

Corporation Board

Approved

**Minutes of Corporation Board – Part 1
16 December 2021**

Board Members: B Kaczmarczyk (Chair) H Freeman
J Battye J Hemper
P Bond L McKenzie
T Campbell L Mycroft
J Croot J Richards (Principal and CEO)
W Davies

In attendance: D Malone (Deputy Principal) K Oxspring (Finance Consultant)
C Acaster (Director of HR) J Rossa (Exec. Director of Quality Improvement & Assurance)
J Shore (Clerk to the Corporation)

Apologies: P Bond, L Harris, L Mycroft

CH = Challenge

15/2122 Declaration of Interest
Members were reminded of the need to declare an interest in any item of business to be considered at the meeting.
Nothing was declared.

16/2122 Minutes of the Previous Meeting
The minutes of the previous Corporation Board meeting held 21 October 2021 were reviewed and agreed as a true and accurate record.
The action log was reviewed and matters arising were discussed, with actions updated and either marked as complete or carried forward as appropriate. (*Refer to Corporation Action Log – 16.12.21*).

Resolution: The Board **approved** the minutes of the previous meeting held 21 October 2021.

17/2122 Performance Report
The Board received the Performance Report which included an update on the Group Self-Assessments for 2020/21 and Quality Improvement Plan for 2020/21, Quality Improvements for 2021/22, Teaching, Learning and Assessment, Student Performance update and Safeguarding.

College & LU Derby Self-Assessment 2020/21 & Quality Improvement Plan 2021/22

The Deputy Principal (DP) and Executive Director of Quality Improvement & Assurance (EDoQIA) presented the College's draft Impact Assessment Report for 2020/21 and provided a key focus on the strengths and areas for development, highlighting the measures used to achieve the self-assessed grades and how the report will be used as part of the new approach to the Quality Improvement Plan (QIP) for 2021/22. The overall group profile for the College and LU Derby has been graded as 'Good' and all judgement areas have been self-assessed as 'Good' with the exception of; Behaviours & Attitudes which is deemed to be 'Outstanding' as shown in the year-end results, and the Overall Effectiveness for LU Derby which has been judged as 'Outstanding' due to its high achievement rates and sector leading provision and quality standards.

It was noted that the full Self-Assessment Report and the judgements made had been previously scrutinised by the Standards & Performance Committee on 9 November 2021 and a recommendation for Board approval was made.

The report has been written against the Education Inspection Framework in line with Ofsted's inspection principles and judgement specifications for Quality of Education, Behaviours & Attitudes, Personal Development and Leadership & Management. Examples of strengths and areas for development have been provided for each judgement area and this has been clearly reported against intent, implementation and impact for the Quality of Education.

In terms of external validation, the SAR and QIP have received positive feedback from the FE Commissioner's Team as part of their monitoring visit on 15/12/21 and will also be evaluated by Lincoln College in the New Year.

Some of the key areas the College continues to work on is Student Feedback and Spelling, Punctuation and Grammar (SPAG) in terms of students' repeated grammatical errors. The DP advised that there had been a great response to the recent First

Impressions Survey from students and SPAG support has been relaunched within College, with even further support mechanisms in place going forward. There is also a further focus on enrichment activity and wider support for students is available through the College Collaborative Fund (CCF) working with Lincoln College to help students progress in terms of their softer skills such as communication, wellbeing and fitness.

The Chair acknowledged the significant improvements which had been made since the previous inspection which had enabled the College to reach its current position of 'Good' and noted the Board's impact on teaching, learning and assessment, particularly through its Standards & Performance Committee.

The Board thanked the DP and EDoQIA for the comprehensive report, as well as all the staff who contributed.

Resolution 1: The Board **approved** the Group Self-Assessment Report 2020/21 and Quality Improvement Plan 2021/22 for the College and LU Derby.

Resolution 2: The Board **received** and **noted** the contents of the Performance Report.

TC joined the meeting.

18/2122 Annual Audit Committee Report & Final Statutory Accounts 2020/21

The Annual Report of the Audit Committee and final statutory accounts for 2020/21 were presented to the Board for recommended approval following scrutiny from both the Audit Committee on 23 November 2021 and the Finance & Corporate Services (F&CS) Committee on 8 December 2021.

The College received a clean audit from its external auditors, Mazars, who raised three low priority recommendations, with three un-adjusted misstatements identified in relation to the College Group legal entities; two of which were from the previous year and none of which were material. Three internal control recommendations were made; all of which were categorised as low priority Level 3 issues relating to VAT return reconciliation, HMRC land registry and an isolated instance of an employee overpayment. The full External Audit Completion Report was shared with the Board for review.

The significant audit findings were reported as follows:

- Audit testing did not identify any instances of management override of controls.
- Work is continuing to verify how the College is dealing with the impact of Covid-19, AEB funding restrictions and demographic challenges.
- Audit work did not identify any issues regarding income cut off with either ESFA grant funding or non-core income streams
- The actuarial team has reviewed the assumptions used in the calculation of the College's share of the LGPS pension scheme and have concluded that the assumptions used in respect of the liability are reasonable.
- Reasonable judgement has been used to calculate depreciation rates.
- Mazars noted that in the course of the audit they did not encounter any significant difficulties and have had the full co-operation of management.
- No regularity issues were identified during the course of the audit.

As previously discussed with the Board, the audit report and statutory accounts provided an explanation for the apprenticeship debtor error due to the use of an over-complicated accounting policy in respect of calculating the apprenticeship income accrual which in turn overstated the debtor balance due in the accounts. The misstatement of the apprenticeship accrual specifically arose during the year ended 31 July 2019 and amounted to £2,021,530. It was noted that the College's external auditors carried out a sample of tests at the 2018/19 year-end in respect of this accrual and did not identify any errors. This adjustment does not impact on the reported cash position of the College, nor does it impact on the College complying with its bank covenants in the financial years 31 July 2020 as well as the current financial year 2020/21. The adjustment has been rectified in the 2021 financial statements by an appropriate adjustment to the opening figures in the balance sheet for 2020.

The Chair of Audit Committee (HF) confirmed that the audit opinion was clean and that he was pleased with the overall outcome and the College's dedicated efforts. On behalf of the Board, the Chair thanked HF and the Audit Committee for their work.

The financial statements were prepared on a 'going concern' assumption, which was supported by the external auditors, as well as the FE Commissioner Team at the College's recent monitoring visit on 15/12/21. The balance sheet has been scrutinised by the F&CS Committee and important questions were raised in terms of income and expenditure, cashflow impact and liquidity, including concerns around the cash low point in March 2022. The going concern conclusion confirms the Board's position that it is comfortable that the College will not run out of money.

CH: The Board queried the reason the assurance was required and whether there was any risk. KO advised that the Board has to justify that the College can continue to trade for the next 12 months with sufficient cash to meet its needs over that time, which is illustrated within the cashflow forecast through to July 2022 and July 2023. This information, together with discussions with the bank in respect of obtaining additional funds in the future, which the bank have

confirmed to Mazars, provide the Board with sufficient assurance that the College is able to meet its liabilities moving forward over the next twelve months.

As part of the annual audit process, the Chair of Corporation and Accounting Officer are required to complete and sign the ESFA's Regularity Self-Assessment. This has been reviewed by the Audit Committee and was also subject to audit with no issues highlighted.

Resolutions: The Board **received** and **noted** the Annual Audit Committee Report for 2020/21 and **approved** the following:

1. Consolidated Chesterfield College Group Accounts 2020/21 based on the going concern assumption.
2. Subsidiary Company Accounts 2020/21: Chesterfield College Enterprises; Learning Unlimited ATA; Recruit Unlimited and Training Services 2000.
3. ESFA Regularity Self-Assessment 2020/21.

19/2122

Finance & Corporate Services Report

KO provided an overview of the Finance & Corporate Services Report, which in addition to the key items below, included updates in relation to Student Numbers and Recruitment, Reforecast, Additional Funding Streams (College Collaboration Fund/Catch Up Funding/Strategic Development Fund), Transformation Fund and Corporate Services (HR, Estates and ICT).

Management Accounts - Period 3 (Quarter 1)

The Period 3 (P3) Management Accounts to 31/10/21 were presented and it was noted that additional schedules are under development, including a contribution analysis, funding trackers for AEB/Apprenticeships and analysis of capital spend.

The key points were highlighted as follows:

- A bottom line deficit of £634k (£229k above the anticipated deficit of £863k). It was noted that the profiling of the apprenticeship income is relatively low in early months of the financial year (11% in the first quarter) which explains the planned budgeted deficits for the group during this period. The budgeted income levels for apprentices will increase as the year progresses. Forecasting the income for the year was also challenging in light of the unknown future impact of the pandemic and the teacher assessed grading (TAG) process, which resulted in many more 16 year olds staying on in school Sixth Forms to study A-Levels.
- A revised full year forecast is currently under way which will be incorporated into the November 2021 management accounts.
- The key risks were identified as follows:
 - Apprenticeship income – Recruitment numbers are currently in line with plan but there is a risk they may fall behind due to the impact of the changes to the incentive payments. There are challenges in the healthcare sector which could affect the ability to recruit apprentices and this is being closely monitored by management to try and mitigate the risk of under recruitment.
 - HE income – Income levels are currently lower than planned, however, a recruitment drive is under way to recruit additional learners in January 2022.
 - Covid-19 - There is a risk that government policy on restrictions/lockdown could be made more severe.
- Income is currently £33k below budget, however, this is significantly offset by substantial savings on both full year budgeted pay (£131k) and non-pay costs (£137k).
- A detailed income and expenditure account was provided, detailing variances against budget for the following income streams; 16-18, AEB, Apprenticeship, HE Tuition Fees, Advanced Learner Loans, Other Grant and Catering.
- The Board were assured that a Group Income action plan has been developed and will be reviewed by the Senior Leadership Team on a fortnightly basis. The action plan, along with the information detailed in the revised income trackers, will ensure actions are consistently monitored to support income generation and any shortfalls to budget.

LMCK advised that the local authority are looking to further support students and employers through the Levy Transfer which will in turn support the College to generate additional income.

CH: The Board queried whether the reduction in pay costs were real recurrent savings. KO advised that the Finance Team are currently in the process of determining the full year position and whether the level of savings will be continued to year-end. If recruitment costs remain on budget for the remainder of year the savings made would be £131k, however, future pay costs need to be determined and this is being reviewed on an individual basis. A detailed reforecast will form part of the Period 4 management accounts which will provide a clearer picture.

CH: In terms of the risk around Covid-19 and the latest variant, the Board asked whether the College was able to conduct a sensitivity analysis on the impact based on the previous experience and the impact made. KO advised that this exercise has not been conducted, explaining that forecasting the College's results is not easy at any point in time but the volatile impact of Covid-19 make it even more difficult.

The Principal advised that the biggest risk from Covid-19 is to Apprenticeships and AEB. Business development activity is being reviewed on a fortnightly basis and employer engagement and recruitment is currently at normal levels, however, if for example Furlough was reintroduced this could significantly impact income due to programme funding not being drawn down as a result of the apprentice's break in learning. The Finance Team are working closely with the Work Based Learning Managers to provide a detailed forecast for each sector. In terms of classroom based, the

College is now fully equipped to deliver online learning for all areas and could make the transition very quickly, however, there could still be adverse impact to exams etc.

The Board asked whether the impact of varying lockdown levels could be quantified in financial terms. The Principal advised that the risk register would be reviewed in terms of Covid-19 and different scenarios would be plotted in order to try and mitigate the risk with other sources of income. **Action: SMT to update Risk Register in terms of different level Covid-19 scenarios and the financial impact.**

Resolution: The Board **approved** the Period 3 Management Accounts.

JB joined meeting.

ESFA Finance Dashboard

The College has received confirmation from the ESFA regarding its anticipated 'Good' financial health as at July 2021 and July 2022. This is based on the information included in the CFFR submitted in July 2021, it was noted that whilst the results were not quite as good as forecasted, the score for 'Good' was still maintained. The Board were provided with a copy of the ESFA's financial dashboard which compared the College's performance against other colleges and target benchmarks, and KO provided a full overview.

Additional Funding

The College has been successful in obtaining additional income from a number of areas including:

- The College Collaboration Fund (CCF) - The College has partnered with Lincoln College to access funding from the Department of Education (DfE) to support student and staff mental health and resilience and well-being to increase student engagement and experience and to improve quality and labour market outcomes. The College is expected to contribute £61k to the project to access services to the value of circa £245k. The project is already underway with a completion date of March 2022.
- Strategic Development Fund (SDF) - The College has been successful in accessing £724,585 from the DfE via the Skills Development Fund to work in conjunction with West Notts College, Lincoln College, and the RNN Group to develop an advanced manufacturing facility at Chesterfield College focussed on design and prototype engineering. The centre will showcase the benefits of "additive manufacturing" and its capabilities across a range of applications, sectors and qualifications. The facility will house the latest 3D printing technology, software packages and necessary testing equipment needed by a range of sectors. The funding is split into revenue of £205,639 and capital of £518,946 with expenditure being incurred through to March 2022.
- Catch-Up Funding - The College has recently been advised that a sum of £307,024 has been awarded by the ESFA for 16-18 Tuition Funding. This has been provided to fund additional teaching resources to support students who need extra tuition in order to meet their educational needs. These funds will be used during the current academic year to July 2022.
- Transformation Fund – As previously reported, Stage two of the Transformation Fund has been submitted, however, due to a delay the outcome is unlikely to be announced before February 2022.

Northern College Contract

The Principal noted that the College did not receive an allocation from the Sheffield City Region LEP to deliver the Adult Skills Budget, which impacted students who attended Chesterfield but lived in a Sheffield postcode. This has been recognised and the College is now looking at subcontracting £40k from another college to support its students by bringing them in to Chesterfield for teaching and learning. The Board were asked to approve the subcontract and for the Chair to sign.

Resolution: The Board **approved** for the Chair to sign the subcontract with Northern College.

Resolution: The Board **received** and **noted** the contents of the Finance & Corporate Services Report.

20/2122

Corporate Report

The Principal presented the Corporate Report which included an update on the National Picture (including Government Policy and Legislation) and Strategic Relationships, and a detailed overview was provided for the following key items.

Key Performance Indicators

The final outturn for the Group's Key Performance Indicators (KPIs) for 2020/21 were presented and discussed. It was reported that 76% of the KPIs were achieved within a 2% tolerance. The Board acknowledged that this was a reasonably good outcome for the College under the circumstances of an incredibly challenging year due to the impact of COVID-19 and the ability to recruit.

The latest KPI results for 2021/22 were presented and the Board were advised that a new reporting mechanism is in place to assess progress against the KPIs on a monthly basis, ensuring that the senior leader responsible for the target provides a monthly update with commentary, which will feed in to the risk register as appropriate. The latest position and reporting

processes have been shared with all staff across the College Group. As at 31 October 2022, the KPI achievement was rag rated as 45% green, 17% amber and 88% red.

CH: The Board asked whether there were any KPIs rag rated as Red that were considered to be an issue. The Principal responded that the key risks are related to apprenticeship and adult income which are dependent on in-year recruitment. Apprenticeship income had been very difficult to forecast due to the unknowns in terms of the Covid-19 recovery. Adult income is currently behind target as at Period 3 but this is being closely monitored to ensure the AEB allocation will be delivered. Income trackers for apprenticeships and AEB track are monitored fortnightly with the senior leadership team and a detailed reforecast is underway. The Performance & Development Review process would normally be fully complete by the end of October, however, due to higher levels of sickness and staff absence, in addition to staff being busier than usual settling students in to College, completion has been negatively affected and a new deadline has been set for 30 November.

Resolution: The Board **received** and **noted** the KPI Outturn for 2020/21 and KPI Update for 2021/22 and **endorsed** the new reporting format for the Key Performance Indicators.

Health & Safety/COVID-19 Update

An update from the Health & Safety Committee was included within the report, including agreed actions, statutory audits and reports, and mandatory training.

There have been 129 confirmed cases of Covid-19 since the start of term, 33 of which were staff. Further reminders have been sent to students/parents to help keep the College as safe as possible. Information regarding the new lateral flow testing regime, close contact guidance and vaccine/booster encouragement has been provided via email and the College website/social media channels. The College is also supporting the DFE's message in relation to testing over the Christmas period and the Principal will issue and email to all staff and students before the end of term. A communication regarding requirements and any update to guidance will be drafted on the 2 January to be circulated to all staff and students before the start of the new term.

HR Annual Report 2020/21

The Director of HR (DoHR) presented the Human Resources (HR) Annual Report for 2020/21.

The report provided a summary of the broad range of HR work undertaken throughout the academic year 2020/21, together with a performance summary against a range of KPIs for Staffing Analysis, Sickness Absence, Recruitment and Selection, Contracts and Increments, and Employee Relations; with a 3 year trend analysis (where available) and national benchmarking.

CH: The Board asked whether there were any concerning trends illustrated within the report. The DoHR advised that staff turnover is particularly high at 19% compared to the AoC's benchmark of 14.8%. However, it was acknowledged that the data for the benchmarks were collected 18-24 months ago and relates to 2019/20 when the furlough scheme was introduced and the jobs market was depressed. The AoC's 2018/19 turnover rates were 18.2% and other benchmarks report that average turnover is currently 18%. It was also noted that in terms of the impact of Covid-19, many colleges have since struggled to retain staff, particularly Engineering & Construction and Health & Social Care where staff have returned to the industry and trades. The Chair confirmed that this trend is being seen nationally and was raised at the recent AoC Conference which he attended.

The Board were assured that staff turnover is under close review and a number of strategies have already been or are being put in place to not only retaining current staff but to recruit new staff also. A full review of teaching salaries is being undertaken and the viability of increasing teaching scales is being considered, particularly for the areas which are difficult to recruit. The College offers broad staff benefits and flexible benefits packages and these have received external commendation from the recruitment agencies which the College work with.

Resolution: The Board **received** and **noted** the Annual HR Report.

Payroll

The Principal informed the Board that due to the departure of the Payroll Manager, the College was currently using an emergency payroll service and is looking to go out to tender for a new payroll provider.

The Board were asked to approve for the Chair to use delegated powers (Chair's Action) at the appropriate time to approve the procurement process and assign the new provider, which will be picked up formally through the Finance & Corporate Services Committee in due course.

Resolution: The Board **approved** for the Chair to use Chair's Action to approve the procurement process for the new payroll provider.

FE Commissioner Monitoring Visit

The College received its monitoring visit from the FEC Team on 15 December to review progress against the recommendations which have previously been shared and discussed with the Board. The feedback received from the FEC

Leads was extremely positive and a successful outcome was obtained in that the College is no longer under early intervention and there will be no further review. There are no formal recommendations from the last visit, however, a number of advisory actions will be made and included within the report which will be shared with the Board at the next meeting once received.

On behalf of the Board, the Chair commended the College for the improvements made and positive outcome of the visit, and thanked the Senior Management Team, Clerk, Lead governors and staff who were involved.

Resolution: The Board **received** and **noted** the contents of the Corporate Report.

JH left the meeting.

21/2122 Governance Report

The Clerk presented the Governance Report which, in addition to the key items highlighted below, included an FE Commissioner update, ratified committee minutes and committee-approved policies.

Mandatory Training

The Board were reminded of the importance of completing the mandatory Safeguarding and Prevent training following the online training session delivered by the Director of Student Experience & Wellbeing (Designated Safeguarding Lead) on 17 November. Full details of the outstanding requirements were provided within the report and all governors were asked to complete the training by 31 January 2022.

Membership

The Board were informed that Emily Williams resigned from her governor position effective from 21 October 2021. The Clerk has written to EW on behalf of the Chair and Board to express thanks for her service and valuable contribution to the College and Corporation Board during her time as governor.

The Board were advised of the following recommendations for appointment made by the Governance & Search Committee at its last meeting:

- Sue Martin-Standley (Current Co-opted Governor for Standards & Performance Committee and Chair of Remuneration Committee) – Recommendation to join the Board.
- Steve Jones – Recommendation to join Audit Committee as Co-opted governor (approved by the Audit Committee via written resolution in line with the committee Terms of Reference)

The Board agreed that SMS's skills background in Further Education and prior experience as co-opted governor would provide a valuable contribution to the Board.

Resolution: The Board **approved** the appointment of Sue Martin-Standley as a Corporation Board member.

Online Safety Policy

Following full review and recommendation for Board approval by the Safeguarding Committee for the new Online Safety Policy, the Equality Impact Audit Assessment and full draft policy were shared with the Board for consideration.

Resolution: The Board **approved** the new Online Safety Policy.

Link Governor Engagement

The full Link Governor Scheme has been revisited for the academic year 2021/22 and the Clerk presented the proposed plan with suggested governor allocations and engagement activities to the Board.

Link Governor feedback was provided by WD following his visit to the College on 19 November and the feedback form was included within the report for information.

Resolution: The Board **approved** the Link Governor Scheme for 2021/22.

Resolution: The Board **received** and **noted** the contents of the Governance Report.

22/2122 Corporation Self-Assessment Report 2020-21

The report was written against the Education Inspection Framework (EIF) and highlighted the strengths and actions for improvement. It was acknowledged that the 2020/21 academic year saw a number of challenges and changes for the Corporation Board. Whilst some progress was made with the search for new governors and the induction of these governors, disruption caused by COVID-19 meant that progress on improvements to the operation of the full Board and its committees as well as the link governor scheme was limited. The last full Ofsted inspection in November 2019 identified that governors do provide good support and challenge to the senior leaders of the College and that they use accurate performance reports effectively to hold senior leaders and managers to account. As a result, governors have a clear understanding of the College's main strengths and weaknesses. The Board's self-assessment questionnaire for 2020-21 showed high levels of agreement that governors understand their strategic roles, challenge and support managers appropriately, use curriculum and financial reports to hold managers to account, and feel supported to perform their roles

effectively. A full summary of the questionnaire response analysis was shared as an appendix to the report. Closer scrutiny of the performance and progress of 16-19 year old students, and the improvements that have been achieved for these learners, support an improved grade for governance. Good quality support for these students during COVID-19 and the lockdowns has been a strong feature of the College's improvement. This improvement must be maintained for the grade to be 'Good' and the most recent monitoring visit in February 2021 emphasised that leaders and those responsible for governance should take further action to ensure teachers make fully effective use of online tools available to them during live teaching sessions and to ensure that all students are supported to improve their spelling and punctuation skills. The Chair advised that the G&S Committee had discussed the positive changes to membership in terms of diversity, skills and experience, and the improvements made by the Board in terms of strategic conversations and constructive challenge.

A recommendation was made for the Corporation to self-assess as 'Good', in line with the College's own overall self-assessment grade of 'Good'. It was noted that under the EIF, Leadership and Management cannot be judged higher than the Quality of Education and this has also been applied to Governance, therefore the highest grade the Board could self-assess for 2020-21 would be 'Good'. However, any outstanding strengths can be highlighted within the narrative.

The Clerk advised that Corporate Governance will be reviewed as part of the next round of internal audit assignments and there is also a new requirement for all Corporation Boards to undergo an external review once every 3 years, which the FEC Team have advised the College should undergo in Spring 2023. The Chair noted that the independent review would triangulate well with the Board's own self-assessment and the College's self-assessment based on student outcomes.

Further improvements to the Corporation's self-assessment process, as discussed with the FEC Team, will also include committee-level self-assessments and formal governor 1:1 appraisals.

Resolution: The Board approved the Corporation Self-Assessment Report for 2020/21 and the identified actions for improvement.

23/2122 Statutory Reporting

There were no updates reported in relation to Safeguarding, Equality Diversity & Inclusion or Health and Safety.

EP/LH (Staff Governors) left the meeting.

24/2122 Confidential Minutes

The confidential minutes of the previous Corporation Board meeting held 21 October 2021 (Parts 2 and 3) were reviewed and agreed as a true and accurate record.

Resolution: The Board **approved** the confidential minutes of the previous meeting held 21 October 2021.

25/2122 Annual Remuneration Committee Report & Statement 2020/21

The Clerk shared the Remuneration Committee's Annual Report and Statement for 2020/21 with the Board. In line with the Senior Post Holder Remuneration Code, which forms part of the AoC Code of Good Governance adopted by the Board, the College is required to publish the statement which is based on the annual report.

Resolution: The Board **received** and **noted** the Remuneration Committee Annual Report and **approved** the Annual Statement for 2020/21 for publication on the College website.

Action: Clerk to arrange for the Annual Remuneration Statement for 2020/21 to be published on the College website.

The Principal and Clerk left the meeting.

26/2122 Senior Post Holder Performance Review

The Chair informed the Board of the recommendations made by the Remuneration Committee on 18 November 2021 with respect to the performance review and pay awards of the Senior Post Holders; the Clerk and the Principal/CEO. Further detail is minuted under Part 2 as a confidential item.

Resolution: The Board **approved** the SPH recommendations made by the Remuneration Committee.

27/2122 Date of Next Meeting

17 February 2022

The meeting concluded.