



NORTH SHROPSHIRE COLLEGE

MINUTES OF THE MEETING OF THE BOARD OF GOVERNORS

held on

MONDAY 3 JULY 2017

in the BOARD ROOM

at the OSWESTRY CAMPUS

Present:	Mrs G Richards	GPR	Chair, Health & Safety Lead Governor
	Mr G Casson	GBC	
	Mrs V Cox	HVC	Safeguarding & Residential Lead Governor
	Mrs W Dakin	JWD	Equality & Diversity Lead Governor
	Mr A Durnell	AD	Business Support Staff Governor
	Mrs F Flack	FF	Academic-Staff Governor (part)
	Mr J Furber	JF	
	Mr P Green	PG	
	Dr E Harrison	EH	
	Mr P McCann	PM	Interim Principal
	Mr J Nicholls	JN	
	Mr P Polowyj	PP	
	Mr T Trickett	TT	

Attendance: 92.9 %

In attendance:	Mr B Deed	BD	Interim Finance Director
	Ms S Shelston	SS	Assistant Principal Quality & Student Services
	Ms J Vernon	JV	Observer (Lifelong Learning Manager, Shropshire Council)
	Mr M David	MD	Principal, Reaseheath College (part)
	Mr R Ratcliffe	RR	Chair of Governors, Reaseheath College
	Mrs C Thompson	CDT	Governance Advisor

The meeting opened at 17.32

The Chair had attended two awards ceremonies recently which had both been well-received. These had been the main awards-event, and the infants graduating from Footsteps Nursery to school.

Item	Action
1. Apologies for absence Ms E McQueen. Ms K Roberts, Assistant Principal Curriculum (APC) could not be in attendance.	
2. Declarations of interest Mr Furber, Dr Harrison, Mr Nicholls and Mrs Richards were also governors	

at Reaseheath College. Mr Casson was the Chair of Governors at Holy Trinity Primary School. Mr Green was a consultant for Reaseheath College.

3. Minutes

Governors **resolved to approve** the minutes of the meeting held on 7 June 2017 and they were signed by the Chair.

4. Matters Arising

4.1 Student survey – further analysis

The Assistant Principal Quality & Student Services (APQSS) had forwarded further analysis, by curriculum area, to the Principal. The internal HE conference was the following day and the APQSS would be leading on analysis of the survey results, and actions to address issues raised would be agreed.

4.2 Nursery – late-payers

The College billed parents/guardians in advance, in the middle of the previous month. Due date was the 8th of each month. As at June 9th, 13% of May's and 5% of April's unfunded nursery provision had not been settled. It was not possible to retrospectively re-create comparative figures for previous dates. The interim Finance Director said there was an issue with old debts. Management were investigating what steps could be taken to address these and to reduce the level of late-payment.

SS/BD - ongoing

4.3 Destination data

Governors again requested further analysis of the data, e.g. by curriculum area, to provide a more meaningful picture.

KR – 2.10.17

5. Principal's report

Governors were mindful of recommendations 1-5 and 8 of the Further Education Commissioner's (FEC) Stocktake report, which focussed principally on merger. These would remain on the Board's agenda to fruition of merger, preferably with RHC but should that fail, then with another partner. Recommendations 6 and 7 focussed on quality and would be included in the Post-Inspection Action Plan and Apprenticeship Post-Inspection Action Plan (PIAP and APIAP respectively), and reviewed closely by the Post Inspection Working Group (PIWG). 9 and 10 would be reviewed under financial matters.

Merger

The interim Principal would be leaving at the end of August. The Transaction Unit (TU) would advise following a meeting of the Finance Committee on 27 July, whether it had approved the bid for Restructuring Funds to support merger with Reaseheath College (RHC). If this was not approved, the Board would take immediate action on contingency plans. Governors noted that high-level plans had already been drawn up, although all agreed the preferred outcome was successful merger with

RHC. The colleges were approaching a critical point regarding merger. Should the TU agree the bid, governors noted that NSC would then publish a notice in the national and local press announcing the proposal to dissolve and merge with RHC. A draft notice and an example of a consultation document were shown to governors. As reported previously to Board, the Joint Steering Group (JSG) would draft the consultation document.

Governors asked about the contingency plan and how far it had been progressed. It had been drawn up internally, in order to protect the College and the Board: the plan was only at a very high level. No discussions with any other college had taken place as the goal was to merge with RHC and not need to invoke the contingency plan. The Chair confirmed that following the interim Principal's notice to resign slightly earlier than planned, options were being reviewed.

Finances

These would be reviewed later in the meeting (item 9) but overall there was no change on previous months. Re the 2017/18 budget, to mitigate the drop of £1m in funding, £600k of cost savings had been identified however any further reductions would involve restructuring and destabilising the College and therefore were not proposed to be implemented.

The interim Principal had visited the outreach centres. Shipley made a small contribution. Wem and Aspire were operating at a deficit. Project Working Groups had been set up including the centre managers to look to implement business plans, to develop usage and contribution. The facilities were good and there was scope to grow. All centre managers had been informed that this would be the last opportunity to improve the viability of the centres and they would be closed in twelve months if income streams had not improved significantly. Shipley's lease came up for renewal the following year. Wem was six months' notice minimum.

Local Enterprise Partnership (LEP) Skills Capital

The College had successfully secured £424,576 of LEP Skills Capital funding to support the development of ICT infrastructure hardware and software in the College. The bid required £134,077 (24%) of matched capital funding from the College making a total of £558,653 to spend in IT.

Governors asked how the College could afford the match funding. The interim Finance Director explained that the IT Manager had mapped the expenditure over the coming year such that the profile could be managed within cashflow. The interim Finance Director had liaised with the Education and Skills Funding Agency (ESFA), and also with the LEP. He had arranged for the latter to pay out the funding monthly rather than quarterly. Governors asked what Barclays bank's view was, which the interim Finance Director explained.

Mr David joined the meeting.

Governors **noted** that they could only approve the expenditure subject to

the agreement of the ESFA.

Mrs Flack joined the meeting.

The RHC Principal said the TU were aware of the plan and that they would remove the value of the LEP funding from the amount of the bid submitted, as improving the IT infrastructure had been included within the bid. He suggested that management should ensure that NSC's intervention lead with ESFA, Debbie Watson, be advised of the arrangement. Governors **agreed** this approach.

PM – imm.

Governors asked what the LEP's expectations in terms of return on investment. The interim Principal explained the LEP's aim was supporting existing learners and apprentices.

Governors **approved** the expenditure of £134,077 in match funding subject to ESFA's approval.

**PM/BD –
imm.**

Curriculum Planning/ Strategic plans

During the curriculum planning process there had been a focus on class sizes, local and regional needs and LEP priorities, plus a review of the fees policy to ensure the College was maximising income. Fees had been increased carefully to ensure the College remained competitive. Strategic summary documents were presented, showing the broad direction of travel required for the main student areas. The Study Programme was on track. Apprenticeships: there was still some way to go, especially with higher apprenticeships. Adult Skills needed to become more aligned with the LEP's priorities, particularly as the government's plan was to give the Adult Skills Budget to the LEPs to control. Apprenticeships had been a problem in recent years. Sharon Yates, RHC Head of Apprenticeships and partially seconded to NSC, had been very helpful in cleansing the data

Landex

See also 8.3 below. Following feedback from a governor regarding the Farm Business Plan, the interim Principal had followed up with Landex on the time it would take to convert to organic. Landex's opinion was 4-5 years. A governor disputed this and said the timescale was shorter. The Farm Manager and the APC would consider this option as part of their discussions regarding the Farm Business Plan.

**KR/RA -
ongoing**

The interim Principal reported that Landex had advised him that nine colleges had come out of dairy in the last 12-18 months. Governors noted that this was probably in colleges in areas where there were not many dairy farms, and that locally a number of farmers were investing heavily in dairy.

Terms and conditions review

All but four staff had signed the revised contract although 20 staff had declared a grievance under the College HR procedures. Three of the 4 staff who originally had not signed had subsequently taken voluntary redundancy and the fourth had now signed the new contract. The HR Manager and the interim Principal had met individually with the four staff

with personalised grievances, and one had subsequently appealed to the Corporation. The Chair advised that written grounds for appeal had been requested from the staff member, in line with College policy. A meeting with representatives of the remaining 16 staff with, in effect, a collective grievance had been arranged with Chris Dilworth, the APC and the HR Manager. A key focus for the union was to set up a working model that monitored the impact of the changes and also agreed the recognition, communication and staff welfare elements of the terms and conditions review.

Full time Applications 2017/18

(See also item 9 below). The deficit was at 73 compared to the previous year. There had a lot of marketing activity. There were currently around 17 applications a week being received.

Curriculum Planning

Much work had been done on curriculum planning and the APC and HR Manager had reviewed staffing requirements in line with curriculum needs.

Estates

There had been work ongoing on the domestic houses at Walford with a view to letting them to raise income. It was not planned to sell more of the properties as this would be the decision of the merged institution.

Business Development

Governors asked about progress in raising income through the initiatives outlined in the Business Development Manager's (BDM) presentation in June. The interim Principal said they needed to prioritise key targets such as developing Shipley, Wem and Aspire. There were residential lettings arranged over the summer which would bring in revenue. Governors asked how the BDM's input was assisting with recruitment in apprenticeships. The interim Principal said that it was key that the College could deliver any provision well. Where the team could take action and could progress provision, they were doing so. There was expected to be an increase in apprenticeships in the coming year. The interim Principal would arrange for the figures to be brought to a future meeting.

**KR –
2.10.17**

Governors **resolved to receive and accept** the Principal's Report.

6. Data dashboard - KPIs

There had been little change from the previous report. Retention was down to 91%. Some short courses were taking place that might raise it up to 92%. Ofsted had considered the figures to be positive.

Attendance was at 86%. Governors asked about Maths and English: this was 78% throughout the year although some recent registers indicated this attendance had declined at the end of the year. Some slight improvement in Functional Skills (FS) results were evident but not all Functional Skills results had been received yet as the final tests had only taken place on June 23. FS for apprenticeships needed further work. It was a key focus of the PIWG. Governors asked what measures would be

**SS –
2.10.17**

taken to improve matters in the following year. Not all results were yet in with further tests planned for July and August for Apprentices: an update would be brought to the next full Board meeting.

Apprenticeships

There was an improvement in the overall achievement data, but cleansing would drop the performance of timely success by removing learners that were not going to complete from the records. For the future, the Principal assured governors that the data was now clean, infrastructure was in place, and with effective management, 2017/18 should show improved outcomes.

The Board **resolved to receive and accept** the report.

7. Quality & Student Performance

7.1 Post Inspection Working Group action notes

The action notes from the meeting held on 27 June were noted. Governors asked how actions arising from the FEC Stocktake report and the Ofsted inspection were monitored. The APQSS explained that the PIWG had reviewed the structure of the Action Plans to avoid needless work to restructure the document as had happened previously. The Plans would be populated by September when the PIWG would meet again to review them. In response to a question, the Chair confirmed that the full Action Plans would be brought to Board from time to time.

**SS – 6
monthly**

7.2 QAA outcome

Governors noted the positive outcome and thanked the APQSS and Phil Ridley for all their work.

Governors **resolved to receive and accept** the report.

7.3 Landex Peer review

The APQSS explained the process. The outcome had been very positive. The previous year there had been a large action plan, which had subsequently been addressed with support from Landex. There had only been four recommendations after the latest review, two of which had already been met. Governors congratulated management on achieving such improvements.

Governors **resolved to receive and accept** the report.

7.4 Quality Strategy 2017/18 and Quality Policy & Procedures

The APQSS spoke to the paper. She explained the eight overall strategic objectives. Each objective was either well embedded already, or management were taking a collaborative approach to achieve this. The overall objective was to ensure good standards of teaching, learning and assessment. Governors asked about the issues with the consistent use of ProMonitor, and the measures being taken to address non-compliance. The APQSS said there was now a ProMonitor Lead (the ILT Lead), which had been absent for five years. Management had gone back to basics with

the system. Staff had been asked to carry out a self-assessment of their markbook and tailored training and development would be given according to the outcome.

The ILT Lead had visited RHC to look at their use of ProMonitor and had identified ways to improve NSC's arrangements. The interim Principal said that the new Programme Leaders had monitoring compliance as a key part of their job description. Management were investigating purchasing the ProMonitor report writer once there was certainty that it would deliver the reports needed to enable monitoring. The set-up and expectations for the use of ProMonitor had been included in staff CPD and the standards had been set out clearly. HR support would be used in cases of non-compliance. Governors asked if an expert from Compass would be brought in to have the system set up. This was a possibility however working with RHC had been very helpful.

Governors asked if there were timelines against which progress could be monitored. The APQSS confirmed these were included as part of the PIAP and were monitored by the PIWG. As part of the Quality Strategy there would be Quality Health Check Weeks, an initiative copied from RHC.

Governors **approved** the Quality Strategy and the Quality Policy & Procedures.

7.5 Office of the Independent Adjudicator annual statement

There was a nil return but needed to be reported to governors.

Governors **resolved to receive and accept** the report, and thanked the APQSS for the report and her hard work.

8. Applications

(See also item 5). The APC had RAG-rated the courses according to levels of applications. Governors noted that L2 courses tended to recruit after GCSE results came out, and into enrolment week. The College had been represented the previous weekend at the Marches' Festival of Education and also its Family Fun Day, which should stimulate applications. Governors also noted that the conversion rate had dropped the previous year and if that increased to its previous level, this would impact well on the enrolment numbers.

Governors queried why there were some apprenticeship numbers within the applications had been included. Management would investigate. Management confirmed that merging of courses was approached carefully. Governors noted that there could be strategic reasons to keep a course open.

**SS/KR -
Jul**

Governors asked for a report showing 16-18 learners, by course, over the five years previously, so that they could see trends. Governors discussed the causes for the decline in numbers. The drivers were demographics in the area, and competition. There were 150 16-18 learners in Marches' Sixth Form. Governors questioned the possibility of growing numbers and

**SS –
2.10.17**

asked what proportion of the market was NSC getting. The College needed to promote its strengths such as work placements abroad, staff expertise, to distinguish it from a school offer. The College needed to market itself aggressively. Young people liked to move to a college as it was a different experience from school. Governors agreed that marketing needed to target the parents as well as the learners.

PM – imm.

T-Levels were an opportunity though they would not be launched until 2020. The Department for Education anticipated 20% of students would be on T-Levels.

9. Finance

9.1 Management accounts to May 2017 & cash flow

The position had not changed, with a forecast outturn deficit of £1.7m. Nursery had picked up. Governors asked about the bank's position regarding the College. The interim Finance Director confirmed that they were anxious about the delay on the outcome of the bid to the TU.

9.2 Budget 2017/18 and Financial Plan

The budgeted outturn was a deficit of £2.1m, which was affected by the lagged £1m drop in funding for 16-18 provision. £450k of payroll savings had been identified in the curriculum planning process. The interim Finance Director said he was aware that governors had had a bad experience previously with budgets being set that proved to be unachievable. He reassured governors that the 2017/18 budget was solidly based on the curriculum planning process and the associated staffing costs. The assumptions around the farm and nursery were realistic.

Governors asked about the FEC target to keep the deficit at the same as the current year, and asked what the FEC view would be, and that of the bank, on an increase in deficit of £400k. The interim Finance Director said that the deficit was similar to the current year's and the bank would understand that position. At a recent case conference with ESFA and Beri Hare, the author of the FEC Stocktake report, he had advised them he was expecting to budget a £2m deficit. Governors asked if costs had been looked at hard enough. The interim Finance Director said the College was not large enough and did not have sufficient critical mass to bear any further cuts. Governors were aware that the College could not continue on its own and were pursuing merger as quickly as possible. They noted that to move from a deficit of £2m to a break-even point at the current cost base would require 400 more students, which was the reason for the large bid to the TU. The multi-site operation was expensive and the farm had been running at a loss. The TU had asked for a seven-year financial plan. Governors agreed that as a Board they had to approve a budget that was achievable was a stand-alone budget, in case merger with RHC failed. The ESFA were fully aware.

Governors asked if provision for interim management remained in the budget for the whole year. This had been debated at length, and had been

included for the full year.

Governors questioned the objectives, as they were not SMART, and requested financial KPIs. The interim Finance Director said that the target was achieving or improving on the budget outturn. Regarding KPIs, three were listed in the budget, but additional ones were within the reports that went to ESFA. These would be included in the monthly finance report.

**BD –
2.10.17**

Governors **resolved to approve** the budget, although they agreed to continue to challenge themselves in the medium term to improve financial performance.

9.3 COIF signatories

This would be deferred as the proposed signatories both needed to be present for it to be approved.

**CDT –
2.10.17**

10. Audit & Risk Committee

The Chair had taken a **Chair's Action** to co-opt Mrs Cox onto the Committee to allow the meeting the previous week to be quorate.

10.1 Minutes

The minutes of the meeting held on 27 June 2017 were noted. There had been three main areas of discussion. The Risk Register had been discussed, as had 2016/17 internal audit reports for four areas which meant that assurance from RSM could be gained and they could carry out their role to support the accounts sign off. Grant Thornton had also been present at the meeting and 'going concern' had been discussed. If the merger went ahead there would not be an issue of going concern as NSC would cease to exist.

If merger went ahead, NSC would need to have internal audit arrangements and external auditors for the five months, August to December.

10.2 Internal audit plan 2017/18

There would be an additional Audit Committee prior to the October Board meeting to consider the internal audit plan, as there would be clarity on the NSC-RHC merger situation. If the College was to merge on 1 January 2018, there would be a short internal audit plan. If that merger did not go ahead then a longer plan would be needed.

Governors **approved** this approach.

10.3 External audit fees

The proposed fees were £18,497 for the 2016/17 accounts and were recommended by the Audit & Risk Management Committee. Governors **resolved to approve** the fees.

10.4 Risk Register & monitoring report

Some items needed to be removed and some risks had been substantially re-worded following a previous meeting. Governors questioned S4 about

the 2016/17 outturn, and whether the wording should it be stronger. The interim Finance Director thought the figure would not deteriorate further before the end of the year. It was agreed that the Register needed to be updated for 2017/18, e.g. to include a risk about finances. Governors suggested adding another risk regarding the bank. The interim Finance Director said that the planned introduction of an Insolvency Regime for colleges was a risk, although it was hoped the merger would be completed well before then.

BD - Sept

Governors noted that the College was losing good staff and the merger needed to happen as soon as possible.

11. Residential & Safeguarding Lead Governor's report

The Lead Governor updated governors on the outcome of her investigation into the way a complaint about safeguarding had been handled. The investigation had been extensive, following up on all reports and allegations. There had been one key failing in communication where important statements had been taken by a member of the Safeguarding Team and sent to the Personal Tutor, but went missing in the internal post. This caused a delay addressing the incident being reported. Procedures would be tightened up around reporting incidents. On a positive note, once matters had been brought to light, they had been addressed swiftly and decisively. Staff used their professional judgement and dealt with incidents as they decided was appropriate at the time.

The parent who had made the appeal was unhappy with the investigation and had asked again to meet governors. Although there was no requirement under the Complaints Policy for governors to take any further action, it had been decided to convene a small panel of three governors to review the investigation paperwork. The complainant had been invited to submit a paper to the panel listing why he was unhappy with the outcome.

The Chair confirmed that the panel had met earlier that afternoon upheld the Lead Governor's findings, and thanked her for the thoroughness of her work in carrying out the investigation. The Governance Advisor would write to the parent. Governors asked if the student had an Education & Health Care Plan (EHCP) in place, and if he would be returning to NSC the following year. There had been a meeting with a member of the Local Authority about the EHCP, but ultimately, obtaining an EHCP was the responsibility of parents/guardians. The interim Principal said he was not sure that there was a suitable course for the student to attend for the coming year.

**CDT –
4.7.17**

Snapchat

There had been an incident where a Snapchat account had been set up under NSC's name. Staff had contacted the company and the account had been removed. The College was investigating a system that required all wi-fi users in College to register their device, in order that usage could be tracked, in the event of any wrongdoing.

12. Policies

The Financial Regulations were **approved**. The Quality Policy & Procedures had been **approved** under item 8.4.

13. Any Other Business

There were no items under Any Other Business.

14. Date of next meeting

A special meeting would be held on Tuesday 15 August 2017, at 5.30pm in the Board Room at Oswestry.

The next full meeting would be held on Monday 2 October 2017, at 5.30pm in the Board Room at Oswestry.

Governor challenge and impact	
4.3	Requested again further analysis of destination data. Impact: following up on previous request. Seeking to gain deeper understanding of the data.
5.	Questioned how far progressed were contingency plans. Impact: seeking understanding of the position, to ensure NSC is protected, should merger with RHC not be supported by the TU.
	Questioned how NSC could afford match funding of the LEP bid, and if it had the support of key stakeholders such as the bank, ESFA and TU. Impact: checking that management had full support for the expenditure of £134k, including from key parties involved in the College. Ensuring that management have addressed fully the cashflow implications of the expenditure.
	Questioned the LEP's expectations of the capital funding, and if these constrained the College in any way. Impact: ensuring the College was not agreeing to terms and conditions that it could not meet.
	Challenged information about conversion time to organic. Impact: checking understanding of the position, and ensuring that management are operating on the correct assumptions.
	Questioned progress in business development and raising revenue. Impact: focussing on improving revenue stream, using the College's assets. Verifying the return on investment in the Business Development Manager.
6. & 7.4	Questioned what actions were being taken to address non-compliance. Impact: ensuring that strong action is being taken on this issue, a key area for improvement as identified by Ofsted.
7.1 & 7.4	Asked how FEC Stocktake and Ofsted criticisms would be addressed and monitored. Impact: ensuring that management have a full action plan to address these, and that progress will be monitored.
8.	Questioned the inclusion of apprenticeship applicants in the application statistics. Impact: ensuring the data presented to governors was correct, and not over-inflated.
	Requested five-year data on learner numbers. Impact: seeking full understanding of the reasons for the drop in numbers.
9.1	Questioned the bank's position regarding the College. Impact: maintaining awareness of the risk to the College's position owing to its previous breach of covenants.
9.2	Questioned what key stakeholders' views on the worse-than-recommended deficit forecast in the 2017/18 budget. Impact: ensuring that all viewpoints have been taken into account and that key stakeholders are kept informed of the position.
	Questioned if costs could not be cut further. Impact: challenging management to justify the increased deficit position.
	Questioned whether interim management costs had been included for the whole year. Impact: ensuring that management have included all relevant costs for a whole-year budget

	as a standalone college, to protect the College should merger with RHC fail.
	Requested further financial KPIs in governors' reports. Impact: ensuring SMART objectives and measures to enable governors to monitor closely the financial position.

Chair **Date**