WEST NOTTINGHAMSHIRE COLLEGE CORPORATION BOARD

Minutes of the Board Meeting held in the University Centre at Derby Road on Thursday 13th July 2017 at 5.00 pm.

GOVERNORS PRESENT:	Kate Allsop Nevil Croston, Chair Terry Dean Jamie Fryatt Malcolm Hall MBE John Holford Dame Asha Khemka DBE DL David Overton John Robinson Mark Williams Marc Jones Alison Breeden Jane Hawksford
ALSO IN ATTENDANCE:	Maxine Bagshaw, Clerk to the Corporation Andrew Martin, Deputy Principal/Director of Finance Lesley Roberts, Vice Principal Business Development Tom Stevens, Executive Director Capital Projects and Estates Louise Knott, Vice Principal Communications, Engagement and Student Experience Tracy Thompson, Vice Principal Human Resources and Organisational Development Gavin Peake, Director of IT

		ACTION by whom	DATE by when
17.50	**DECLARATION OF INTERESTS** The Chair reminded Governors present to declare any interests that they may have on items to be considered. No interests other than standing items were declared.		
17.51	**WELCOME INTRODUCTIONS AND APOLOGIES FOR ABSENCE** Apologies for absence were received from Ian Baggley, Tim Clarke, Luke Walters (Student Governor), Andrew King, Julian Smith and Amanda Jogela.		
17.52	**MINUTES OF THE MEETING HELD ON 18TH MAY 2017** The minutes were reviewed and it was agreed that they were an accurate record of discussions.		

Signed : _____________________________Chair Date:

AGREED: to approve the minutes of the meeting held on 18th May 2017.

There were no matters arising.

17.53 ACTION PROGRESS REPORT

Members reviewed the action progress table and it was noted that an update in relation to item 1 would be provided at the October meeting as the Principal would not be in attendance for the September meeting. The Clerk confirmed that she would make this change on the action tracker.

17.54 OUTCOMES FROM THE BUSINESS STRATEGY RESIDENTIAL

The Principal provided a verbal update and confirmed a number of matters:

1) Key considerations
- National context – new Government, Brexit, T levels, HE Act, IFA
- Uncertainties – opportunities and threats
- Market share – national competition
- Productivity – skills for key sectors, economic impact
- HE Strategy – changing our products and mind set
- Apprenticeship Reforms – subcontracting to direct delivery and achieving growth
- Health and Safety – buildings, procedures, processes
- Ofsted – building on strengths and addressing weaknesses
- Delivering with consistency
- Driving our values and brand with energy enthusiasm and commitment.

2) Areas of focus

a) Higher Education strategy
- Higher level apprenticeships
- Higher level skills
- University of Mansfield
- Potential for growth in the health care sector
- Expansion of commercial offer.

b) Apprenticeships
- Growth plan which includes maximising on the levy and direct delivery
- New partnerships
- Clear communication and marketing
- Maximising work placements to apprenticeships
- Growth in hair and beauty and construction apprenticeships
- Exploiting competitor weaknesses
- No more working in silos

3) Future Board meetings
- Detailed information on the portal
- Focused reports to the Board
- Key use of executive summary
- RAG ratings.

As an overall observation, it was acknowledged by all that demographics will inform the need to develop new products and that this needs to be a focus for the future. The changes in the sector are radical and will require a change in mindset and culture at the college. It is clear that staff and departments at College can no longer work in 'silos', everyone has to work together to meet the apprenticeship agenda. Key to this will be forming new partnerships but also internal planning of the curriculum. Everyone needs to be accountable for collective targets. Everyone is to take ownership and not just the Executive. Staff at College will need continuous motivation, support and challenge and a key part of the future will be how to address the 2017/18 demographic downturn. There needs to be growth in the use of HE facilities at an accelerated rate. There are opportunities for growth in the health sector but also developments can be explored in terms of the Colleges commercial offer.

Another key priority for the College is to address weaknesses in terms of retention, very specifically at the beginning of each academic year but this goes further and remains an issue throughout the year. It was acknowledged by all that the apprenticeship changes and the growth plan are a huge risk and were described as a 'make or break' situation for the college. The planned reduced reliance on partners and subcontractors is a departure from the current position and is based upon an ambitious plan. What is clear is that the College has to deliver what it says it will. There is an early mismatch between the sales offer and delivery that needs to be addressed. The College has to deliver or it will see a significant reduction in its apprenticeship numbers. This is not going to be an easy sell, particularly because of internal improvements required and also government processes and systems are getting in the way of speedy achievement of targets.

In terms of high level skills there is an increased use of the HE Centre but this needs to accelerate. It is very much a work in progress but the college is not where it needs to be yet. Brand and reputation are important.

The Principal concluded her update by acknowledging that whilst there were challenges and areas of change required it is important that Governors do not take things for granted. A lot of work is needed and the June residential provides an excellent opportunity to really reflect back and look forward. All acknowledged that the speakers this year were incredibly high profile.

The Principal also provided a confidential update in relation to Vision Studio School. It was confirmed that minutes relating to this would be recorded on a confidential basis.

17.55 KPI UPDATE

In the absence of the Director: Strategy and Innovation the Deputy Principal provided an update on the graphs and charts circulated. Key matters noted were:

1) 16-19 volumes (including directly delivered apprenticeships)
He explained that the numbers of students don't change very much over the year and realistically what is presented today is an end of year anticipation. The College is down in terms of its target for student numbers and next year will be a challenge as well given the demographic downturn.

2) Study programme main qualifications progress (Level 3 qualifications)

- A Level exams have all now taken place and the College will be able to assess how accurate its predictions have been over the summer when results are received.
- A Levels are now on a linear model over 2 years. 16/17 is the first year when the College has used this whole year assessment process and it remains to be seen how accurate the forecasting is. This will need to be reviewed, monitored and tracked for next academic year.
- In terms of A Level performance, the graph shows that performance and progress is erratic, although assurance was given that interventions are in place. The graph shows the expected position in terms of students who will hit their target grades. The black line demonstrates the target grades and therefore it is clear that there is still a little bit of work to do in relation to the yellow and green lines. It was explained that progress really depends upon each students starting point and going forward 'outcomes' are not now as important as 'progress'.

3) Study Programmes English and Maths
It was noted that English and Maths are way below targets in terms of progress. The significant dip seen at PROG 11 was after mock exams. The College needs to look at more of a whole year assessment process and more quickly track and intervene where concerns are evident. In terms of English and Maths it was acknowledged that the FE position nationally is negative in terms of progress and this is mirrored by the Colleges current position. The Board challenged the senior team and questioned why there was a significant decline from PROG 5 to PROG 11, it being the case that at PROG 11 there is a significant slump.

Signed : ______________________________Chair Date:

It was explained that until students receive their results staff cannot know with any clarity how accurate the assessments are. The Board were advised that the College is changing the way it delivers English and Maths next year and is moving these elements back into the vocational area rather than standalone provision. It was explained that assessment mechanisms currently vary including tests, coursework, mocks etc. At each point a tutor will update their view of progress but more consistency is required. It was acknowledged that 'assessment' is not an entirely accurate science.

Q The Board questioned whether a dip after a mock exam is usual. It was explained that this is the first year that the College has moved to this model in response to the specification set, so it may be the case that it has been harder than previous years to predict. It may be the case that staff marking of mocks is too critical and that this has to be taken within the context of the new specifications being part of a learning process for both staff and students.

4) Adult Education Budget
The Board were advised that the proportion of spend outside the D2N2 area is increasing but that this is needed to actually spend the budget. It was explained that it is better for the College to spend outside the D2N2 area rather than not spend at all. Currently there are no expected devolution consequences of the ratio of spend in and out of the D2N2 area as devolution appears to be somewhat stalled in this area. It was confirmed that the increased spend with partners outside the D2N2 area is with partners already known to the College.

5) Apprenticeship income - split between College and partner delivery
There is currently £15.85 million on the ILR and 85% of this is with partners. The College's own delivery proportion is starting to increase but does need to accelerate significantly to hit the targets set. In terms of the overall position it is likely to be the case that targets set were too stretching. The College will see a £5 million shortfall against target and also a smaller College percentage in relation to direct delivery in terms of the targets set.

6) Apprenticeship achievement rates
In terms of the current position it was explained that there was a lot more to add by the end of the year. The College's position will be better than national but there is still a way to go to hit target.

7) Customer satisfaction – this remains on target.

8) Graded lesson observations (partners) – the Board were reminded that internally the College does not currently grade its own staff, however they are observed. At term 3 the graded partner observations of good or better are above target.

9) Financial indicators
The College's current health score is 140 which is satisfactory. It was noted that this figure went down to 120 when the College accessed the revolving credit agreement.

AGREED: to note the content of the update provided.

17.56 <u>BUDGET 2017/18 AND 2 YEAR FINANCIAL FORECAST</u>

The Deputy Principal provided an overview and confirmed that there were some significant risks in terms of the planning assumptions this year, predominantly relating to the apprenticeship programme which as previously discussed will need a huge transformation. Key matters noted were:

- Turnover for the group is expected to be £49,072 million.
- Operating profit for the group is expected to be £1,482k.
- The overall group budget is to return an operating surplus of £1.482k which includes a £1.606k profit through BKSB and a budgeted loss for the College of £124k. However the College budget includes a contingency of £250k to mitigate some of the risks associated with the major shifts in operating performance required in the year.
- Vision Apprentices and VWS are not expected to be trading in 17/18 whilst the VBSS result is sitting within the College result.
- The apprenticeship programme presents the biggest risk to the College performance and requires a huge transformation in order to meet the budgeted targets. The change includes a large contraction in subcontracted delivery and a large increase in College delivery activity.
- The budget is based on the assumption of a big shift in College direct delivery for apprenticeships. It is expected that subcontractor activity will halve, this is not by choice but as a consequence of the funding rules. College direct delivery predominantly has to come from new start activity.
- College apprenticeship delivery will increase from £3.2 million to £9.5 million in 17/18, whilst subcontractor delivery will reduce from £16.7 million to £7.9 million.
- Total starts required to hit the College delivery targets are 4,144 across the financial year. From the data provided it is very easy to see that if there is a poor start to the year then the College will simply not be able to make up the difference.

Signed : ____________________________Chair Date:

He confirmed that the profiled start budget will be monitored by the Executive and Governors at each meeting during 17/18.

- A segmental analysis of the budget for 17/18 compared to the midyear forecast from 16/17, in order to illustrate the relative changes in the underlying College position, shows a required improvement in the contribution levels from the College curriculum teams by £565k (+11.3%) whilst contribution from the work related training programme (Vision Business) is budgeted to fundamentally change with a contribution of £3.94 million. Franchise activity through subcontractors will deliver a gross contribution of £2.625 million compared to £5.201 million in 16/17.
- The College is currently rated as satisfactory by the funding agency with a financial health score of 140 points. This is expected to increase across the planning period and by 18/19 will be 180 points, which if achieved will result in a good financial health rating. Members' attention was drawn to the data table which shows how the financial health score is calculated. He confirmed that improvements are predicted on hitting challenging 17/18 targets and if targets are not hit then there will be a need to continually monitor.
- In December of 2016 the Funding Agency introduced a new policy of early intervention with Colleges where financial indicators might suggest potential weaknesses. This policy was introduced following criticism of the agency by the NAO and the number of colleges requiring formal intervention and exceptional financial support. As the College made a decision to finance its £3 million contribution to the HE Centre build through a revolving credit facility and working capital the current ratio is weak and has resulted in triggering one of the criteria for the agency to engage with the College to understand its plans for improvement. It must be stressed that had the policy been in place at the time the decision was taken on the mechanism to finance the build then the Board would not have secured RCF but would have sought a long term loan. This can be evidenced through the plans submitted at the time and the agency have accepted the Colleges position. However, until such a time as the current ratio recovers sufficiently (17/18) the agency has requested to be provided with copies of management accounts. It was explained that the College could seek to release this requirement by approaching the bank to convert the RCF in to a term loan but this would only seek to correct a ratio and incur additional interest costs up to £150k per annum which the Board were advised not to do.

The Board considered its options in relation to this and were satisfied that the right decision was taken at the time and all agreed not to deviate from the plan in place because of changes in government policy.

Signed : ____________________________Chair Date:

Q The Board questioned whether it should in real terms even be concerned by the ratio. There was a strong view that the right decision was made in taking out a revolving credit agreement rather than a long term loan. All acknowledged that there was a need to ensure value for money in terms of public spending and that to incur unnecessary costs was in appropriate. The Board were happy to accept continued engagement with the ESFA as required.

Q CH As an overall question and challenge the Board indicated that a lot of the budget for 17/18 depends on the accuracy of forecasts. They questioned whether they and the senior team have been sufficiently accurate enough over the last two years in terms of core activity. It was felt that at times forecasting and targets set may have been over ambitious. The Board again discussed the reliance on BKSB and were assured that a cautious approach for 17/18 has been taken, particularly as there is evidence that the growth in sales is starting to plateau. It was explained that this is why the company is looking to develop new products.

AGREED:
a) to note the update provided and the budget assumptions which underpin the forecasts,
b) approve the budget and financial forecast for 17/18 and 18/19.

In terms of monitoring for 2017/18 it was agreed by all that at each meeting there had to be careful consideration of the apprenticeship position against target numbers and financial contribution.

17.57 **<u>VISION BUSINESS</u>**

The Vice Principal for Business Development introduced this item and it was confirmed that a full copy of the dashboard is available on the portal. She confirmed that in the 2017/18 year a Vision Business report will be provided at each meeting but would alternate monthly with the focus being on either a) quality, learners, employer feedback etc. and b) apprenticeship numbers, financials, withdrawals etc. Members considered the dashboard statistics available on the portal and a particular focus were the number of learners past their planned end date. In terms of College direct delivery all acknowledged that the figures are remaining pretty static as is the case with partnership delivery. The Board were specifically advised of the number of learners who are past the timely criteria but who are just awaiting certificates.

AGREED: to note the content of the dashboard update provided.

The Board were advised that a new process has been put in place to improve the employer and learner experience. A new role within the team has recently been created and will be part of the apprenticeship and development team.

The employer 'account manager' will specifically offer a service to large employers as the team have recognised that the offer from engagement through to completion looks quite different to that needed by SMEs. The offer includes the tendering process, bespoke programmes, tailoring of the e-portfolio to support delivery and reporting systems, supporting them to become employer providers and monitoring progress of learners through one single contact. It was explained that the employer account manager specifically works with that employer and has no other distractions. This allows the individual to be very factual even if there is not an immediate solution available. An example of this new approach was given in terms of the offer to Pendragon.

<u>Partner contract values for the remainder of 16/17 and 2017/18</u>

The Vice Principal for Business Development drew members' attention to the partnership commitment proposals report for 16/17 which was uploaded on to the portal. This provides a full breakdown of the increases/decreases to contracts currently in place with the subcontractor consortium. Key points noted were:

- The College currently has key contracts in place with 52 subcontractors.
- Only 14 selected have been approved to submit non levy start activity between May and December.
- The risk with this is that the remaining subcontractors have only continuation funding which makes contract management more challenging as their focus is on own activity.
- Work with compliance, QTLP and subcontractor performance management has been undertaken to increase audit and review all subcontractors to mitigate risks as far as possible.
- We have submitted a growth bid of £625,781 in relation to 16-18 apprenticeship funding and £856,991 in relation to adult apprenticeship funding to cover requested subcontractor profiles May to December.
- We have been requested by the ESFA to carry out independent audits on two subcontractors Amber Train Limited and Management Focus Training. These are ongoing so identified risks are unknown at this time. In relation to Management Focus Training it was explained that they lost their CMI accreditation earlier in the year and as a consequence the College made the decision to take back direct delivery, although this does come with risks.

As an overview it was confirmed that only 14 partners have been selected for new starts and this will impact upon the attitude and commitment of those not selected.

In relation to Amber Trains she explained that the team were finding it very hard to prove that the learners were in 'employment' and because of this, this is very much considered a high risk area at this time.

	It was confirmed that a full paper would be presented to the Board on a confidential basis at the September meeting. The investigation goes back to the 2011/12 academic year and the potential maximum impact if the learners are not found to be employed is significant. AGREED: a) to note and approve the contents of the partnership commitment proposals report. This specifically reflects the changes to certain contracts which were recommended for approval by the Finance, Resource and Estates Committee. A summary of the changes • A total of 17 subcontractors have been identified as requiring an increase to their adult apprenticeship contracts (highlighted yellow). This includes the 14 selected subcontractors who have been approved to submit non-levy start activity between May and December. • A total of 10 subcontractors have been identified as requiring an increase to their 16-18 apprenticeship contracts. • Contracts have also been increased for 4 subcontractors who are able to utilise AEB funding before the end of the 16/17 financial year. Where possible delivery will take place within D2N2. • 4 subcontractor pre 1st May contracts require a decrease. The Board were happy to support the proposed changes as reported.	VP BD	Sept. 2017
17.58	**<u>RISK MANAGEMENT</u>** The Vice Principal: Communication, Engagement and Student Experience presented a copy of the report which was also considered by the recent meeting of the Audit Committee. Key matters noted were: 1) Risk Annual Report – the Audit Committee received a report regarding risk mitigation activity and the monitoring of risk throughout 16/17. They were content that activity to mitigate risk had been robust and that Governors had discharged their duties adequately in monitoring risks throughout the year. 2) Risk Strategy 17/18 – the Audit Committee recommended the approval of the Risk Strategy for 17/18 with no significant changes from the previous year. Members noted the risk appetite within the strategy and felt this enabled the College to manage risk effectively. 3) Risk register 2017/18 – members of the Audit Committee considered a revised format for the risk register and adopted this format moving forwards. In terms of content members noted three top risks to which the College is exposed. a) Work related learning – this is the single biggest risk to which the College is exposed and largely centred on the Colleges ability to respond positively to the challenges and opportunities of apprenticeship reform.		

b) Data protection and GDPR – members had a lengthy discussion about the preparation for the introduction of GDPR in May 2018. They noted that whilst the College was not compliant with the requirements of GDPR at this time a significant amount of work was being done to ensure that it is. The expectation is that the risk rating in relation to this will quickly decrease as work continues. The Colleges level of preparedness for the legislation will be subject of an internal audit in the autumn term.
c) Higher Level Skills Strategy – whilst this risk does not carry a significant financial impact, reputationally the College needs to be seen to be capitalising on the benefits of the new centre. The HE Strategy presented to Governors at their residential is clearly intended to do this, however it is too early to ascertain whether that strategy will have the desired impact. Again this was a risk that members should expect to see reducing significantly over the coming academic year.

Governors also noted that financial stability of the College and the imperative that the College operations meet budget plans in 17/18. They were advised that in large part this relies on the College meeting targets and objectives for apprenticeship.

In line with Audit Committee recommendations the Board were happy to:

a) Approve the Risk Register and Strategy for 2017/18; and
b) Note the content of the annual report on risk management activity for 16/17.

17.59 **<u>EXCEPTION REPORT – SAFEGUARDING AND EQUALITY AND DIVERSITY</u>**

The Board were advised that the detailed report had been discussed by Standards Committee. As an overview the single biggest issue in terms of safeguarding are mental health referrals. To improve the Colleges position the executive are looking at developing the option of being considered a 'recovery College'. It was confirmed that a report and proposal in relation to this will be presented to the next meeting once full discussions and investigations have taken place.	Louise Knott	Sept. 2017

She advised that in the year to date the College has received 707 safeguarding referrals with 187 of those passed through to external agencies. This represents a significant (6 fold) increase against the same point last year.

A point of challenge raised by the Standards Committee Chairman was the fact that the number of safeguarding returns and referrals from partners was low or non-existent which is an issue to investigate. The Standards Committee were also concerned regarding the increased number of mental health issues and were pleased to see that the College is looking at a proactive approach.

Signed : ______________________________Chair Date:

AGREED: to note the content of the update provided.

17.60 **STUDENT UNION REPORT**

a) End of year report for 2016/17

Marc Jones provided a presentation where he explained that his goals for the year were: improved visibility, networking, a focus on improving the position for disabled students and being an effective mechanism for students to raise any issues. He explained that he had prepared three learner conferences which were all a success. Members' attention was drawn to a number of case studies in terms of improvements made including learner voice feedback. He also provided details on activities undertaken and external events participated in.

AGREED: to note the content of the update provided.

b) Business Plan for 2017/18

Marc Jones provided a presentation and explained how the Students' Union is operated and organised. It is integrated within the Student Support team and works closely with wider learning team to deliver objectives. He confirmed that there are very close links with senior managers, including regular one to ones with the Principal and Vice Principals. The SU audience is primarily on campus and there are activities and events where appropriate which are promoted to work based learning students, however it was acknowledged that this is limited. There is an SU presence on all three campuses.

The SU has three core objectives:

a) To be the representative voice for students
b) To promote citizenship and engagement amongst students
c) To make a contribution to wider College life.

To be the representative voice includes

- Links with the NUS, local and regional branch officers
- Lead on 'your voice'
- Escalate serious issues to senior management
- Provide well trained, articulate and confident student representation
- Advise on the implementation of policy for students
- Provide student representation on cross college working groups and committees.

CH In terms of external links the Board challenged the incoming Student Union President and indicated that they would like to see much more engagement with the youth mayor role.

Signed : ______________________________Chair Date:

The SU works tirelessly to promote citizenship and engagement and seeks to ensure that all students make a contribution to College life with a balance to be struck between fun and engagement.

He presented details of what success looks like and how success will be measured. Also presented was a schedule of planned activities for terms 1, 2 and 3. Budget for 16/17 was £100k block grant from the College and £22k income generated directly by the NUS.

In terms of Student Union reporting next year it was agreed that this would be scheduled on a termly basis with a report from Lewis Maskery This report to include both activity and the financial position.

SU President

Termly 2017/18

17.61 <u>LOAN AMENDMENT LETTER – RE: FRS 102</u>

The Deputy Principal introduced this report and confirmed that the core changes proposed by Lloyds Bank in relation to all existing loan facilities in place is to support the financing of the building programme. This includes each of the £8.5 million facilities making up to the total £17 million funding for the original capital programme and the £3 million facility in support of the HE Centre. The covenants provided on page 29 of the pack have been negotiated with the Deputy Principal and the suggested wording provided in order to achieve parity and simplicity from the original covenants to those now proposed.

The Deputy Principal provided details of the wording of the formal minutes required. This was considered by the Board and they were happy to approve this. The minutes required by the bank were then signed by the Chair on behalf of the Board of Governors.

AGREED:
a) to approve the proposed covenant revision; and
b) approve the wording of the formal minutes required by the bank.

The Board were advised that the work in relation to these covenants has been ongoing over the last 2 years and that all Colleges and Universities have to go through this review.

17.62 <u>GOVERNANCE</u>

The Clerk presented a number of governance items for consideration

1) Committee Membership for 2017/18

Proposals were included within the written report and the Board were happy to support membership as set out.

AGREED: to approve Committee membership as presented for 2017/18.

Signed : ____________________________Chair Date:

2) Committee Terms of Reference for 2017/18

The Clerk explained that each of the sub-committees have, at their last meetings, reviewed terms of reference and the general consensus is that they continue unchanged in to 17/18. The Board were happy to support this proposal.

AGREED: to roll forward all Committee Terms of Reference unchanged for the 17/18 academic year.

3) Chair and Vice Chair appointments

Proposals were invited for the positions of Chair and Vice Chair for the next academic year. It was agreed to re-appoint Nevil Croston as the Chair and re-appoint Kate Allsop as the Vice Chair for the 2017/18 academic year.

AGREED: to approve the continuation of existing Chair and Vice Chair appointments for the 2017/18 academic year.

17.63 **ESTATES UPDATE**

The Board were happy to note the content of the report provided on the portal.

17.64 **FINANCE REPORT TO MAY 2017**

The Board were happy to note the content of the report provided on the portal.

17.65 **2016/17 END OF YEAR PROJECTION**

The Board were happy to note the content of the report provided on the portal.

17.66 **QUALITY REPORT**

The Board were happy to note the content of the report provided on the portal.

17.67 **SUBSIDIARY COMPANY PERFORMANCE TERM 3**

The Board were happy to note the content of the report provided on the portal.

17.68 **COMMITTEE MINUTES**

The Board were happy to note the content of the minutes provided on the portal including

a) Finance and Estates Committee meeting minutes 7th June 2017
b) Standards Committee meeting minutes 15th June 2017
c) Audit Committee minutes of the meeting held on 29th June 2017.

(Staff and students left the meeting at 7.00 pm)

17.69 **CONFIDENTIAL ITEMS**

It was agreed that confidential items would be recorded separately.

Signed : ____________________________Chair Date: