

CORPORATION AGENDA

Tuesday 26 March 2024, 5.30pm in Suite 3 of the Employer Hub

In attendance: Lee Lawson (*Independent Observer and Potential Governor Candidate*)
Suzanne Sunter (*Staff Observer*)

Governors are reminded of the College's commitment to equality, diversity and inclusion and the need to consider these issues, along with health and safety, in all Corporation business.

Standing Items

1. Welcome and Apologies for Absence

Elliott Taylor (*on holiday*)

2. Declarations of Conflict of Interests

Governors must declare any interest in any agenda items, where there could be a conflict of interest. For any such declaration, they may be requested to withdraw from the meeting for the discussion/decision on that specific item and will not be eligible to vote on the matter under discussion.

3. Draft Minutes of the Previous Meeting held on 27 February 2024 (*Paper LMC/C/59/23 refers*)
(*for approval*)

4. Matters Arising

- Mandatory Responsibilities: Health and Safety, Safeguarding and Equality, Diversity and Inclusion (*including SEND*)
- Corporation Action Checklist (*Paper LMC/C/60/23 refers*) (*for agreement*)

Strategic

5. Principal's Strategic Overview (*Paper LMC/C/61/23 refers*) (*for discussion*)

6. Termly Update on Progress Against Achievement of Strategic Objectives 2023/24 (*Paper LMC/C/62/23 refers*) (*for discussion*)

7. Termly Update on Progress Against Governance Improvement and Development Plan (*Paper LMC/C/63/23 refers*) (*for discussion*)

Performance

8. Report; Vice Principal Progress and Performance (*Paper LMC/C/64/23 refers*) (*for discussion*)

9. Termly Update on Progress Against the College Quality Improvement Plan (*Paper LMC/C/65/23 refers*) (*for discussion*)

10. Report; Vice Principal Finance and Resources (*Paper LMC/C/66/23 refers*) (*for discussion*)

11. Latest Management Accounts and Funding Key Performance Indicators (*Paper LMC/C/67/23 refers*) (*for discussion*)

Statutory Responsibilities

12. Draft Minutes of the Audit and Risk Assurance Committee Meeting held on 12 March 2024 (*Paper LMC/A/13/23 refers*)

- Internal Audit Report; Marketing Strategy (*Paper LMC/A/10/23 refers*) (*Chair of Committee's highlighted copy for noting*)
- Report on Risk Management, including Review of College Risk Register (*Paper LMC/A/11/23 refers*) (*for discussion*)

13. Termly Governance Report (*Paper LMC/C/68/23 refers*) (*for discussion*)

14. Review of College Policies

- Review of Personnel Policies (*Paper LMC/C/69/23 refers*) (*for decision*)
- Shortage Skills Allowance Policy (*Paper LMC/C/70/23 refers*) (*for decision*)

15. Any Other Business

Information

16. Dates of Next Meetings

Tuesday 30 April 2024, 5.30pm in Suite 3, Employer Hub (*Training Session*)

Tuesday 21 May 2024, 5.30pm in Suite 3, Employer Hub

17. Upcoming College Events

General Open Evening; Wednesday 01 May 2024 (*4.30pm – 7.30pm in the Hex*)

Class Representative Celebration; Thursday 16 May 2024 (*12pm – 2pm in the Bay Restaurant*)

Notice to Improve Assessment Boards; Friday 24 May 2024 (*9am – 4pm in Suite 2, Employer Hub. A session schedule will be sent out nearer the time*).

18. Open and Informal Discussion

19. Reflections on the Spring Term Against College Mission, Values and Strategic Objectives

NON-CONFIDENTIAL MINUTES OF THE CORPORATION MEETING HELD ON 26 MARCH 2024

Present:	Lindsay Price (<i>Interim Chair</i>))	
	Steve Wood (<i>Acting Vice-Chair</i>))	
	Agata Estkowska)	
	Hilary Fordham)	External Governors
	Yak Patel)	
	Jane Taylor)	
	Gary White)	
	Becky Davenport)	Academic Staff Governor
	Beverley Martindale)	Support Staff Governor
	Danny Braithwaite)	Principal

In attendance:	Lee Lawson	External Observer
	Suzanne Sunter	Staff Observer
	Peter France	Vice-Principal Finance and Resources
	Charlotte Rawes	Vice-Principal Progress and Performance
	Oona Cushen	Governance Adviser and Clerk

STANDING ITEMS

- C/23/308 The Chair welcomed all members to the meeting, as well as Lee Lawson, Assistant Training Manager for Lancaster Training Services (LTS), who was observing a meeting in consideration of an application to join the Board, and Suzanne Sunter, Principal's PA, who was taking shadow minutes as part of emergency cover planning. All members present introduced themselves.
- C/23/309 Apologies for absence were received from Sarah-Jane Fletcher, Jon Powell and Elliott Taylor. All papers will be taken as read to allow for maximum discussion time.

DECLARATIONS OF CONFLICT OF INTERESTS

- C/23/310 Conflicts of interests were declared for Yak Patel (partnership work with Lancaster and District Community and Voluntary Solutions (CVS), Gary White (private training provider) and Steve Wood (partnership work with University of Cumbria and Lancaster and Morecambe Chamber of Commerce Ambassador).

DRAFT MINUTES OF THE PREVIOUS MEETING HELD ON 27 FEBRUARY 2024

- C/23/311 The Chair referred members to paper LMC/C/59/23 and advised that two minor amendments had been advised, which have been updated on the final version.
- C/23/312 The minutes of the previous meeting, held on 27 February 2024, paper LMC/C/59/23, subject to the amendments, were agreed as a true and accurate record.**

MATTERS ARISING

Mandatory Responsibilities: Health and Safety, Safeguarding and Equality, Diversity and Inclusion

- C/23/313 This item provides Governors or senior leaders with the opportunity to raise any concerns that have arisen since the previous meeting, in regard to the Corporation's statutory responsibilities, which are not covered within the standard reports. The Vice Principal Progress and Performance advised that Trading Standards and the Police are working together to crack down on the sale of illegal vapes and there have been arrests in the local area.

Corporation Action Checklist

- C/23/314 The Governance Adviser referred members to paper LMC/C/60/23 and advised that there are three actions that remain in progress, and the Governance Adviser is working with other staff to bring them to completion.
- C/23/315 The Corporation discussed and agreed the Corporation Action Checklist; paper LMC/C/60/23.**

STRATEGIC

PRINCIPAL'S STRATEGIC OVERVIEW

- C/23/316 The Principal referred members to paper LMC/C/61/23 and advised that there is a confidential section of the report under Section 41 of the Freedom of Information Act. Paragraphs C/23/322 to C/23/324 are, therefore, minuted separately.
- C/23/317 The Principal advised that the consultation on the Advanced British Standard (ABS) has now closed, and colleges, via the Association of Colleges (AoC), have submitted a collective response in advance of the deadline. The questionnaire was extensive in terms of the depth of information being asked. Colleges are appreciative of being consulted, but time will tell whether responses inform next steps and developments. With an impending General Election, it is uncertain whether the Standard will progress, as it is not featured in discussions with other political parties. There is a summary of the concerns put forward by LMC, but there are many opportunities as well, so it is complicated to present all the information in a way that will influence decision makers. The information needs to be interpreted into an understandable format for parents and stakeholders to enable them to make informed choices. There is also a real opportunity to put the English and maths agenda at the forefront, and a summary of the points raised in the consultation are also contained within the report. It is clear that the current policy is failing, and something else that is more beneficial to both young people and employers is needed, to help better engage them in the subjects. By applying the subjects in a different way rather than just through an increase in hours. This is a good opportunity to highlight the issues being experienced, as well as seeking more social and personal development themes for young people within their programmes of learning. It should not be just about qualifications, as learners will be swamped by maths and English, as well as their technical course, so there needs to be much broader consideration. There needs to be good communication from the Government around timeline and implementation, and learners should be learned from the implementation of T Levels. Importantly, the sector needs to build on the good work already taking place with employers. LMC, alongside other colleges, is actively engaged in discussing what and how to do things. Central policy makers can make sweeping judgements on how engaged employers are without any detailed understanding, so it is essential that communications are very clear.
- C/23/318 Correspondence has been received from the Education and Skills Funding Agency (ESFA) requiring colleges to engage in advanced conversations around the apprenticeship accountability framework and provision. This will most likely be incorporated into the termly and/or annual conversations. The College's outturn from 2022/23 was 53% achievement, placing it in the 'requires improvement' criteria.
- C/23/319 There was a themed survey in advance of the conversations with the Education and Skills Funding Agency (ESFA), with the annual conversation set to take place on 02 May 2024. The senior team is in agreement that one emphasis of the conversation must be around capital funding to support general estate maintenance, as opposed to specific capital projects.

C/23/320 The Ofsted 'Big Listen' is open for responses, and the Principal had discussed some of his concerns with others. There is a lack of recognition in Ofsted's rhetoric around education providers, with focus being all about schools and no mention of colleges or other education providers. From the Association of Colleges' (AoC) perspective, it is of equal concern and it is recognised that the new Chief Inspector needs to understand how Further Education (FE) works. The Principal will engage in the survey from a College point of view, but will also respond in his role as an Ofsted inspector. Some of the concerns need to be raised from the position of a current Ofsted inspector, which will be different to the position of the College. It is good that Ofsted is undertaking this process, but time will tell whether it does inform future policy.

C/23/321 The Principal was pleased with the outcomes from a productive Strategic Planning Day, which has allowed the senior team to take away some valuable insights to inform the next iteration of the Plan. The senior has an 'away day' this week, and will use this to pull together a 'less is more' approach for the new Plan, alongside the consultative work on values and behaviours, and the development of new Key Performance Indicators (KPIs). The Strategic Planning Day was thoroughly enjoyable, equalled by its productivity, and Governors were thanked for their contributions to the development of the new Plan.

In response to Governors' scrutiny and challenge, the following points were highlighted:

C/23/325 In regard to the Advanced British Standard (ABS), the Government will be producing a White Paper later this year. Other than that, there is no defined timeline and will be dependent on the General Election. Labour has not provided much comment on the proposed Standard, but have mentioned the return of Centre of Vocational Excellence (CoVE). What the Government is doing is front and centre to other parties, as well as what Labour is considering going forward. Some of the ideas are pioneering in aspects, but any implementation of either policy is likely to take around a decade.

C/23/326 The communications from Ofsted are all about schools, with no mention of other education providers, including universities. It is hard to address issues when the focus is solely on schools. Some universities do experience a 'light touch' from Ofsted, which is a very different experience to some schools and colleges.

C/23/327 The Chair agreed that the Strategic Planning Day had been a positive and productive day, with good contributions from all who attended.

C/23/328 The Corporation received and discussed the Principal's Strategic Overview, paper LMC/C/61/23, and approved the Lancaster District Strategic Partnership Memorandum of Understanding.

TERMLY UPDATE ON PROGRESS AGAINST ACHIEVEMENT OF STRATEGIC OBJECTIVES 2023/24

C/23/329 The Principal referred members to paper LMC/C/62/23 and advised that the paper will be taken as read. There is a typing error in relation to the date for the target for the Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) position, which should read 31 January 2024.

In response to Governors' scrutiny and challenge, the following points were highlighted:

C/23/330 Those targets graded red are already part of the College Quality Improvement Plan (QIP). The work undertaken on Strategic Planning Day will lead to a rationalisation of the strategic drivers, as well as a slightly updated format for next year.

- C/23/331 Although numbers are increasing, staff workplace wellbeing has not improved. The survey questions come from the York College survey, which is used by a number of colleges and provide benchmarking data with comparative providers. The survey is undertaken at the end of each academic year, rather than any in-year data being gathered, so the data will only be updated after this year's staff survey in July. Recruitment and retention staff, in certain areas, remains a key challenge. There is potential for improvements in the next survey. There are many positives highlighted within the College Self-Assessment Report (SAR), as well as the Strategic Plan going forward. There are still some areas that the College needs to improve and is doing so, e.g. around communications, and the results from the next survey should reflect this.
- C/23/332 The Principal hosts regular staff forums on a half-termly basis, which provides staff with an option to discuss any topic with the Principal. The forums, obviously, do not provide scope for anonymity, but the annual staff survey is anonymous. It may be that more regular, light touch anonymous surveys are required going forward to allow the senior team to monitor the data on a more regular basis. The Academic Staff Governor advised that there are peaks and troughs throughout the year, but staff are busy all the time. It is also hard to reflect on a full year, as it is easy to forget some of the positives from earlier in the year. The Chair noted that there is a balance required in being able to ask the questions but also for the College to be in a position to take action in response. Data should be collected more than once a year, but not so frequently that the data becomes 'lost'. In the commercial sector, many firms undertake quarterly surveys, so a termly survey may be appropriate going forward. All of the surveys could incorporate some control questions to ensure trend analysis can be undertaken.
- C/23/333 The Corporation received and discussed the Termly Update on Progress Against Achievement of Strategic Objectives, paper LMC/C/62/23.**

TERMLY UPDATE ON PROGRESS AGAINST GOVERNANCE IMPROVEMENT AND DEVELOPMENT PLAN

- C/23/334 The Governance Adviser referred members to paper LMC/C/63/23 and advised that the majority of items continue to be works in progress,

In response to Governors' scrutiny and challenge, the following points were highlighted:

- C/23/335 Governors sought assurance that the plan was manageable, and were advised that the Governance Adviser will be working with others to complete and, although there is a lot of work to be undertaken, the majority of actions do need to be in place for the start of the 2024/25 academic year.
- C/23/336 The Corporation received and discussed the Termly Update on Progress Against Governance Improvement and Development Plan, paper LMC/C/63/23.**

PERFORMANCE

REPORT: VICE PRINCIPAL PROGRESS AND PERFORMANCE

- C/23/337 The Vice Principal Progress and Performance referred members to paper LMC/C/64/23 and advised that there is a confidential section of the report under Section 41 of the Freedom of Information Act. Paragraphs C/23/340 to C/23/343 are, therefore, minuted separately.
- C/23/338 The Vice Principal Progress and Performance advised that some key risks and successes are included within the Key Performance Indicators (KPIs). Some senior leaders and policy makers from the Institute for Apprenticeships and Technical Education (IfATE) visited the College, and the team put forward many suggestions for improvements, as well as setting out the challenges that the College faces with its apprenticeship provision.

C/23/339 The visitors were in 'listening mode' and took notes, but they struggled to believe that 66% of learners come in to LMC without their grade 4 in GCSE maths and English. This data provided them with an understanding as to why the College struggles to recruit onto apprenticeships, and the right apprenticeships. There were also some powerful stories from current and former apprentices, including from those who are now staff members. One case study example highlighted that a local gas engineer, despite being fully qualified, has failed the End Point Assessment (EPA) three times, as it is so detailed that it would not be expected within current practice. It was a full itinerary, with input not only from staff and students, but also employers and the University of Cumbria. The Institute for Apprenticeships and Technical Education (IfATE) team were very impressed with the College's work around green skills and sustainability, which is a key theme for them.

In response to Governors' scrutiny and challenge, the following points were highlighted:

C/23/344 Governors noted that applications for 2024/25 are expected to further increase on this year's recruitment, but this must be monitored in conjunction with other College services e.g. safeguarding and learners with Education, Health and Care Plans (EHCPs). The team must be cognisant of numbers for these services also increasing, and the implications for these services, as well as in terms of teaching staff generally and available space. The senior team will consider all aspects of College life when reviewing the predictions for next year. 16-18 recruitment is forecasted to increase by a further 100 learners on top of this year's increase, so there will be more than 1,300 16-18 learners next year. It is about understanding the wider complicated and what that means for, e.g. the safeguarding team's caseload, learning support etc. There will also be some complexities in the first term for accommodation, due to the ongoing building works. Further consideration also needs to be given to what that means for teaching staff, e.g. bigger group sizes. Governors should continue to monitor the wider implications of increased recruitment, as the College cannot keep the same infrastructure with another increase in learner numbers. The issue of capital funding for maintenance to improve the existing ones will be raised with the Education and Skills Funding Agency (ESFA). It will be about using space more effectively, but also to ensure that the right support infrastructure is in place to meet need.

C/23/345 Recruiting additional staff to deliver support will be challenging in different ways. There has been a good number of applications for a post within the safeguarding team, but the College has advertised twice for two instructor technicians in construction and still has no applicants. Recruitment varies dependent on the area and what are the local alternatives, but one option may be the further use of a Shortage Skills Allowance (SSA)

C/23/346 **The Corporation received and discussed the Report; Vice Principal Progress and Performance, paper LMC/C/64/23, and approved the 11-13 West Street Partnership Memorandum of Understanding.**

TERMLY UPDATE ON PROGRESS AGAINST THE COLLEGE QUALITY IMPROVEMENT PLAN

C/23/347 The Vice Principal Progress and Performance referred members to paper LMC/C/65/23 and advised that there has been an initial meeting with those on the Aspiring Leaders course, which is a development programme for teaching staff. 18 staff in total are participating on the programme, which is very positive. There will be a session on governance and Governors will be invited to the end of course presentations. Staff have been pleased with the investment the College is making in its staff.

C/23/348 Despite changing the aspirational target, attendance remains graded red at 86%. There is a lot of work being undertaken in the background, including individual sessions with Programme Area Managers (PAMs), the new Additional Learning Support Manager and the Head of Quality Improvement and Performance. This team will review each individual learner and how to put further improvements in place through a more targeted approach.

C/23/349 Apprenticeship retention remains under a high level of scrutiny, as there is more improvement work to be undertaken around this. There are 'deep dives' being undertaken and the outcomes will be triangulated with College IP, which is showing signs of improved engagement.

In response to Governors' scrutiny and challenge, the following points were highlighted:

C/23/350 In previous years, applicants have asked schools for their attendance, but have then withdrawn their application choosing to stay on at sixth form. As the College remains in competition with schools for 16-18 learners, attendance data is not shared. Schools will share data on Special Educational Needs and Disabilities (SEND) learners and safeguarding, but not attendance. The Vice Principal Progress and Performance is meeting with the Chief Executive Officer of the main academy trust to discuss the issue. It will also go to evidence the quality of students coming to College, but it is a very big ask to get schools to share that data. When schools are asked for data, they do not always have it, as some learners are placed on home study for months as soon as their attendance becomes low. Some learners may also feel better about attending College, rather than school, and show improved attendance. The Vice Principal Progress and Performance also clarified that schools monitor attendance differently, so some learners with 80% attendance may not achieve that at College. Schools only monitor attendance at each end of the day, whereas the College monitors attendance for every lesson. Some learners may have four or five lessons a day. The College has good relationships with school careers advisers and their Designated Safeguarding Leads (DSLs), who are all keen to ensure learners are in the right place for them. The College has previously attempted to gain attendance records and issues around why learners are not attending, but many of the schools stop monitoring when learners are not in school or placed on study leave.

C/23/351 It was also noted that the College does not refuse applications based on previous poor attendance at school, as it is also about giving learners a second chance. Having attendance some Assessment Boards, one Governor noted that there will be some learners that may never achieve 86% attendance for various reasons, e.g. some go on holiday in term time, others suffer with severe mental health issues. All curriculum areas are looking at valid and achievable attendance targets, and Governors should monitor how many learners are then achieving their personalised target, which is a better measure. The Support Staff Governor advised that attendance needs to be contextualised as well as adding in personalised targets for young people. The College adopts a trauma based approach, and there is a lot of work to get learners to a good place to move forward. It is not about rejecting them for poor attendance. Ofsted will be keen to look at the impact of this differentiation as evidence that the College understands its learners and their needs. A Governor confirmed that it was evident in the Assessment Boards that tutors know their students, set individualised attendance targets and work together with support services for the benefit of learners. Governors should be familiar with headline attendance figures, but also how many learners are achieving their personal targets. There are case studies to evidence this approach, which is all about progress and that is the narrative to present. Attendance, however, is just one indicator and the College needs to gather as much information at the start of the year, e.g. on home background, to ensure support is in place as early as possible. Some of this is not blatant at school and the reality is that the College must 'pick up the pieces', as well as deliver curriculum. It is about developing good relationships with young people to help them feel confident, rather than challenging or judging them.

C/23/352 In regard to next year's Quality Improvement Plan (QIP), the Chair advised that the criteria for success should be reviewed as, on reflection, some of the criteria cannot be achieved, or are difficult to interpret how they link to the area to be improved. Some have Specific, Measurable, Achievable, Relevant and Timely (SMART) targets, e.g. improve maths high grade achievement from 8% to 10%.

C/23/353 Others, however, are quite vague, e.g. improve achievement rates for Education, Health and Care Plan (EHCP) holders or continue to improve the College estates. A level or value of investment could be included. The Vice Principal Progress and Performance advised that it is a working document, so these can be updated in-year. There also needs to a similar target for individualised attendance, and the Principal confirmed the team is starting to develop a refined set of Key Performance Indicators (KPIs), so reporting can be more sophisticated in the narrative, but this is difficult to do at headline level.

C/23/354 The Corporation received and discussed the Termly Update on Progress Against the College Quality Improvement Plan, paper LMC/C/65/23.

ACTION: *Vice Principal Progress and Performance to review the success criteria for each item to ensure they include Specific, Measurable, Achievable, Relevant and Timely (SMART) targets.*

Prior to the next item, Lee Lawson declared a Conflict of Interest as his employer is a subcontractor of the College.

REPORT: VICE PRINCIPAL FINANCE AND RESOURCES

C/23/355 The Vice Principal Finance and Resources referred members to paper LMC/C/66/23 and advised that there has been some good news in regard to funding. The 16-18 allocation has been increased substantially, following the increase in student recruitment this year and this is summarised in the table. The overall increase is £1.35m, which is huge for LMC and welcome news. Some of that increase does relate student financial support, which will be paid out to students that qualify. £1.22m is revenue funding, which will be recognised within the income and expenditure account. This is reward for the increase in numbers this year and will help to pay for additional resources for learners. Within that, the funding allocation has changed from previous years, in that is used to be plan-led, so it would be paid irrespective of the numbers of learners recruited. The change now is that the T Level funding element is reconciled in-year, so if the College did under-recruit, the funding allocation would be reduced accordingly. Based on the funding guidance, it is the Vice Principal Finance and Resources' understanding that the reduction will be the differential between the T Level funding rate and the Band 5 funding rate. The College would not, therefore, lose all of that funding as learners would move from the T Level allocation to the 16-18 funding allocation. In essence, for every T Level learner that the College under recruits, funding will reduce by circa £2,000. Even taking account of the funding shift and the 10% tolerance level, funding could reduce by around £90k, which would still mean the College would receive a substantial increase in its funding next year. There will be a new allocation compared to this year, which includes two extra increases, a rate increase and in-year growth funding, which will be in addition to the increases that the College has already received. In addition, the College has received specialist equipment funding of £729k for the new T Levels being introduced in 2024/24, Animal Care and Engineering. This funding was paid to the College in March 2024, and must be spent by the end of December 2024. The College has received notification that it has achieved the new subcontracting standards, which, in practice, means subcontracting can continue until July 2026, when the College will to reapply.

In response to Governors' scrutiny and challenge, the following points were highlighted:

C/23/356 T Level funding can be clawed back in -year, and the funding allocation re-issued. This has been done this year, but with an increase. Any in-year reduction would offset a gain in in-year growth funding.

- C/23/357 There have been no fundamental changes to the current capital works. Three quotes were received for the brickwork canopy and the contract was awarded to the lowest tender, Briscoe Construction. The College has worked with them to reduce overall costs and the project should come in circa £275k. Cost savings have been achieved by reducing the area to be concreted. In terms of other projects, the deadline for the T Level tender has been extended by two weeks to the first week in April 2024, at the request of one contractor. The deadline has been extended to all contractors.
- C/23/358 As a general rule, there is some contingency built into all tender costs, and the additional 10% contingency for each project previously approved by the Board is just an estimate, but it is a sensible starting point. The Board has previously requested that papers are not tabled on the day, as not all Governors will be able to read beforehand or to fully consider any issues raised without appropriate time to consider the report. Oral updates, where relevant, are provided within meetings.
- C/23/359 It was questioned whether there was potential to recruit any extra staff required, e.g. for the extra hours in English and maths, given that staff costs are currently under budget. The Vice Principal Finance and Resources advised that the pay award approved for January 2024 was on the premise that there would be additional funding from the in-year growth. The pay award approved was for 6.5%, but the budget only made provision for a 2% award, so the College is already committed to those additional costs. The increased pay award will not use up all of the additional funding. The team is currently finalising the curriculum planning process for next year. This process reviews every course running next year and their potential numbers, alongside a required contribution of 50% of each course. With an increase in numbers, there is naturally an increase in teaching hours that converts to more staff. The Vice Principal Finance and Resources is working through the budget, as well as planning all other additional staff increases and requests for new posts etc., where necessary. The draft budget will be reviewed by the senior team after Easter. This will be an iterative process to balance all the different demands in order to generate a better bottom line that in previous years. From a cash basis, the College is breaking even but is not yet back to the position of generating sufficient cash to build up reserves to fund future investments in the estate and infrastructure, e.g. IT.
- C/23/360 With the reclassification of the sector by the Office for National Statistics (ONS), there was a rumour that the Government may look to recoup surplus cash holdings. It is not yet an issue, but the College has a full strategy for refurbishment. The Association of Colleges (AoC) anticipates that, if this does come to fruition, it is likely to be within the next two to three years. There are an increasing number of colleges with cash reserves, but LMC is more unique in that it has no borrowing. Most colleges do have some level of borrowing, but most colleges also hold at least cash days in reserve.
- C/23/361 The Corporation received and discussed the Report; Vice Principal Finance and Resources, paper LMC/C/66/23.**

LATEST MANAGEMENT ACCOUNTS AND FUNDING KEY PERFORMANCE INDICATORS

- C/23/362 The Vice Principal Finance and Resources referred members to paper LMC/C/67/23 and advised that these are the accounts up to the end of January 2024. The deficit has reduced to £91k, which is £214k better than the budgeted deficit of £305k. The main reason for this is that the additional in-year growth funding received in relation to the 16-18 allocation has been recognised in this month's accounts. Up until January 2024, this was not recognised within the accounts as official confirmation had not been received. Once confirmed, the additional funding has been built into the accounts and is recognised pro-rata to date. This is in addition to the additional £440k previously received for the rate increase. The overall increase for the year, therefore, is £894k. Other income lines remain on trend, as previously reported. The College is under budget on apprenticeship income, advanced learner loans and HE income, so the additional 16-18 income will be helpful to balance out those adverse variances.

In response to Governors' scrutiny and challenge, the following points were highlighted:

- C/23/363 Governors requested that the percentage and variances for the key changes in expenditure, similar to those for the income variances, are included in future accounts, as well as for capital and funding.
- C/23/364 The full end of year outturn has not yet been fully worked through, but the revised forecast is predicting that the College should achieve good financial health, as opposed to outstanding financial health. What is not yet emerging through the accounts is the full account of the 6% pay award, as this was only effective from January 2024. It will, however, have an impact on staff costs as the year progresses. The Principal noted that it is about balancing growth appetite, as there will be aspects of the curriculum identified during the review, e.g. new subjects, alongside the local skills analysis, which will require some pump priming investment to get started. This must be a balanced investment, and a return on the investment in the future.
- C/23/365 The Chair reminded members that there had been previous discussions about how an outstanding financial health grade would be viewed from a staff perspective, despite there being considerable investment required on the estate. An outstanding financial health grade may not sit well as there is a number of quality issues to address. It is a balance on the grade calculation; the College receives maximum points for having no borrowing, as well as for the current ratio, which is a measure of liquidity. The College is borderline on its Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) score, which is a similar measure to cash generation. The College must generate an Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) score of above 1%, as anything below that will automatically be graded as 'Requires Improvement'. A higher percentage would be better, as the College is only generating a small amount of cash, so is not maintaining or building its reserves for future investment. It would be preferable for the Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) score to be nearer 3% to 4%, to develop additional funds to address the maintenance issues around the College, e.g. leaking roofs and windows. The College may, however, still achieve outstanding financial health, and there may then be a perception issue with staff as it is a difficult message to communicate in the current climate. There are good interest rates on the bank accounts, which should also contribute to income.
- C/23/366 For new Governors, the Vice Principal Finance and Resources explained that the objective to illustrate zero borrowing is one of the criteria in the financial health calculation. If there is no borrowing, a college will receive the full score of zero. There is then a sliding points scale for the level of borrowing, as colleges could previously borrow up to 40% of income before there was any negative impact. Under the Office for National Statistics (ONS) reclassification, colleges are not permitted to borrow without prior approval from the Department for Education (DfE).
- C/23/367 The Corporation received and discussed the Latest Management Accounts and Funding Key Performance Indicators, paper LMC/C/67/23.**
- ACTION: Vice Principal Finance and Resources to include percentage and key variances for expenditure lines in future Management Accounts.*

STATUTORY RESPONSIBILITIES

DRAFT MINUTES OF THE AUDIT AND RISK ASSURANCE COMMITTEE MEETING HELD ON 12 MARCH 2024

- C/23/368 The Chair of the Committee, Steve Wood, reported on the meeting held on 12 March 2024, fully detailed and explained in the draft minutes, paper LMC/A/13/23. The internal audit reports are not usually brought to the Board, but the Chair of the Committee wished to highlight the considerable numbers of positives within the report.

C/23/369 The Internal Auditor had noted that, compared to other colleges, this was a very strong report. All involved in the audit should receive due thanks and credit; there has been a great deal of work done and All involved due credit and thanks – great deal of work done and it is remarkable that there is no real criticism within the minutiae of the report. As well as the significant risks, the Committee had also reviewed the contingency risks within the main risk register. The Vice Principal Finance and Resources had presented each risk in detail and assured Committee members that all was in order as far as those risks were concerned. The Committee had requested changes to the capital projects risk register in regard to health and safety and potential financial overspend. The Additional Learning Support and 14-16 audits were still to be completed.

In response to Governors' scrutiny and challenge, the following points were highlighted:

C/23/370 The minutes evidence a good meeting, and there is one paragraph (A/23/080) to be updated, following feedback.

C/23/371 The Chair suggested that a new risk around the risks and opportunity presented by the use of Artificial Intelligence (AI) is added to the register. The key risk would be around assessments, plagiarism etc., but the College strategy should incorporate both risk and opportunities. It is, however, important that the College has a defined stance on the use of Artificial Intelligence (AI) to be able to harness the power of Artificial Intelligence (AI) and to know where the key risks are in relation to its use. The Vice Principal Progress and Performance advised that the College does have a software package, Turnitin, to support tutors to manage plagiarism. It is important that staff do have a good grasp of that, as Artificial Intelligence (AI) can be detrimental if not used properly. The Principal advised that the College will also take guidance from the Awarding Bodies (AOs) as well in regard to assessments and it is good to have some degree of a framework that staff can operate within around Artificial Intelligence (AI) and its use. It is a key topic for discussion in College, and planning is ongoing as to how the use of Artificial Intelligence (AI) can help staff with workload etc. This will promoted in a positive stance on the Staff Wellbeing Day. As yet, it is not completely certain that students are fully aware of what they can and cannot do, but the Awarding Bodies (AOs) are very explicit in their guidance. For example, there is a clear guidance framework for T Levels and projects etc., from an assessment perspective, which has been shared with students. End Point Assessments (EPAs) for apprenticeships will also need to be considered. Staff must be aware of the way Artificial Intelligence (AI) can be used in portfolios and essays, as well as the more traditional assessments. There must be a consistent approach across the College, so all learners know what they can do, particularly if they do not understand plagiarism.

C/23/372 The Corporation received and accepted the Audit and Risk Assurance Committee minutes and papers.

ACTION: *Vice Principal Finance and Resources to add a new risk to the main College Risk Register, focusing on the risks of Artificial Intelligence (AI).*

TERMLY GOVERNANCE REPORT

C/23/373 The Governance Adviser referred members to paper LMC/C/68/23 and advised that this is the termly summary of business, setting out the decisions and monitoring completed by Governors. Governor attendance remains positive and at a high level.

C/23/374 The Corporation received and discussed the Termly Governance Report, paper LMC/C/68/23.

REVIEW OF COLLEGE POLICIES

Review of Personnel Policies

C/23/375 The Vice Principal Finance and Resources referred members to paper LMC/C/69/23 and advised that a whole raft of policies have been reviewed and updated. Where the changes are related to updated legislation, the Director of HR Strategy and Support has summarised the changes within the report, rather than submit the full policies. All policies are available in full on request from the Governance Adviser.

In response to Governors' scrutiny and challenge, the following points were highlighted:

C/23/376 The changes to the Flexible Working Policy are legislative changes, but the team do not anticipate that the changes will cause any operational or personnel challenges. Staff no longer have to complete their probationary period prior to submitting any request, but there must be a strong business case for any proposal. The change in legislation is that staff no longer have to show how their request would not impact the business. The Vice Principal Progress and Performance clarified that any request must still for the College as a business, and from an employer perspective could still refuse a request depending on the impact on business.

C/23/377 Although employees have been given the right to request flexible working from day one, there must be a strong business case to provide that flexibility, e.g. reduced days or working from home etc. For LMC, most staff work on site, so a request for flexible working is not expected to be the norm. There are pockets of staff that may work occasionally work from home, but most staff have to work face-to-face. The Vice Principal Finance and Resources advised that, where requested, the College will accommodate whenever possible.

C/23/378 The Corporation discussed and approved the Review of Personnel Policies, paper LMC/C/69/23.

Shortage Skills Allowance Policy

C/23/379 The Vice Principal Finance and Resources referred members to paper LMC/C/70/23 and advised that the policy was reviewed by the Director of HR Strategy and Support, with all amendments from Governors incorporated. All of the amendments are highlighted in red within the document.

In response to Governors' scrutiny and challenge, the following points were highlighted:

C/23/380 Governors queried whether the policy was initiated by the College or whether it was something that staff had asked for, as it could have a negative, as well as positive, impact. There has been some transparency around Shortage Skills Allowances (SSA), and the senior team did discuss the benefits and disadvantages of having a specific policy. As some staff are in receipt of a Shortage Skills Allowance (SSA) and some are not, it was felt that it was important to have full transparency with all staff. The policy aims to help staff understand the rationale and logic as to why some posts receive a Shortage Skills Allowance (SSA), but the team is aware that it could have a negative impact on those staff that are currently unaware of the allowance. The majority of posts in receipt of Shortage Skills Allowance (SSA) are roles that have been advertised but not recruited to, or where the pay element has had to be increased within the last 12 months, so staff may have seen adverts including a Shortage Skills Allowance (SSA). A Shortage Skills Allowance (SSA) will be applied to all tutors teaching in the area where a Shortage Skills Allowance (SSA) has had to be used to recruit new staff.

C/23/381 Governors agreed that it was a much more robust policy this time, and the rationale for no formal appeal process was noted. The Principal thanked Governors for the previous discussion, which had proved extremely helpful for the team. The rates have been added as an appendix, which can be amended by the senior team in-year.

C/23/382 **The Corporation discussed and approved the Shortage Skills Allowance Policy, paper LMC/C/70/23.**

ANY OTHER BUSINESS

C/23/383 There were no other items of business.

INFORMATION

DATES OF NEXT MEETINGS

C/23/384 Tuesday 30 April 2024 at 5.30pm (*Training Session*) - Lindsay Price gave apologies for the training session.
Tuesday 21 May 2024 at 5.30pm

UPCOMING COLLEGE EVENTS

C/23/385 The Chair reminded Governors of upcoming events and urged members to attend any for which they were available.

OPEN AND INFORMAL DISCUSSION (including Reflections on the Spring Term against College Mission, Values and Strategic Objectives)

C/23/386 The Chair advised that this is an open forum for Governors to raise any issues for discussion, items for future agendas or where Governors would like additional information or expansion on any topic. Governors should also reflect on the decisions and business completed in the Spring term.

C/23/387 Discussion on a 14-16 strategy was not discussed in depth on the Strategic Planning Day, as the senior team wished to consider the full range of options and potential direction of travel first. There needs to be some thinking to help inform the immediate resource required, as well as a longer term strategy that will be presented to the Board in the future. The Vice Principal Progress and Performance is in discussion with their counterpart at Hugh Baird College, which did have a studio school. Hugh Baird College has since closed this provision, due to learner behaviours and the challenges arising for some of the core team and the time required to deal with this provision. There is also a studio school in Accrington, but recruitment has slowed down due to behaviour issues etc. A studio school was popular in its time, and may be the solution if there is an issue with schools, or they may go to academisation. The 'bad news' stories are the ones that generally make it into the national press, but there will be some success stories. The Queen Elizabeth School (QES) in Kirkby Lonsdale runs a successful studio school, but is focused in a rural area and targets an array of opportunities. It is very clear in its focus and is successful. Taking on such provision is not to be ventured into lightly, or not to the extent of a studio school. If a college does take on a studio school, it can be challenging to extract from as it would form part of the secondary school infrastructure. The senior team will be mindful of all aspects in their initial discussions.

C/23/388 The local Pupil Referral Unit is full, the number of home-educated learners is increasing as many students are struggling in school. The College currently has 100 learners, and there is already nearly 50 from Year 10 and 50 from Year 11 identified for next year.

- C/23/389 There has been no response from Lancashire County Council in regard to a presentation to Governors on devolution.
- C/23/390 The College will be inviting local election candidates into College for discussions with learners at the relevant time and under due process. One of the key themes from the Civic Impact Accelerator mobilisation group is around raising the awareness of democracy with young people. The College is working in partnership with other providers, e.g. universities, to identify ways to get young people more engaged with democracy.
- C/23/391 The Chair will attend the annual conversation with the Education and Skills Funding Agency (ESFA), but will complete the interim term no later than 31 July 2024. A current member is considering taking on the Chair's role on a permanent basis, and a further update will be available at the next meeting. Governors will also have a proposal to appoint an External Board Reviewer at the meeting in May 2024.
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The Corporation agrees that these non-confidential minutes are an accurate record of the meeting.

APPROVED BY FULL BOARD ON: 21 May 2024