

Minutes of Corporation Board – Part 1

7 July 2022

Board Members:	B Kaczmarczyk (Chair) J Batty P Bond T Campbell J Croot W Davies H Freeman	J Hemper E Pearson (Staff Governor - Support) S Martin-Standley L McKenzie L Mycroft L Needham (Staff Governor – Curriculum) J Richards (Principal and CEO)
In attendance:	D Malone (Deputy Principal) C Acaster (VP – People & Culture) J Shore (Head of Governance)	H Taylor-Toone (VP – Finance & Corporate Services) J Rossa (VP – Quality Improvement & Assurance)

Apologies: H Freeman; S Martin-Standley; J Croot; L Mycroft, W Davies, E Pearson

CH = Challenge

72/2122 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.

73/2122 Minutes of the Previous Meeting

The minutes of the previous Corporation Board meeting held 19 May 2022 were reviewed and agreed as a true and accurate record.

The action log was reviewed and there were no matters arising. Previous actions were updated and either marked as complete or carried forward as appropriate. (*Refer to Corporation Action Log – 7.7.22*).

Resolution: The Board **approved** the minutes of the previous meeting held 19 May 2022.

75/2122 Confidential Items

Confidential items and discussion is minuted under Part 2.

76/2122 Finance & Corporate Services Report

LN (Staff Governor) joined the meeting.

The Vice Principal of Finance & Corporate Services (HTT) presented the Finance & Corporate Services Report and the following key items were raised and discussed with the Board. It was noted that the report had been scrutinised by the Finance & Corporate Services Committee (F&CS) on 23/6/22.

Management Accounts - Period 9

HTT advised that there were no significant changes since the previous report for Period 8. The report provided an executive summary and full breakdown of financial performance for Income, Pay and Non-Pay Costs for Period 9 (P9) and year-to-date. At P9, there is a forecasted full year deficit of -£770k (compared to a worst-case deficit of -£477k at RF1) and an EBITDA of £767k. The main areas driving this reduction in profitability remain the same as P8, including significantly higher pay costs and non-pay costs due to key factors such as Covid-19 impact, non-teaching attrition, teaching staff retention, agency costs, payroll outsourcing and general inflation.

HTT advised that there were a lot of one-off items impacting the accounts but fundamentally pay costs were too high, noting that the Staff to Pay ratio was forecast to be 71.8% at year-end which is too high in order for College to fund investments moving forward. This challenge continues to be scrutinised by F&CS and the recent re-structure exercise will help bring the College closer to the new target of 67.5% set within the Budget for 2022/23, in line with the FE Commissioner recommendation.

Cashflow

The P9 accounts still show £1.8m closing cash at year-end, which is the opening cash balance for the budget. There was a low point of £625k mid-April, rising to c£1.3m at the end of April 2022 following receipt of the ESFA funding. The net cashflow is now forecast to be £1.1m outflow (increased from £736k since the report was written) compared to the RF1 which showed an inflow of £62k, a reduction of £798k. Preparing for FY22/23 remains a key objective to ensure that the cash balances do not decrease from the FY21/22 year-end position, which is being addressed as part of the budgeting process. The College had previously been holding off on cash, particularly accounts payables and working capital, however, this is starting to become unsustainable in terms of supplier management and staff workload. In order to address this issue, cash is now being reviewed and consideration is being given to move some of the large cash outflow budgeted for August into the end of June and July; HTT advised that this would not cause any significant impact to the ESFA Financial Health Score or bank covenants, however, further review will be undertaken to ensure that 22/23 will still end in the same cash position as budgeted.

Resolution: The Board **approved** the Period 9 Management Accounts, as recommended by the F&CS Committee.

Transformation Fund

The Board were informed that approval was received from the F&CS committee, via written resolution, to sign the T&Cs for the Grant Funding Agreement for the FE Capital Transformation Fund, along with the milestones and projected cashflow, which was submitted on 17.6.22.

An update on the project was provided, including procurement and contracting for the new build, planned work for South Block refurbishment and planning permission progress. It was confirmed that no money has been spent to date, however, the College will have its own live data dashboard throughout all stages of the build through the Procurement Hub, which will include all cost elements in order to track spend. This will be shared with F&CS and a separate Committee will be set up to govern the project.

Finance System

The Evaluation Summary Report of the multi-quote tendering process for the College's finance system was shared with the Board for information.

The successful supplier, Advanced Business Solutions, has provided a quote which is 25% less than the College's current system, including the implementation fees (44.25% without), of £6,254.33 annually. The company has been recommended by the internal auditors and used successfully by many other colleges.

In addition to the best price and proven experience within the FE Sector, the system demonstrated appeared to be user friendly and easy to understand and navigate. A large number of standard reports have been built into the system, as well as ability to create bespoke reports. There is the ability to configure screens and have multiple sessions open.

The contract is intended to commence on 1/1/23 and will be awarded for an initial period of 5 years. Consideration will be given to extending the contract for a further period or periods up to a maximum of 10 years in total, subject to satisfactory performance and the agreement of both parties. Regular reviews of the agreement will take place.

Resolution: The Board **approved** the procurement of Advanced Business Solutions as the new finance system, with a planned 'go live' date of 1/1/23, as recommended by the F&CS Committee.

Corporate Services

An overview of the key developments within the corporate service support areas was provided within the report.

Student Union – Charity Status

HTT shared the proposal to set up the Student Union (SU) as its own distant charity. This will allow the SU to receive pots of funding which the College cannot access and provide a good opportunity for the College's Breakfast Club to access specific funding for disadvantaged students. The charity board will provide a great learning experience for student, which HTT will also sit on. The College will still provide funding via a donation each year.

Pay Award

Discussion around a pay award in 2022/23 is minuted under Part 2.

CH: The Board acknowledged the strong support system already in place by the College but advised that further guidance and signposting for staff to cope with cost of living crisis could be beneficial for some, especially those on lower salaries. The Vice Principal for People & Culture (CA) advised that there is a brilliant staff discount scheme in place and targeted pieces around the best discounts and making savings i.e. cheaper insurance, which is being promoted through the new Wellbeing Calendar and the new staff intranet which is being launched in September and will have a dedicated area for health and wellbeing. In addition, staff can also opt for a flexible benefits package and choose to take a higher salary in exchange for holiday entitlement or pension.

CH: The Board asked whether the College operates a food bank. The Vice Principal for Quality Improvement & Assurance (JRo) advised that the LEAPs have implemented a food pantry, breakfast club and clothes swap, which is extended to staff as well as students.

Resolution: The Board **approved** a 1% pay award from 1 August 2022 and a 0.5% non-consolidated pay award from 1 April 2023, with a change to the annual pay award cycle in April moving forward, as recommended by the F&CS Committee.

Confidential Items

Further confidential items from within the Finance & Corporate Services Report are minuted under Part 2 and Part 3.

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

77/2122

Curriculum & Budget Planning 22/23 & Three Year Plan (including Pay Award)

The Vice Principal of Finance & Corporate Services (HTT) presented the 2022/23 Budget and 3-Year Plan for the Chesterfield College Group (Group). It was advised that this would also be shared with the ESFA and FE Commissioner Team, with the risk and sensitivity analysis removed. The F&CS Committee have reviewed the budget/plan and have recommend Board approval. It was noted that the plan has been condensed to be more succinct compared to previous years and the narrative has also been endorsed by F&CS.

Budget 2022/23 & 3-Year Plan

The financial position in terms of investment in staff, facilities and resources is a catalyst for the Group's future success and prosperity and the financial plan outlines the College's strategies to return to profitability and cash generation. The plan demonstrates that, despite having a challenging year in FY21/22, the College has appropriate strategies and action plans in place to address its immediate and longer-term issues, such as cost inflation and insufficient increases in base rate funding, whilst setting the foundations for the Group to take advantage of opportunities on the horizon i.e. Skills Bill, T-Levels and Adult Education Budget devolution, as well as realising the benefit of the investment in the estate through the Transformation Fund. However, the short-term focus is on increasing 16-18 student numbers and rationalising the cost base as much as possible, whilst ensuring that the student experience is not hindered.

The Key Performance Indicators for 2022/23 will be:

- EBITDA - £1,584k (HTT noted that there has been a shift away from the deficit/surplus KPI and the College will now report against EBITDA in terms of cash generation).
- Pay to Income Ratio – 67.5% (reduced from 73% KPI in 21/22). To achieve this target, a reduction of staff from 505 to 487 will be required. This will be achieved through natural wastage and the targeted redundancy programme which commenced mid-June 2022 and will be completed by the end of July 2022. By reducing FTEs by 18 and by not recruiting a further 16.5 FTEs, £0.9m of pay costs can be saved. This will enable the Group to generate an EBITDA of £1.6m (5.7%). Front line services to students will be protected in order that the recruitment, retention, and achievement of students is not affected which in turn will protect income.
- ESFA Financial Health – Good
- Underlying Capex – To not exceed £1,100k (not including Transformation Fund)
- Bank Covenants - Passed

In addition, there will be individual targets for different curriculum areas for 16-18, apprenticeship and commercial income. HTT advised that a prudent approach had been taken with income, particularly with apprenticeship income. The Board was assured that the income growth within the budget is relatively guaranteed as it is the increased 16-18 lagged funding and apprenticeship carry-in number for this year (c.£600k), opposed to the expectation of a significant increase in the number of starts.

The plan outlined the key risks and associated mitigation for apprenticeship income erosion, general inflation, utilities increase, agency costs and 16-18 starts increase. Apprenticeship starts have been profiled level with this year in order to set an achievable revenue target, as it has been found that apprenticeship income has previously been eroded away against a relatively ambitious profile. This will allow the cost base to be adjusted accordingly and remove a lot of the risk and associated mitigation which has materialised in the second half of this year.

A Marginal Enhancement Programme, to generate recurrent savings that are transformational, has also been discussed and considered by F&CS. Another suggestion from F&CS was for some governors to work alongside senior leaders on a 5-year plan for curriculum and look at re-engineering some of the processes and removing some of the curriculum, as is being done with apprenticeships.

HTT advised that another proactive measure being taken to mitigate against potential risk, is the recent engagement with a Building Management Systems company who, if compatible with their product, can guarantee a 25% reduction in utility usage. If they do not achieve their guarantee they refund the cost of the equipment.

A sensitivity analysis was provided within the report, further details minuted under Part 2.

CH: In relation to the Employers and Stakeholders section within the plan, the Board asked for further elaboration on how the “*long-standing relationships will in turn support the Group’s future prosperity*”. JR advised that the College is working directly with the Chamber, Towns Board through the local councils and the D2N2 LEP to support with the devolution deal, which are 3 big key areas, amongst lots of other stakeholder engagement. If D2N2 get the devolution deal, all councils will get pots of money through the shared prosperity funds. DM is working with North East Derbyshire Council and JR is working with Chesterfield Borough and the first meeting has been set up. Alongside 2 other local Colleges, JR has been approached by the D2N2’s CEO to support with the devolution deal and be part of the strategy group.

Resolution: The Board **approved** the Budget for 2022/23 and the 3-Year Financial Plan, as recommended by the F&CS Committee.

78/2122 Corporate Report

The Principal (JR) presented the Corporate Report which, in addition to the key areas discussed below, included an update on the National Picture (including Government Policy & Legislation) and Strategic Relationships & Events.

Key Performance Indicators (KPIs) for 2022/23

The Principal presented the proposed KPIs for 2022/23.

CH: The Board questioned whether the overall achievement target of 85% for 16-18 study programmes was ambitious enough. DM advised that the College was likely to finish at 82% this year and so a 3% increase for next year was deemed to be an appropriate level for improvement and a realistic target which is well above the national rate.

DM explained that the KPI targets are based on the predicted achievements in the current year which are then aggregated upwards in order to be aspirational.

CH: The Board asked whether the KPIs take into account the ongoing effects of Covid-19 at a national level, which are likely to affect this year and next year. DM advised that whilst the KPIs are above national and will drive improvement, they are not over ambitious and do take into account the lasting impacts of Covid-19.

The Board discussed the strong likelihood of the increased requirement for English and maths following the progressive reduction in GCSE grade boundaries and the impact this will have on the number of achievement and catch-up funding.

The Board agreed the KPIs were very pragmatic and were satisfied that were all above national average.

Resolution: The Board **approved** the proposed KPI's for 2022/23.

Key Performance Indicators 2021/22 - Update

The Board received the full KPI summary, noting the commentary provided for each target. As at 6/6/22, the KPI achievement was RAG-rated as 31.25% green, 25% amber and 43.75% red.

Strategic Planning

The College is moving into Year 4 of its 5-Year Strategic Plan. Senior Managers have appraised the progress made during Year 3 against the five strategic commitments and it was reported that the expected progress is being made overall, with some caveats around finances, which the College is working hard to resolve. The outcomes have now been put out to consultation with staff through the College Management Team.

CH: The Board noted that if the College is inspected after September, it will be against the enhanced framework which will focus on well the College meets local and national skills needs and asked whether all curriculum area understand the requirement to be aligned with local skills needs. DM advised that there has already been two strategic quality groups, with exercises around civic community and education and employers. The new framework plays to the college’s strengths and the first 6 weeks of term have now been adapted to ensure that the College is meeting the enhanced framework. DM confirmed that all curriculum areas have included this within their curriculum planning presentations.

Health & Safety.

An update from the Health & Safety Committee was included within the report, including key actions, statutory audits and reports, Covid-19, mandatory training and legislative changes.

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

79/2122 Governance Report

The Head of Governance (JS) presented the Governance Report which, in addition to the key items highlighted below, included ratified Committee minutes and policies approved at Committee-level.

Board Self-Assessment 2021/22

The Board were advised that a self-assessment survey would issued for completion via email, alongside individual governor appraisals with the Chair at the new academic year, which will feed in to the self-assessment process.

The Head of Governance (HoG) will also undertake a compliance checklist against the AoC’s Code of Good Governance.

Annual Business Cycle & Meeting Schedule 2022/23

The annual business cycle and meeting schedule for the Corporation and Committees in 2022/23 was shared with the Board and circulated to all governors.

Instruments & Articles Update

The HoG presented an amendment to the Instruments and Articles (I&As) in respect of the staff and student governor positions.

Following discussion at the previous Board meeting around appointing a College Apprentice as a second Student Governor to the Board, to improve attendance and include representation from work-based learning, the HoG shared the advice received from the ETF's National Head of Governance regarding the position in terms of the apprentice's payroll status at the College and whether this would be classed as a Staff Governor. The Board have the freedom to make their own decision regarding the position, in terms of the title of the role and the appointment method, so long as it is in line with the College's own I&As. If the apprentice is to be appointed as a Student Governor, it would be made clear that the individual's contribution would be from the student perspective as an Apprentice and not a member of staff.

The I&As have been amended accordingly to allow for a second student governor (appointment method can be chosen by the Board) and/or third Staff Governors (appointment method can be chosen by the Board).

A full review of the Instruments and Articles will be undertaken in 2022/2023, in line with the 3-yearly review cycle.

Resolution: The Board **approved** the amendments made to the Instruments & Articles as recommended by the Governance & Search Committee.

Scheme of Delegation

The Scheme of Delegation (SoD) for the Corporation and Committees was shared with the Board for review. The HoG advised that the updated SoD had been reviewed by the Governance & Search Committee and recommended for Board approval. A 3-yearly review cycle has been implemented.

Resolution: The Board **approved** the amendments made to the Instruments & Articles as recommended by the Governance & Search Committee.

Governor Recruitment & Re-appointment Policy

The HoG presented the new Governor Recruitment & Re-appointment Policy which has been reviewed and approved by the Governance & Search Committee. Any changes to the Corporation's current processes for recruitment and re-appointment, were highlighted to the Board, including a new 1-year probationary period for all new governors.

Resolution: The Board **received** and **noted** the new Governor Recruitment & Re-appointment Policy approved by the Governance & Search Committee.

Skills Audit Report

The HoG presented the latest Skills Audit Analysis Report and provided an overview of the findings in relation to skills gaps and the associated actions required; including targeted recruitment, governor training, induction and strategic development sessions, are included within the report and were discussed and agreed by the Committee.

Resolution: The Board **received** and **noted** the contents of the Skills Audit Analysis Report.

Committee Reports/Updates

The Data Protection Report presented to the Audit Committee on 15 June was shared with Board for information.

Resolution: The Board **received** the latest Data Protection Report.

Chair's Action & Written Resolution

The HoG confirmed there had been no Chair's Action or written resolutions made by the Board since the previous meeting.

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

80/2122 Performance Update

The Deputy Principal (DM) presented the Performance Update which provided an overview of Student Performance Data, Curriculum Update and Safeguarding/Prevent.

Year-End Data

The data was presented for Retention, Achievement and Apprenticeships.

CH: The Board noted there were some low predicted achievement figures for the College's own Apprenticeship provision and advised that it would be helpful to understand what actions are being taken to mitigate against these in future

reports/updates. DM advised that the low achievement figures, particularly within Health and Social Care, demonstrate the impact of Covid-19 within the sector. There have been some national issues with the End Point Assessment, particularly within Hair & Beauty which has a very small number of apprentices. Stronger elements are within Engineering and Construction, with a 20% improvement since last year and continuous improvements seen post-Covid. LU Derby continues to perform incredibly well. **Action: For future reports, DM to include what actions are being taken to mitigate against predicted low achievement areas, and also include an acronym key for the different directorate and sector areas.**

Curriculum Update

DM reported that applications and offers remain strong and keeping warm activities are planned to secure students for September. All progression interviews are complete and enrolment and induction plans are in place for both class and work based provision. The business and quality calendars have been completed and shared across the group and plans for summer works and preparation within the estate are underway.

DM reported that 16-18 applications are c.93 higher and offers c. 400 higher than this time last year, with physical engagement in College for all students through interviews, open days and tasters etc.

CH: The Committee asked whether the College is able to convert offers to enrolment using a conversion rate, and whether any areas required more support to recruit additional numbers. JR advised that the available data is not reliable due to impact of Covid-19 but if the pre-Covid data was to be used, enrolments would be approximately 200 higher than last year. JR advised that there are very strong numbers within the Apprenticeship market, and due to the finite number of 16-18 year olds within the area, it is expected that this will cause a decline in full-time classroom based provision. This applies to Engineering & Construction, Childcare and Health & Social Care, where there is a very high apprenticeship market and could potentially account for the reduction in applications in these areas.

Safeguarding and Prevent

Safeguarding and Prevent training for staff is currently under review and development in readiness for the next academic year, and will respond to any updates to the Keeping Children Safe in Education statutory guidance.

The Chesterfield College Prevent Risk Register has been fully reviewed and updated with support and guidance from the DfE Regional Prevent Coordinator in terms of the latest local area information, and this will be used to prepare resources for the student induction in the first 6 weeks of term.

Triaging activity within the Safeguarding and Wellbeing Team has been very effective in enabling students and apprentices to access the right support at the right time. It has been instrumental in relieving some pressures on safeguarding officers to enable them to maximise their capacity when dealing with safeguarding concerns

Resolution: The Board **received** and **noted** the contents of the

81/2122 Statutory Reporting

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

82/2122 Date of Next Meeting

- 20 October 2022
- Mandatory Safeguarding & Prevent Training for All Governors – 29 September 2022 (Online)

The Chair thanked everyone for their attendance and contribution throughout 2021/22.

The meeting concluded.