

CORPORATION AGENDA

Tuesday 27 February 2024, 5.30pm in Suite 3 of the Employer Hub

In attendance: 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

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 23 January 2024 (Paper LMC/C/49/23 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/50/23 refers) (*for agreement*)

Strategic

5. Principal's Strategic Overview (Paper LMC/C/51/23 refers) (*for discussion*)

Performance

6. Report; Vice Principal Progress and Performance (Paper LMC/C/52/23 refers) (*for discussion*)

7. Report; Vice Principal Finance and Resources (Paper LMC/C/53/23 refers) (*for discussion*)

8. Latest Management Accounts and Funding Key Performance Indicators (Paper LMC/C/54/23 refers) (*for discussion*)

9. Options for the Implementation of the National Living Wage Increase (Paper LMC/C/55/23 refers) (*for decision*)

Statutory Responsibilities

10. Draft Minutes of the Search Committee Meeting held on 20 February 2024 (Paper LMC/S/14/23 refers) (*paper to follow*)

- Application for the role of Academic Staff Governor (Paper LMC/S/12/23 refers) (*for decision*)
- Application for the role of Academic Staff Governor (Paper LMC/S/13/23 refers) (*for decision*)

11. Governance Improvement and Development Plan (Paper LMC/C/56/23 refers) (*for discussion*)

12. Review of College Strategy and Policies:

- Quality Strategy 2021-26 (Paper LMC/C/57/23 refers) (*for decision*)
- Shortage Skills Allowance (Paper LMC/C/58/23 refers) (*for decision*)

13. Any Other Business

Information

14. Dates of Next Meetings

Saturday 09 March 2024, 9am in Employer Hub (*Strategic Planning Day*)

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

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

15. Upcoming College Events

Assessment Boards

Friday 15 March 2023, between 10.30am – 4pm

Apprenticeship and Adult Skills

Assessment Boards

Wednesday 20 March 2024, between 9am – 1pm

Student Conference

Wednesday 20 March 2024, 9am – 1pm

General FE Open Evening

Wednesday 20 March 2024, between 4.30pm – 7pm

Assessment Boards

Friday 22 March 2024, between 9am – 4pm

16. Open and Informal Discussion

NON-CONFIDENTIAL MINUTES OF THE CORPORATION MEETING HELD ON 27 FEBRUARY 2024

Present:	Lindsay Price (<i>Acting Chair</i>))	
	Steve Wood (<i>Acting Vice-Chair</i>))	
	Agata Estkowska)	
	Sarah-Jane Fletcher)	External Governors
	Hilary Fordham)	
	Yak Patel)	
	Jonathan Powell)	
	Jane Taylor)	
	Elliott Taylor)	Student Governor
	Beverley Martindale)	Support Staff Governor
	Danny Braithwaite)	Principal

In attendance:	Peter France	Vice-Principal Finance and Resources
	Charlotte Rawes	Vice-Principal Progress and Performance
	Oona Cushen	Governance Adviser and Clerk

STANDING ITEMS

WELCOME AND APOLOGIES FOR ABSENCE

C/23/231 The Chair welcomed all members to the meeting and advised members that Alfie Garner has resigned from his position as Student Governor. Recruitment is now underway to recruit a replacement. Members took the opportunity to send their best wishes to Mr Garner and to thank him for his effective contributions to meetings. Apologies were received from Gary White and Suzanne Sunter, who will now observe the March meeting instead. Jon Powell will join following the conclusion of the Chamber of Commerce Board meeting. All papers will be taken as read to allow for maximum discussion time.

DECLARATIONS OF CONFLICT OF INTERESTS

C/23/232 Conflicts of interests were declared for Sarah-Jane Fletcher (employer is an Awarding Body used by the College), Yak Patel (partnership work with Lancaster and District Community and Voluntary Solutions (CVS)), Jonathan Powell (partnership work with Lancaster University and Director of Lancaster and Morecambe Chamber of Commerce) and Steve Wood (partnership work with University of Cumbria and Lancaster and Morecambe Chamber of Commerce Ambassador). There are no other known conflicts of interest.

DRAFT MINUTES OF THE PREVIOUS MEETING HELD ON 23 JANUARY 2024

C/23/233 The Chair referred members to paper LMC/C/49/23 and advised that three amendments had been advised; one re-wording and two typing amendments, which have been updated on the final version.

C/23/234 **The minutes of the previous meeting, held on 23 January 2024, paper LMC/C/49/23, 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/23/235 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 members that the update on the issue of illegal vapes and edible cannabis sweets given at the previous meeting was timely, as there was a news story on local television news the following morning. This is a county-wide issue, and there has been a massive response in terms of raising the profile. LMC has sent out, and continues to send out, information to parents and staff. Key College staff have been able to be trained in the use and misuse of substances, and this training has also been provided to other College staff and other institutions' Designated Safeguarding Leads (DSL). The training has also been offered across all local schools, and Lancashire Police have also requested some training sessions. The College has used the skillsets of internal staff to provide a level of support for staff, and key staff. Although all of this has raised the profile in educating learners and staff, it remains a significant issue in the locality.

Corporation Action Checklist

C/23/236 The Governance Adviser referred members to paper LMC/C/50/23 and advised that there are several items in progress and further updates will be provided at the next meeting.

C/23/237 The Corporation discussed and agreed the Corporation Action Checklist; paper LMC/C/50/23.

STRATEGIC

PRINCIPAL'S STRATEGIC OVERVIEW

C/23/238 The Principal referred members to paper LMC/C/51/23 and advised that there has been an announced increase to funding rates of nearly 2%, which is positive. There has also been an additional uplift to maths and English funding, albeit with additional conditions of funding attached relating to the delivery of maths and English. The sector has previously worked hard to develop relationships with the Department for Education (DfE) and the Secretary of State (SoS) to help shape policy agenda around colleges, and to gain a level of trust and a degree of autonomy on what and how to deliver. The new funding conditions erode this and have not been well received within the sector. The new rules add in three key factors to create issues for colleges, including a dictation of how many hours must be delivered, with an additional three for English and four for maths. When these are factored into a study programme, delivery can be maths and English-heavy, detracting from the vocational perspective and making meaningful learner engagement difficult. From a recruitment and resource perspective, maths and English teachers are not readily available in the sector, and the pay differential between schools and colleges makes challenging conditions to be able to recruit extra staff to deliver the additional hours. LMC has been fortunate to recruit extra tutors, with one additional full-time staff member for maths and one for English, based on numbers this year. If numbers continue to increase, further staff will need to be recruited. This condition of funding is only for students within Further Education (FE), and the wave of discontent and huge pushback from the sector has taken the Department for Education (DfE) by surprise.

- C/23/239 There is national dialogue between unions and stakeholders in regard to a national pay award for next year. Unions have been quite forthright and are demanding a pay award of at least equivalent to this year, e.g. 6.5%. The Association of Colleges (AoC) is lobbying for the College sector, and has made it clear that this is not affordable for the sector, even though some colleges will benefit from the small base rate increase and the additional maths and English funding. Other colleges will not be in the same position and may not qualify for some or all of the additional funding, so an increase in pay is unlikely to happen. The Association of Colleges (AoC) strategy is to maintain pressure on the Government to increase the funding base rate, which would allow colleges to make meaningful pay awards going forward. Governors will be kept informed on any developments, to assist with future financial planning.
- C/23/240 The public consultation on Lancashire devolution closed at the end of January 2024. There were three main elements within the College's response; the dissemination of the Adult Education Budget (AEB) into the devolved state and the importance of a transparent and fair approach to commissioning; the importance of infrastructure transport etc., with the re-allocation of High Speed 2 (HS2) funds and how this fits across the North West to ensure disadvantaged people can get to colleges and access training; and the importance of listening to the voice of businesses, via the Chambers of Commerce to ensure inward investment is also secured. Further information will be provided on Strategic Planning Day through guest speaker Simon Lawrence from Lancashire County Council.
- C/23/241 There are many good learning opportunities in regard to an Ofsted inspection, through collaboration with local colleges, e.g. the Lakes College and Myerscough College, that have recently been inspected. Staff learnt a lot from a pragmatic perspective and this has been used to inform planning activity. There are some priorities going forward and the team will rationalise some thinking to focus on key aspects, including the development of middle leaders to support their confidence around their role during an inspection. Finally, there are various events planned as part of the bicentenary anniversary, including a refurbished plaque and wall displays as part of the historic celebrations.

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

- C/23/242 There is no flexibility for more innovative delivery in regard to the additional hours for maths and English. The new funding condition is very prescriptive in how they are meant to be delivered, and this is face-to-face delivery only. Planning is being worked through with curriculum areas. All learners that have achieved grade three in either or both GCSE maths and English should re-sit the GCSE exam. There is a tolerance level that allows colleges to move up to 5% of those learners to Functional Skills as an alternative, where this would be the most appropriate course and is reviewed on a case-by-case basis. The Department for Education (DfE) will reduce the tolerance level from 5% to zero over a period of time. Most colleges, including LMC, currently use all of this 5% tolerance level. Examples of when this may be used is when learners are in College but will absolutely not attend maths and/or English classes. If the tolerance level is exceeded, then the Department for Education (DfE) may reduce the funding by that learner count, and that is a reduction in the whole funding for that learner, not just the maths and English funding. When the tolerance threshold level reduces, there is potential for a significant financial impact.
- C/23/243 The College receives no additional funding for the GCSE maths and English re-sits. There is a small amount for the number of disadvantaged learners, but no specific funding for the re-sit requirement. This will change next year. If there is re-sit funding next year to cover delivery, the College should receive a substantial amount given that 70% of learners come in to College without either or both GCSE maths and English at grade four. Last year and this year, the College has received some tuition funding, circa £170k, which will end this year. The new funding will offset this and may also be a small increase.

- C/23/244 In regard to Ofsted, the information provided by other colleges did not contain anything that staff did not already know, is currently in progress or is in the leadership's line of sight. Some things do need to be accelerated and some things are mission critical, but these were useful meetings for staff to get a different 'feel' of things from external sources. There has been an internal meeting today to look at the two different outcomes and to take learning from both experiences. Myerscough College is already moving forward on employer engagement and it is on a different journey, so it is important that there is no 'knee-jerk' reaction as their staff are on a different journey.
- C/23/245 Governors noted the ongoing collaboration with Lancashire and Cumbrian colleges, and it was notified that there are also 'green shoots' from curriculum based discussions, which is a good development. Information is also being articulated in a manner that is not overwhelming for staff, but to ensure that they are fully prepared for an inspection. Kendal College was graded as 'Requires Improvement', and the report is available to download from the Ofsted website. The report on Macclesfield College has also been published this week. This college is a similar size to LMC, and was graded as 'Requires Improvement'. The Vice Principal Progress and Performance advised that all published Ofsted reports are reviewed, particularly looking at what Ofsted has listed as a required improvement and to ensure that LMC is doing that, but this has to be balanced and in context. Staff can be confident as there are many good aspects to capture and some things can be presented in a better way. The key is to identify and articulate the areas for improvement.

Jonathan Powell joined the meeting.

- C/23/246 During an inspection, there is a way to present information in a positive light and to address issues upfront. There is an element of how the inspection is managed, but there should be a clear approach, which is consistently modelled.
- C/23/247 Governance forms part of the leadership and management grade, but will not feature in any detail within the final Ofsted report. Governors were encouraged to look at some of the recently published Ofsted reports for colleges of a similar size to LMC to get a 'flavour' for the style and context of short reports. The Principal is working with the Governance Adviser to look at short online sessions for Governors, looking at the inspection framework and governance expectations. Governors will be expected to be able to articulate the College's strengths and weaknesses, as well as some specific examples around the impact of governance. It will be important that the whole College approach is reasonable and consistent.

C/23/248 The Corporation received and discussed the Principal's Strategic Overview, paper LMC/C/51/23.

ACTION: *Governance Adviser to share the hyperlinks for the recently published Ofsted reports and for those colleges detailed in discussion.*

PERFORMANCE

REPORT: VICE PRINCIPAL PROGRESS AND PERFORMANCE

- C/23/249 The Vice Principal Progress and Performance referred members to paper LMC/C/52/23 and advised that Ofsted will focus on the progress of learners. This report provides detail on progress for classroom-based learners in the first term, and how this is monitored. Every learner has a target grade to work towards for academic progress. Currently, only 73% of classroom-based learners are on track to achieve or exceed their target grade and staff are working closely with the 27% working below their target grade. For academic progress, learners are also monitored against each individual criteria of their course, so staff have oversight of each learner's progress against the qualification requirements.

- C/23/250 A set of technical skills has been assigned to each course, with different criteria against each course. These were designed by the course teams and are monitored three times per year by both staff and the learners themselves. Currently, there is a review date in early October, which looks at 'right learner, right course', but a full progress report is not undertaken until the next review date in February. It has been recognised that this needs to be completed earlier and so, from 2024/25, an additional review date will be introduced in December to support the earlier submission of progress reports to parents and to track any progress issues sooner. Learners' confidence levels are also monitored during the course in relation to their increasing skills and knowledge.
- C/23/251 All retention and achievement on apprenticeships is monitored by the year in which the apprentice should complete. The difficulty with apprenticeship data is that it cannot be influenced in-year, whereas classroom-based achievement can be improved with additional qualifications to improve in-year achievement rates. Most apprenticeships last between two to four years, so when looking for improvement, this tends to be over a longer period of time. Apprenticeship retention based on start year, is detailed within the graph for the past five years, so Governors can see where there was significant decline. In 2018/19, in-year retention stood at 81%, which significantly reduced in both 2019/20 and 2020/21, which coincided with Covid and national lockdowns plus the implementation of the apprenticeship standards and End Point Assessments (EPAs). From 2021/22, retention increased and significantly from 2022/23. The caveat to all the data is that, generally, the longer the programme, the more likely an apprentice will not complete. The team has been challenged to review all learners on programme by start year, and to pull out progress data so there is a clear data set on how the College's apprenticeship provision is improving and must continue to improve.
- C/23/252 Some of the safeguarding data is not correct, and an updated table will be distributed to Governors. There is some information provided around 14-16 provision, as the Vice Principal Progress and Performance has met with the Principal to discuss the strategy for 2024/25, as the level and volume of these learners bring certain challenges. This is a growth area for income, but if volumes are to be increase, this must be the right position for the College. This will need to be further reviewed as part of the Strategic Plan update. There is potential for this provision to impact on the College's image and reputation, but could also be positively managed in relation to ambition, aspirations and to set out a challenging Level 3 and above curriculum. Currently, the curriculum comprises much foundation learning and basic skills and this may impact reputation if the curriculum is constantly being filled from the lower levels. There will also be financial benefits to increasing this provision, but this should not be through any increased risk to the College. There must be proper engagement with schools to allow them to play an active role in shaping, developing and resourcing that provision. It must also be a fit and proper solution to the issue of alternative provision in the locality. The College will meet with school headteachers to discuss the range of current issues being experienced, both in schools and College. There are no spare places within the Pupil Referral Unit (PRU), which means schools may keep hold of learners with challenging behaviour even if they are not the most appropriate place for those learners. College provision may be a solution, but this would have to be a collaborative venture, especially as the College does not have the developed infrastructure to support this provision growth. The number of learners requiring alternative provision is significant, with waiting lists for the Pupil Referral Units, as more young people do not want to be in full-time school and would prefer more practical learning. There is also a significant number of home-educated Year 10 and 11 learners, and the College has a waiting list for these places. Governors and senior leaders will need to determine the College strategy moving forward and the appetite to provide a longer term solution for the area.

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

- C/23/253 It is evident from previous data and reports that the College's apprenticeship data is not out of kilter with others in the sector. It was suggested that there could be a piece of work, maybe through the external consultants, to pull together some comparative data for a bigger cohort of colleges. A Governor that had attended the Assessment Boards advised that the information provided at these meetings was very interesting, and the College's data looked good compared to national averages and it would be useful to have an even better understanding of how LMC compares to other providers. The national rates of achievement for some apprenticeship standards are very low. This would be a good example of where Governors lead on the aspirations of the College and set the standards of achievement expected. It is not sufficient to be above the national average, but to express aspirational standards and to challenge the senior team to drive achievement beyond national rates. Ofsted will expect Governors to lead on aspiration, drive and accountability of the senior team in a supportive manner.
- C/23/254 Governors requested that the senior team consider the way forward for 14-16 provision in terms of the proportion of numbers and consideration of funding, but to actually determine what is the key driver for this provision, whether that be expanding through investment or whether reputation and standards should be the priority. Governors may need to provide a clear steer and that needs to be determined, as it may be that people are turned away. The Vice Principal Progress and Performance advised that the provision has grown, and that has been planned, but it is unsustainable growth with the current infrastructure. Numbers will either have to reduce or, if continued growth is the way forward, that will have to be mapped out and risks will have to be re-assessed. It was noted, however, that this provision is a pipeline of learners for post-16 courses at College. It is right to look at the student base, but there would be a level of investment needed, including additional support outside of the classroom to run alongside the academic and pastoral support. The issue is around the future of learners, but key challenges, e.g. behaviour, may lead into behavioural issues for the College in the future. There are long waiting lists and there is nothing to suggest that the demand for places will slow down. There is also the risk of converse impact in expanding the 14-16 provision, as learners aged 16 or over currently choose to come to College precisely because it is not school, and an increase in 14-16 provision may negatively impact 16-18 learners who do not want to mix with younger students. The handling of increased 14-16 provision within College would need to be carefully managed, to ensure that contact with older learners does not impact the motivation and aspiration of 16-18 learners. Applications to College can be a back-up plan for some learners but the introduction of T-Levels and the level of student required for those qualifications may only see that student divide enlarge. It was suggested that College should review past provision to see how many 14-16 learners progressed onto 16-18 courses at College and whether it is advantageous to nurture that pipeline. It was noted that some current staff progressed through that route, so it does have a positive impact.
- C/23/255 The 14-16 situation is an issue that is not going away, and children not in education has been increased by the impact of the pandemic. That position will only drive health inequalities even deeper, but not having that provision for young people would not be the right thing to do. It should be a strategic objective, but in collaboration, and placing schools in charge could be a difficulty. It is important to hear the voices of those with that lived experience. The views of parents are also not heard very often, other than through various complaint channels. Yak Patel, in his role as Chief Executive of the Lancaster and District Community Voluntary Solutions (CVS) meets many parents, who are looking from someone to take a lead on the situation, and the College is in a good position to 'get people round the discussion table', including schools, businesses and the charity sector.

- C/23/256 If the situation can be solved, it would improve school absenteeism and young people's mental health, as they have not matured or had the life experience needed at that crucial time in their development. There is often a lack of resilience and an increased fear of anxiety etc., so coming into the College environment may increase those issues. The fundamental issues of why young people are not attending school need to be looked at in order to find the right solution. The potential for a studio school could also be explored. The College may apply to the Department for Education (DfE) to become a directly funded 14-16 provider, as currently this is only permitted for elected home-educated learners. These learners are not full-time learners, as there is a limit to the number of learning hours that can be provided, but they are funded through the 16-18 allocation. Should the College receive direct 14-16 funding, it would have to deliver a full 14-16 curriculum offer and this would open the College to a second Ofsted inspection, specifically for this delivery. Provision provided to Year 10 and 11 pupils still at school is on a full cost basis. A UK Shared Prosperity Fund (UKSPF) bid has been submitted for funding between 01 April 2024 and March 2025 to provide wraparound support for young people, and for those in schools with schools' agreement. The College is unable to reduce its costs in this area due to the high level of support required. 14-16 learners are identified through a different lanyard to 16-18 learners and are also not allowed off site at any time.
- C/23/257 The Student Governor felt that the College offer may be for those not capable within a school environment, but some learners in years 10 and 11 may abuse the system in order to 'get out of school', as opposed to working hard and thinking of College as a potential career option. It was also questioned how school staff view sending learners to College and whether this is seen as a quick option to remove or as a last resort to take pupils out of full-time school education. It was noted that the highest number of learners under this provision attend Our Lady's Catholic College. Members thought that this was an interesting perspective as to whether attending College is being seen as a privilege or a punishment, as learners that work hard and achieve and learners that do not all end up in the same place. It is not always the case that other agencies are involved with those learners not attending school, as the formal channel of education is being used. This could be considered as not accepting the responsibility. From a multi-agency perspective, many are overwhelmed but there will also have been missed opportunities. Some considered it to be the statutory responsibility of Social Services, and it should be ensured that all young people have a mentor or trusted adult in their life. This could be resolved through the launch of a volunteering scheme, where adults can provide an hour's mentoring time on a regular basis, but such a scheme is hard to set up and be operational. Sport is another method to build confidence and discipline, but local partners need to work together to make this happen and this can also be difficult. The Principal advised that someone has to take the lead and, if well thought through and considered with collaborative partners, the College is ideally placed to do this as it has a good reputation within the district. There is element of it being a moral, as well as a strategic, choice. Young people and their lived experience must be at the heart and parents could be the co-solution. People do not always the questions as they are afraid of the answers.
- C/23/258 Two Governors who attended the Notice to Improvement Assessment Boards provided positive feedback on the experience, and Governors had been impressed by how well the tutors knew every single one of their learners and the challenges they face. This provided Governors with assurance that tutors are taking actions with difficult students and those working below expectations. Governors were encouraged to attend any future Assessment Boards to fully understand tutors' knowledge of their learners and the challenges they face. Governors will also be able to gain more understanding around the challenges with maths and English.

C/23/259 It was suggested that 'Notice to Improve' is negative language and whether this should be changed to something more supportive. This has also been raised by some of the Programme Area Managers (PAMs) who are in the process. A Notice to Improve means that a particular course or area is under additional improvement support mechanisms, based on the last year's performance; some will have different challenges but all need to show continuous improvement.

C/23/260 There was much comment around the engineering apprenticeships at the Assessment Board, but the Programme Area Manager for that area was not in attendance. It was clarified that the Apprenticeship Manager has ultimate responsibility for all apprenticeships, regardless of the curriculum area involved. The Deputy Apprenticeship Manager does work within the construction and engineering department, so all the information is available without the Programme Area Manager (PAM) having to attend. There are also monthly apprenticeship improvement meetings with the Programme Area Manager and Deputy Programme Area Manager (PAM) for construction and engineering, so all information should be available. The Governor that attended this Assessment Board assured Governors that the challenge put to staff in that meeting was robust and incisive and that various actions are being monitored and staff have no doubt about what needs to be done. The challenge was provided by the Principal, the Vice Principal Progress and Performance and those Governors in attendance. The focus was on four key themes that were not happening, and there were clear deadlines for implementation set. It was set out in very simple and clear terms the actions that are required.

C/23/261 The Corporation received and discussed the Report; Vice Principal Progress and Performance, paper LMC/C/52/23.

ACTION: Vice Principal Progress and Performance to send an updated data table for safeguarding to the Governance Adviser, for circulation to Governors.

REPORT: VICE PRINCIPAL FINANCE AND RESOURCES

C/23/262 The Vice Principal Finance and Resources referred members to paper LMC/C/53/23 and advised that there are some key points in regard to the building works and a summary of projects has been provided. The T Level capital works are out to tender, with a deadline for return of 22 March 2024. Following the deadline, all tender costs will be evaluated. If the quotes are over budget, the College will take a view as to whether these would need to be value engineered down, or whether an additional funding request should come to the Board for the full package of works included in the tender. This information may be ready for the March Board meeting, or it may have to be circulated via email in April should the team wish to seek additional funding over and above that already approved by the Board. The current approved funding comprises 85% T Level capital grant and a 15% College contribution.

C/23/263 Funding of £291k for the refurbishment of E Block into a maths and English hub was approved by the Board in December 2023. Due to the very quick turnaround required ahead of the T Level works, this was approved under a waiver, with the contract being issued to RPD Construction. Since the works commenced, costs have increased and the latest estimate sits around £350k. This is mainly due to the discovery that the current ventilation system does not pass building regulations, as there will be much higher occupancy than when it was originally used for music provision. Options were reviewed by the Vice Principal Finance and Resources, the surveyor and the contractor. The most cost effective solution was to add new windows into the building. Retrospective approval is, therefore, sought from the Board for these additional costs, along with a further £50k contingency fund to cover any additional increase in costs and/or materials. This gives an overall funding approval required of £400k to ensure that the new hub meets building regulations.

- C/23/264 All funding would be from the Capital Transformation Grant, with no contribution from College reserves necessary. The demolition of the modular building was also funded by this grant. The total of the two projects would be around £794k, which is less than the grant received but would limit the funding left available for any other projects.
- C/23/265 There is also a similar issue for the installation of the brickwork canopy, which is being funded through the Local Skills Improvement Fund (LSIF). When submitting the bid, a price estimate of £200k was included for the canopy, based on canopies installed elsewhere. The project is out for quotation, with two prices received to date ranging from £201k to £300k, including VAT. There is still one further quote to be received. If the College proceeds with this project, a College contribution of £100k would likely be required based on the design specification estimate, alongside a suggested £50k contingency. Board approval is, therefore, sought for total additional funding of £150k, to be funded from College reserves.
- C/23/266 The College had received £374k grant funding in total from the Local Skills Improvement Fund (LSIF) and the Savoy Trust, to upgrade and replace all equipment in the Bay Restaurant kitchen. Although all the equipment quotes are in, the College has not yet received quotes from contractors to undertake the electrical and building works that will be required to accommodate the new equipment. The expected costs are likely to come in over £300k, so the College will need to review its position and whether this project proceeds with a College contribution, or whether the grants are relinquished or the quotes are value engineered to pare back the equipment list. A report will be presented to the Board in due course with the relevant options and clearly setting out the infrastructure costs plus the high-tech equipment. The funding from the Savoy Trust was provided to LMC several months ago and does need to now be spent in a timely manner.
- C/23/267 The remaining works to D Block for netting and fire stopping are estimated at £400k, and these are currently out to tender. The figure is an estimate purely based on the work completed on the other floors. This work must be completed over the summer in order for the College to be compliant with the surveyor's original report. The ceiling issue came to light during the refurbishment of the third floor, as part of the Strategic Development Fund (SDF) sustainability project. The ceilings are a 'block and beam' construction and it was found that a number of ceiling blocks had decayed, cracked or were missing entirely. One concrete block had fallen through the floor below, which was empty, but could have potentially been very dangerous. The original works were halted and specialist was brought in to assess and identify any safety works required, including block repairs, firestopping and application of steel netting to prevent further fall out. The surveyor advised that the safety works should be applied to all floors of the building and should be done no later than summer 2024. The College must complete these works under health and safety.
- C/23/268 There is some positive funding news, in that in-year growth funding has been confirmed and the College's allocation has increased by £570k. This comprises £454k core funding and £116k for additional financial support for students. The College has not been in the position of receiving so much capital funding for a long time and, although there is also more project funding, each successful funding bid comes with its own rules and requires much administration to maintain a clear audit trail. There are risks with each capital funding bid, as once the College begins the delivery of the project, costs could start to escalate through inflation, material price increases and project creep etc.

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

- C/23/269 In regard to the maths and English hub, this should be completed by April 2024, and it is hoped that no further issues will be identified. The request for a contingency fund is to provide the senior team with some additional flexibility should any issues with the windows arise, but every effort will be made to keep cost down.

- C/23/270 The issue would still have arisen even if the project had gone out to tender, as it was only once works commenced that the ventilation system was found to be inadequate for the new purpose. With the works having to be completed between December 2023 and April 2024, it was essential that a contractor was secured as quickly as possible. Although there were no comparative quotes obtained, the surveyor did review all cost lines with the additional work being approved by the Vice Principal Finance and Resources. The correct process for the waiver was completed and there is a clear audit trail of the cost increase over and above the original price. It is evident that the ventilation issue must be addressed, but it was suggested that £40k contingency alongside an expenditure increase to £350k would be more appropriate. The initial quote was subject to a detailed breakdown and considered reasonable, so any variation must be signed off room by room. The contract is being managed by the surveyor, who will also review any additional work required as the College has had to do more work than originally requested. Within the building industry, there are standard rates per square metre for different cost elements, e.g. plastering, and all comparisons have been undertaken against these rates to ensure there are in line with industry norms. The contract is priced and agreed based on the specification, but issues can come to light as work is progressed. The Principal confirmed that the options for the resolution of the ventilation issue were reviewed and discussed by the Senior Leadership Team, with a view to ensure best value for money based on the project and timescale. To replace the ventilation system would have cost circa £100k, so the contractor proposed additional windows as a lower-cost option.
- C/23/271 In regard to the brickwork canopy, no increase to the grant can be requested as the total funds were split between the Lancashire Colleges based on each college's submission. The combined Lancashire Colleges bid, in July 2023, was not allocated the total amount requested from the Local Skills Improvement Fund (LSIF), so all colleges had a reduction from their original request. The submission deadline was too short a turnaround to obtain any meaningful quotes prior to submission. If the project does not proceed, the College will lose this funding. It is crucial, therefore, that the College has a fully developed Property Strategy, with 'oven-ready' projects adequately costed out. Three contractors were asked to provide a quotation for the canopy, and all are local suppliers. It may be difficult to value engineer the design down to closer to £200k, but these are time restricted funds; 50% of the funding needs to be spent by the end of March 2024, with the remaining 50% by December 2024. The College has to claim the funding from the Local Skills Improvement Fund (LSIF) once spent, and the College does have cash reserves to fund its own contribution.
- C/23/272 Although Governors understood the argument in all cases, concerns were raised on due process. £50k for a contingency is a substantial amount and the amount does not appear to be based on any clear rationale. The requirement for contingency to allow the senior team the flexibility to deliver projects is recognised, to ensure any awarded contracts can proceed if issues arise after commencement of works. It was suggested that, provided Governors are comfortable with the process to obtain quotations/tenders and awarding of contracts, and that all costs are reviewed for market competitiveness, then the approval should be provided for this project also. It was also suggested, however, that moving forward a contingency fund should be built in to any approval requests, and this should, ultimately, be no more than 10% of the overall project costs.
- C/23/273 Quotations can be challenged on price but, under procurement legislation, once tendered, the prices should not be challenged. The biggest variable is the cost of steel as that is a volatile market and price changes on a daily basis, so the contingency ask is prudent to cover any price change at the time of purchase. Some submission deadlines are very short and, on occasion, the College has to submit bids based on estimates or choose to not submit at all. It was reiterated that the anticipated Property Strategy should include some pre-costed 'oven-ready' projects, plus contingency. It would be helpful for Governors to have a table in future reports identifying projects, original and current costs, source of funding and method of procurement.

C/23/274 The experience of the Vice Principal Finance and Resources was acknowledged and there was trust in his judgment; however, there is a process for expenditure approval and Governors need to have full sight of the projects in order to understand the complexity of implementation and to monitor progress and expenditure. This requirement may only increase in the future, as the College has a good success rate in writing winning bids. It would have been helpful for Governors to have had all the detail in written form for consideration and there must be more detail and clarity within future reports.

C/23/275 The Corporation received and discussed the Report; Vice Principal Finance and Resources, paper LMC/C/53/23 and approved:

- **Revised funding expenditure from £291k to £350k for the refurbishment of E Block into a maths and English hub, plus an additional £40k contingency.**
- **A College contribution of up to £100k for the brickwork canopy project, plus an additional £30k contingency.**
- **Contingency should be included in future approval requests for capital projects but at no more than 10% of total project costs.**

ACTION: *Vice Principal Finance and Resources should include a table outlining projects, original and current costs, source of funding and method of procurement in future reports.*

LATEST MANAGEMENT ACCOUNTS AND FUNDING KEY PERFORMANCE INDICATORS

C/23/276 The Vice Principal Finance and Resources referred members to paper LMC/C/54/23 and advised that the accounts were completed prior to the in-year funding announcement. The deficit currently stands at £175k, which is £51k better than budget. Income is currently £237k ahead of budget and there is a breakdown within the commentary of the main changes. The College received an unbudgeted increase to its 16-18 funding of £445k, due to in-year rate and programme weighting increases. This was in addition to the £400k provided for in-year growth, which is not yet recognised within the accounts. Apprenticeship income has been re-forecasted from £1.9m to £1.65m, due to a combination of fewer starts and carry-ins. The Vice Principal Progress and Performance has reviewed this and considered it to be achievable, based on current learners on programmes and learners expected to start in-year. The only other major forecast change is to Higher Education (HE) income, which was originally forecast at £300k plus. This has been reduced to £167k, based on the number of courses actually running. Some of the work with EDF has also been provided at full cost, so some of the courses planned did not then run. Overall, there is further 16-18 income to come, but this will mainly be offset by the reduction in apprenticeship income. Staffing costs were £13k over budget, but still remain close to the full year budget forecast. There are also some variations in non-pay costs, leading to an overall deficit of £175k. The College currently has an Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) score of 2%, so it remains on track to achieve good financial health. The cash holdings in Barclays stood at 52.8% at the end of December 2023 but these have reduced to 48.12% at the end of January 2024, so this is now within the parameters of the Treasury Management Policy.

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

C/23/277 It was agreed that a more detailed breakdown of non-pay expenditure would be provided in the future, particularly as these currently stand at £173k over budget.

C/23/278 Higher Education (HE) revenue is below budget as the College had planned to run its own HNC engineering course to bring in a significant amount of income but this did not recruit sufficient numbers and did not run. There were also other courses planned with EDF, not all of which materialised.

- C/23/279 Staff costs are £13k over budget, and the vacancies have been filled, so the commentary should be updated to reflect this.
- C/23/280 Escalating energy prices are mitigated to some extent as the College is part of the Energy Consortium, set up for the Higher Education (HE) and Further Education (FE) sectors. The consortium buys bundles of energy for the whole of the Consortium in advance on a rolling six-month basis and LMC is part of that arrangement.
- C/23/281 The 365-day Santander account is on a rolling notice basis, and the interest rate is now closer to 5%, so this should be updated. The College will have bank charges in relation to the Euro account, and alternative options could be explored. It may be that this account could gradually diminish and be closed at some point in the future. The College was funded for European projects through the Erasmus fund, which was paid in Euros. Following Brexit, this fund was replaced by the Government with the Turing Fund.
- C/23/282 One Governor felt it would be useful to know what was classed as 'other income generation' (line six), as there was a big variance between budget and actual. It was agreed that this would be picked up individually through the induction meetings.
- C/23/283 Salary expenditure is over budget, even though the salary increase was only effective from January 2024. There were some unfilled vacancies at the start of the year, along with some posts funded by specific projects. Staff have been recruited to additional projects, which were not budgeted for at the start of the year but were covered by the additional project funding. There has also been some increases, e.g. payment of the shortage skills allowance, as well as some other minor expenditure. With the increase in 16-18 learner volumes, the College has had to recruit additional tutors for maths and English, with all associated costs. Staffing for the UK Shared Prosperity Fund (SPF) project, that started in September 2023, was not included in the budget, but all staffing costs will be refunded through the project.
- C/23/284 The Corporation received and discussed the Latest Management Accounts and Funding Key Performance Indicators, paper LMC/C/54/23.**

ACTION: *Vice Principal Finance and Resources to make the following amendments:*

- *Provide a detailed breakdown of non-pay expenditure in all future management accounts.*
- *Remove the commentary in relation to unfilled staff posts, as these have since been filled and staff costs are currently over budget.*
- *Update the Cash Deposit interest rates to the current position.*

OPTIONS FOR THE IMPLEMENTATION OF THE NATIONAL LIVING WAGE INCREASE

- C/23/285 The Vice Principal Finance and Resources referred members to paper LMC/C/55/23 and advised that the increase in the National Living Wage (NLW) is above the whole cohort of staff on the lower end pay scales. The new National Living Wage (NLW) would be above salary levels for cleaners, administrators, learning support assistants and technicians. The senior team considered a number of options, ranging from the absolute minimum to building in some differential between staff posts at the lower end of the pay scales. The costs of implementing the legal minimum is a baseline of £32k. That would mean that cohort of staff groups would all be on the same salary with no differential, which is likely to cause some problems with those groups of staff. Option two provides a very small differential and option three provides for a slightly better differential. The senior team's preferred option, however, is option four, which provides a more structured approach and rather than build in small differentials, this option would move everyone in the relevant bandings up a point in the existing pay scales. The current point 20 would become the new National Living Wage (NLW).

C/23/286 People currently on point 20 would move up to point 21, so there is a degree of logic and this approach could be better explained to staff in a more logical way. This is the most expensive option, adding £70k for a full year onto the salary bill, but it is considered affordable in view of the additional funding the College will be receiving next year under its 16-18 allocation, as well as the additional funding through increase to the base funding rate. The Department for Education (DfE) has a toolkit available where colleges can estimate their next year's funding, based on learner numbers and a like-for-like calculation. It is estimated that LMC may receive up to an additional £900k on this year's funding allocation. There will also be the additional funding for maths and English in addition to that, so it is considered affordable. This will still allow the College to remain in good financial health, both for this year and next year, based on the forecast.

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

C/23/287 The role affected in one category and highlighted within the appendix will be de-categorised, as the senior team are keen to properly review that role in more depth. The structure will remain but the role will be further reviewed. The £70k cost does include employer National Insurance (NI) and pension contributions. With the increase in salary and the good remuneration package, including pension, offered by the College, it was suggested that it may be worth considering subcontracting the cleaning and catering services in the longer term. The Vice Principal Finance and Resources advised that this had been considered in the past and there are both benefits and disadvantages to doing so. Some college do subcontract out those services, simply to reduce their staff costs in line with the FE Commissioner's benchmark. There is a danger with subcontracting that the College will have less control and quality can deteriorate. It can also be hard to remove employed staff for under-performance, whereas the College could have more control over quality dependent on the contract agreement. Most of the College's cleaning staff are largely part-time working two and a half hours per day. This can make it difficult to recruit cleaning staff, but there is a good team currently. If cleaning was to be contracted out, these staff would be subject to Transfer of Undertakings (Protection of Employment) (TUPE) regulations, which would be quite expensive as any company must continue to provide equivalent benefits within the first year of transfer. Should this become a realistic option, Governors would need a full written proposal as the College has always taken good care of its staff. There are two sides to the debate, and there has been the opposite scenario where the College has stepped in when a delivery subcontract has ended. Some colleges do run a separate entity to this type of employment, but it can be full of bureaucracy and is often not well received. These subcontracted roles are generally paid less as well, but it is always worth a review every so often.

C/23/288 **The Corporation received and discussed the Options for the Implementation of the National Living Wage Increase, LMC/C/55/23, and approved the recommended Option Four (legal minimum increase plus moderate differential through re-grading at a cost of £70,000 per annum).**

STATUTORY RESPONSIBILITIES

DRAFT MINUTES OF THE SEARCH COMMITTEE MEETING HELD ON 20 FEBRUARY 2024

C/23/289 This is a confidential item, under Section 40 of the Freedom of Information Act. Paragraphs LMC/C/290 to LMC/C/291 are, therefore, minuted separately.

GOVERNANCE IMPROVEMENT AND DEVELOPMENT PLAN

C/23/292 The Governance Adviser referred members to paper LMC/C/56/23 and advised that the areas for improvement have been identified from the self-assessment sections where any Governor did not agree with the statement. Areas for development are those areas where the majority of Governors did not strongly agree with the statement.

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

C/23/293 Although the plan is quite lengthy, the majority are areas for development. The majority are in progress, or being discussed with the Senior Leadership Team. Some of the areas for development may cross into 2024/25, but the majority will need to be in place for the next academic year in order to make improvements.

C/23/294 The Corporation discussed and approved the Governance Improvement and Development Plan, paper LMC/C/56/23.

REVIEW OF COLLEGE STRATEGIES AND POLICIES

Quality Strategy 2021-26

C/23/295 The Vice Principal Progress and Performance referred members to paper LMC/C/57/23 and advised that the amendments are detailed within the Executive Summary, and are mainly around actions from the initial objectives. The Corporation only needs to approve the objectives, as the remainder of the document is the operational plan.

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

C/23/296 All teaching staff must hold at least a Level 2 qualification in maths and English, and if these are not held, the College will support and develop staff to achieve those. This will be in addition to any developments on teaching, learning and assessment. All teaching staff contribute to the teaching of maths and English, but not all teaching staff hold a Level 2 qualification. Vocational tutors are not maths tutors, but they are required to support the embedding of maths. The College will, therefore, provide wraparound support for those tutors who do not hold a Level 2 grade four themselves. In reality, there would be hardly any tutors within some specific trades if the Level 2 qualifications were required prior to recruitment. The staff position is reported within the Annual Staffing Report. New tutors must provide the evidence of achievement and, if this cannot be provided, must sit a Functional Skills exam to determine their level. The requirement for certificates is part of the College's safer recruitment processes.

C/23/297 The Corporation discussed and approved the Quality Strategy 2021-26, paper LMC/C/57/23.

Shortage Skills Allowance Policy

C/23/298 The Vice Principal Finance and Resources referred members to paper LMC/C/58/23 and advised that there has been historic implementation of a Shortage Skills Allowance (SSA) for the past seven years for posts that have struggled to recruit, mainly in specialist teaching areas and, generally, in relation to trades, e.g. engineers, electricians etc. This is because it has not been economical for those teaching to leave industry with higher earning for a lower paid teaching post with a requirement to undertake a teaching qualification. The College had to increase pay for those staff to encourage suitable recruitment. There has not previously been a policy in relation to the Shortage Skills Allowance (SSA) system. This has led to a lack of transparency and some staff not in receipt of a Shortage Skills Allowance (SSA) have questioned the rationale. In response, the Director of HR Strategy and Support has drafted this policy to set out the rationale for this pay and the process for new requests to be considered prior to approval. It also sets out the current allowances for relevant groups of staff. The aim of the policy is to set out the process for future requests, and to add transparency as to what allowances are currently available. Board approval is required as the policy relates to staff terms and conditions of employment. In essence, the College must compete with market rates and pay appropriate rates to attract specialist posts. It may be unequitable for some staff, but the allowances reflect the salary levels of the professions from the College must recruit.

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

- C/23/299 For consistency and transparency, it was suggested that the policy should include details of how often it will be reviewed, how it will be measured for effectiveness, and how the rates are determined by area. The policy should also include a review schedule, which could be between annually or a minimum of at least every three years. Governors should approve the policy in principle, but the allowances may need to change in-year due to market fluctuations, so this should also be reflected.
- C/23/300 The wording around evidence of failed recruitment needs to be tighter, e.g. how many times for failed recruitment etc. The current wording would suggest that recruitment without a Shortage Skills Allowance (SSA) would have to be first attempted to then allow flex for the Shortage Skills Allowance (SSA) to be applied. In reality, if certain posts have to be recruited, the Shortage Skills Allowance (SSA) would be included in any initial advert, based on historic recruitment issues. The policy is about transparency on future decisions and, potentially, an identified process to add other areas to the Shortage Skills Allowance (SSA) list.
- C/23/301 It was suggested that the whole of section three is remove to an operational appendix, as part of a process and not the policy. This would allow for in-year operational changes by the senior team without having to seek additional Board approval.

Sarah-Jane Fletcher left the meeting.

- C/23/302 Once a Shortage Skills Allowance (SSA) has been implemented, it will be very difficult to remove from affected staff. Should market conditions change, any new staff would not necessarily have to be offered the Allowance. The wording, particularly around failed recruitment, would also need to be revisited as it may be that not all criteria need apply to every post. The concern would be around any potential challenge to decisions, as below the criteria for consideration, it then becomes a subjective judgement call for the Senior Leadership Team (SLT). It was suggested that consideration be given to the inclusion of an appeals process, which could follow a process similar to the Salary Review Panel. It was suggested that the senior team review the policy in light of Governors' comments and re-present the policy for approval at the next meeting.
- C/23/303 **The Corporation received and discussed the Shortage Skills Allowance Policy, paper LMC/C/58/23 and requested that the paper is re-presented at the next scheduled meeting.**

ACTION: *Vice Principal Finance and Resources to liaise with the Director of HR Strategy and Support on concerns raised and make any necessary amendments, prior to re-presentation of the policy for approval at the Corporation meeting, scheduled to be held on 26 March 2024. Areas to be reviewed include:*

- *Clarity on review and monitoring of the effectiveness of the policy, including some wording that it only applies to those actually in relevant teaching posts and whether there is any appeal process.*
- *Further detail on market data, current salary comparisons and evidence and rationale for decision-making.*
- *Re-wording of the evidence of failed recruitment for further clarity.*
- *Removal of the whole of section three to an operational appendix.*
- *Further long-term considerations of whole College pay scales to ensure necessity of Skills Shortage Allowances are still relevant.*

ANY OTHER BUSINESS

- C/23/304 There were no other items of business.

DATES OF NEXT MEETINGS

C/23/305 Saturday 09 March 2024 at 9am (*Strategic Planning Day*)
Tuesday 26 March 2023 at 5.30pm
Tuesday 30 April at 5.30pm (*Training Session*)

UPCOMING COLLEGE EVENTS

C/23/306 The Chair reminded Governors of upcoming events and urged members to attend any for which they were available.

OPEN AND INFORMAL DISCUSSION

C/23/307 As Governors, members wanted additional opportunity to have 'open' items on the agenda, to allow members to raise any specific topics, to suggest future 'deep-dive' discussions or simply an opportunity to share ideas on future strategies. For this meeting, additional time was given earlier in the meeting to expand the 14-16 discussion. If Governors had any topics that they would like set aside for open discussion at future meetings, members were asked to inform the Governance Adviser.

ACTION: *Governors to notify the Governance Adviser of any 'open item' topics or areas for 'deep-dive' discussion for future agendas.*

The Corporation agrees that these non-confidential minutes are an accurate record of the meeting.

APPROVED BY BOARD ON: 26 March 2024