Board assurance statement has been reviewed and signed off by the Principal as the accounting officer.
- B/17/300 The Corporation discussed and approved the HE Strategy and HEFCE Board Assurance Statement; paper LMC/C/37/17.**

GOVERNORS' STRATEGIC PLANNING DAY ARRANGEMENTS

- B/17/301 The Clerk advised that Richard Caulfield, North West Regional Director for the Association of Colleges, and Michele Lawty Jones, Director of the Lancashire Skills Hub, will be in attendance. The Principal has requested an early preparatory session on 10 January 2018, to provide Governors with more thinking time for the new three year plan. The Principal is holding consultation events with staff teams, including managers, student groups and external stakeholders on what are the future strategic priorities for the College. Feedback from these events will be shared with Governors to inform the new strategic plan at a time of fundamental change within the sector.

ACTION: Governors to advise the Clerk of topics for inclusion on strategic planning day.

STATUTORY ITEMS

ANNUAL STAFFING REPORT AND GENDER PAY GAP REPORTING

The Academic Staff Governor declared an interest in this item as he is the union representative.

- B/17/302 The Personnel and Professional Development Manager referred Governors to paper LMC/C/38/17 and advised that the content is the same as in previous years but the format has changed considerably. The first page provides a summary of the different elements within the report and some headline comments, before moving into the data sets. Additional pages of graphs, with annotation of analysis and trends have also been included. Where key themes have been identified, further analysis is provided.

- B/17/303 It is difficult to analyse all the information available as elements change over the course of a year, but emerging key themes have been identified. One of the major themes emerging from the data is around staff health and wellbeing. A sense of staff being under strain is evident through sickness absence, staff survey and, to some extent, staff turnover data. Staff feedback alluded to poor communication and a lack of consultation on key decisions that negatively impacted on ways of working. On a positive note, staff are more confident in expressing their views and the College is providing a vehicle through staff focus groups for them to do this.
- B/17/304 The second key theme is around recruitment and most colleges struggle with some posts. This year's data, however, evidences a widening number of posts that are becoming difficult to recruit, particularly specialist posts, and this is increasingly becoming a sector-wide problem. The number of staff within the sector is falling, with knowledge and talent being lost. The College will, therefore, need to find more creative ways to fulfil these posts, and become smarter at identifying and training talent within our own staff teams. The Principal advised this is a national issue and he is currently working with seven other Principals on a study in terms of attracting and retaining more people within the sector without significantly higher wages. The project is looking at how staff are valued, financially, emotionally and physically and to celebrate why people enter this sector. Unless there are funding changes at Government level, there will be no higher salaries and the sector will continue to fall further behind corporate sector salaries.
- B/17/305 The separate report on gender pay gap reporting is a new requirement and all College will have to publish this information by April 2018, both on their own websites and on a Government website. A graph has been included to help illustrate the narrative and provide a clearer explanation for the slightly higher median gender pay gap. Although the graph illustrates it well, it is not necessary for publication. There is also a new requirement to publish trade union facility time; the College has one formal union official and has been consulted about the data to be published.

In response to questions:

- B/17/306 Governors acknowledged the wealth of information, which was nicely presented and questioned the Staff Governors as to their experience of internal communications and staff feeling under strain. The Support Staff Governor advised that she also works closely on this area and feels progress is being made. Communication has improved and, amongst the management group, staff are aware that the business needs to grow, but it is tough to keep staff positive and for them to cope with additional pressures and demands of having to do more. The arrival of the Principal did bring a whole new momentum to the organisation, which is reflected in staff's belief that the College can drive forward. Although there are more issues, improving communication is one that could be immediately addressed. There is a lot of internal pressure, but staff have a good understanding of what those pressures are and how to move forward.
- B/17/307 The Academic Staff Governor confirmed he was in agreement with the content of the report. Personally, he felt that last year was one of the hardest years at College and most staff would probably reflect that view. The Principal advised that there had been a lot of change and further progress is still needed, but staff are also more aware that these are difficult times and are starting to join up more across the College and look after colleagues. A much more open atmosphere is evolving and staff are having candid discussions on future priorities. Staff are generally commenting that they are more optimistic than last year, which is also reflected in feedback from union members.
- B/17/308 Governors welcomed the good succession planning, but questioned whether the staff mentoring scheme was under pressure. There had been a move to a central system of volunteers, so mentors could be allocated from other areas, particularly for teaching staff, to help cross-fertilisation of ideas. There is currently a shortage of volunteer mentors, partly due to staff turnover but also fewer staff are willing to volunteer their time from already busy workloads. The scheme has, therefore, gone back into individual areas to find mentors within their own team or to seek external mentors. This has made it more difficult to track how successful the scheme is and has had mixed results.

- B/17/309 The Head of Estates, Safety and Wellbeing advised that this will be revisited, with a coaching and mentoring group to be set up. The Principal did note that there is a specific mentoring scheme in regards to lesson observation outcomes for those staff that require additional support, where they can discuss solutions and share best practice and ideas. Governors were supportive of both mentoring schemes and it was considered that staff time must be made available as mentoring of new staff is essential.
- B/17/310 Gender pay gap reporting will become a statutory requirement from April 2018. There is not much to compare against as many organisations are reticent about publishing this data. Two features that have a significant impact are the gender of the CEO and the high proportion of female staff generally, but particularly in part time roles with a lower to mid-range pay scale. 48% of staff are aged over 50 and a large proportion of these are fractional, which demonstrates the type of people who only want to work fractionally.
- B/17/311 The Corporation discussed and approved the Annual Staffing Report and Gender Pay Gap Reporting; paper LMC/C/38/17.**

LATEST MANAGEMENT ACCOUNTS AND FUNDING KEY PERFORMAMCE INDICATORS

- B/17/312 The Vice Principal Finance and Resources referred Governors to paper LMC/C/39/17 and advised that these were the accounts for the first three months of the year. There is an actual deficit of £434k against a budgeted deficit of £222k for the first quarter. Much of this is due to a shortfall in income of £145k, with two key areas being apprenticeships and ESF income. There has been a slow start to recruitment, but there is potential to make this up in year. Increased expenditure is mainly due to timing issues, with programme areas spending more of their budget up front and minor works being completed early in the year. The variances should reduce as the year progresses and, currently, the forecast remains as per the original budget. There is a strong balance sheet and cash reserves, with over £4m in the bank and no borrowing.

In response to questions:

- B/17/313 Achievement of apprenticeship funding targets was questioned and it was clarified that performance is jointly reviewed by the Vice Principal Finance and Resources and the Director of Apprenticeships and Employer Engagement. There are many different levels of apprenticeship funding, e.g. carry in, levy and non-levy. When reviewed overall, it is thought that the budget of £900k for 16-18 and £500k for 19+ is still achievable. One of the main risks is the non-levy tender process, as the College may get a reduced allocation, so apprenticeship recruitment is a key challenge. Once the funding submission has been completed and the outcome of the non-levy tender is known, a more accurate forecast will be provided. Governors were reminded that the College also lost the Lancashire County Council apprenticeship work, worth £100k, which went to a bulk tender process. In addition to apprenticeships, ESF/ESIF funding will be a concern. HE learner numbers are under budget as these were only recruited from the start of the year. Full cost and room hire income are both increasing, with January courses fully subscribed and some new larger room hire contracts.
- B/17/314 The Corporation received and discussed the Latest Management Accounts and Funding Key Performance Indicators; paper LMC/C/39/17.**

PROPOSAL FOR 2018 PAY AWARD

- B/17/315 The Vice Principal Finance and Resources referred Governors to paper LMC/C/40/17 and advised that the senior team felt it was difficult to consider any financial pay award in the current circumstances. Any pay award is normally effective from 1 January, to allow the College sufficient time to assess recruitment and financial impact. The recommendation from the Association of Colleges is 1% or a minimum increase of £250, whichever is the greatest. Implementing this recommendation would cost around £90k, with a further £20k increase on an annual basis.

B/17/316 Having discussed the issue, the senior team have recommended that there are too many financial risks, given the current circumstances and the unknown outcome of the non-levy funding tender, to recommend any monetary award. Any award will add to the forecasted deficit at a time when the College must identify cost savings to return to a break even position. Further jobs could, potentially, be at risk as more posts would need to be lost to recoup the expenditure.

B/17/317 The senior team were, however, keen to recognise staff's extra commitment during a very tough year. The proposal is to provide an additional two and half closure days over the Christmas period. This will provide all staff with a longer break and will be a one-off situation. There will be an issue for those staff who are term time only or hourly paid, to the College is also working out how to provide some pro-rata gesture.

In response to questions:

B/17/318 Although Governors understood the financial context, they welcomed the opportunity to provide some reward to staff in recognition of their efforts over the past year. The forecasted budget clearly supports the recommendation of no financial award, but Governors hoped that a goodwill gesture of extra days' leave over the Christmas period will provide some compensation to staff. The Principal advised that the senior team were determined to reward staff in some way and this also gives the Corporation the opportunity to provide staff with direct recognition from Governors. It was noted that most staff understand the financial position of the College this year.

B/17/319 The Corporation discussed the Proposal for 2018 Pay Award, paper LMC/C/40/17 and approved no financial pay award for 2018, but an additional three closure days be given to staff over the Christmas break.

THE LANCASHIRE COLLEGES CONSORTIUM ANNUAL REPORT AND ACCOUNTS

B/17/320 The Clerk referred Governors to paper LMC/C/41/17 and advised that the College paid a subscription to the Consortium for membership. These are a shortened version of the accounts to enable future reporting to be brought in line with colleges' accounting year.

B/17/321 The Corporation received and discussed The Lancashire Colleges Consortium Annual Report and Accounts; paper LMC/C/41/17.

ITEMS FOR INFORMATION

ANY OTHER BUSINESS

B/17/322 It was noted that the date of the next Audit Committee will change from 7 February 2018 to 21 February 2018.

B/17/323 Governors were advised that the Principal, Chair of the Corporation and Chair of the Audit Committee had been invited to meet with the corresponding people at Kendal College with a view to re-establishing channels of communication.

DATES OF NEXT MEETINGS

B/17/324 Wednesday 28 February 2018 at 6pm (*moved from 21 February 2018*)
Saturday 10 March 2018 (*Governors' Strategic Planning Day*)
Wednesday 21 March 2018 at 6pm

The Corporation agrees that these non-confidential minutes are an accurate record of the meeting.

SIGNED:

NAME: (Chair)

DATE: