

GOVERNING BODY

Minutes of the meeting of the Governing Body held in Room LSF24 at 17:00 on 13th December 2017 at North Devon Campus

Present: Kevin Finan (Chair), Stuart Brocklehurst, David Chalmers, Diane Dimond, Karen McElpatrick, Rob Malcolm, Steve Richardson, Iain Springate, Lee Thommen, Jenny Wallace, Chris Williams

By Video Link from Mid Devon campus: Nikki Chubb, Ruth Williams

In Attendance: Bill Blythe, Jane Hanson and Sheena Murphy-Collett

Governance Advisor: Bettina Walker

MINUTES

1. MEMBERSHIP AND APOLOGIES FOR ABSENCE

- a) Apologies for absence were received from Andrew Chapple, Ro Day, David Gibson and Lindy Stacey. In Andrew Chapple's absence, Vice Chair, Kevin Finan, chaired the meeting.
- b) The Governance Advisor reported that a call for nominations for Chair of the Governing Body had taken place, and that one nomination had been received by the closing date, and that was for Kevin Finan supported by Andrew Chapple. Following a vote in support, the Board **appointed Kevin Finan as Chair of the Governing Body from 1 January 2018.**
- c) The Board noted that a call for Vice Chair of the Governing Body would be made shortly, with a view to appointing a Vice Chair at the January meeting of the Board.
- d) There was one current vacancy for an External Governor. The Search & Governance Committee considered Chris Williams' expertise in digital technology to be a useful addition to the Board's collective skills, and had recommended his appointment. The Board **appointed Christopher Williams as an External Governor with immediate effect for a period of three years from December 2017 to December 2020.**
- e) The Board noted that Kelvin Mackenzie had had to step down as an External Governor with immediate effect due to a relocation of his work in another part of the country. This meant that there was now an additional vacancy for External Governor.

2. DECLARATION OF INTERESTS

The Principal & Chief Executive and Governance Advisor declared an interest in item 17, Report from Remuneration Committee, and would withdraw from the meeting for that item.

3. CONFIDENTIAL ITEMS

It was agreed that item 5, Principal & Chief Executive's Report, should be confidential due business sensitive content and items 16 and 17 would be confidential items without staff and students present.

4. BUSINESS BROUGHT FORWARD BY THE CHAIR

- a) There was no business brought forward by the Chair.
- b) Governors raised a general point about the volume of papers for this meeting. The Principal & Chief Executive explained that there were two major statutory reports at the December meeting each year which were essential to the Board's role of scrutiny:
 - the College Self Assessment Report which had to be submitted to Ofsted by January each year and the Quality Improvement Plan; and
 - the Financial Statements for the previous years with supporting audit reports, which had to be signed and submitted by the end of December each year.

The volume of papers at this time of year was therefore a challenge for colleges nationally.

- c) Governors suggested that, as the audit reports and financial statements had already been prepared for the Audit Committee, these could in future be posted up on "Board Papers" earlier than a week in advance to allow governors more time to review them. The Governance Advisor would look into this.

STRATEGIC MATTERS FOR DISCUSSION

5. PRINCIPAL & CHIEF EXECUTIVE'S REPORT (Confidential) 17FGB26

5.1 Principal & Chief Executive's Report

Political, economic and education policy environment

- a) The Principal & Chief Executive reported that the Government's November 2017 budget had provided little good news for the FE sector. The national lobbying by colleges to increase the funding per learner for 16-18s had been largely ignored, continuing to place significant pressure on colleges' budgets nationally going forward.
- b) The Government's Industrial Strategy published in November 2017 confirmed the Department for Education (DFE) investment in Institutes of Technology (IoT). As outlined in the Estate Strategy, the College had submitted an Institute of Technology expression of interest in October, and had secured in principle approval for European Regional Development Fund match funding of circa £1m for the development. The next stage for the South West had been to look at collaborative IOT "hub and spoke" models in a meeting facilitated by the Heart of the South West LEP and Cornwall

and Isles of Scilly LEP. IOT would be discussed by the Governors' Strategic Working Group in January.

- c) The Government policy on T levels continued to emerge, and the College had submitted a bid to participate in a T levels work experience pilot for 2018/2019.
- d) The DFE's new Careers Strategy had confirmed requirements for all schools to allow providers of technical education and apprenticeships the opportunity to talk to their pupils from January 2018.
- e) Apprenticeship reforms continued to challenge the FE Sector and employers, due to increased level of bureaucracy and funding complexity. Nationally, apprenticeship starts had been down since the introduction of the levy, but at Petroc apprenticeship starts continued to be strong as a result of increasing and ongoing employer engagement.

Financial outturn 2016/17 and emerging position for 2017/18

- a) The 2016/17 financial statements confirmed an operating surplus on core activities of £331k, slightly exceeding budget (£250k) and achieved with a completely clean audit. The College continued to be assessed to have 'Good' financial health by the Education and Skills Funding Agency.
- b) However, 2017/2018 was expected to be a very challenging year with pressure on income and cost budget lines. Senior Management Team (SMT) were proactively reviewing this, and putting measures in place.

College, Staff and Student success and celebration events

The Board was pleased to note the many successes through a variety of events, including being awarded the Planet Mark for sustainability, and securing re-accreditation as a STEM Assured College with many key areas identified as Best Practice.

5.2 Key Performance Indicators

17FGB27

- a) The Board reviewed the year end KPI report for 2016/2017, and was pleased to note the good progress made.
- b) The Board noted the 2017/2018 KPIs approved in July following the approval of the revised Strategic Plan 2017/2020. The main immediate focus for the SMT was to improve average class sizes to make budget savings.

6. COLLEGE SELF ASSESSMENT REPORT 2016/2017 AND QIP

6.1 College Self-Assessment Report 2016/2017 (SAR)

17FGB28

- a) The Vice Principal Quality, Curriculum & Learners outlined the process for developing the College Self-Assessment Report (SAR), which was a bottom up, all-College approach. Individual subject areas reviewed in detail their student statistics such as attendance, retention, progress and outcomes to pick up any challenges for their own action plan. The SAR was a top level report on all the curriculum areas, and was ordered by types of provision. The report would be uploaded onto the Ofsted website in January.

- b) The Board noted that the SAR was the document against which the College would be judged in the event of an Ofsted Inspection. The increased scrutiny during the latest round of Ofsted inspections nationally had led to a number of colleges being downgraded from their previous Ofsted grading.
- c) The College self-assessment report had traditionally followed the scope of the Ofsted Common Inspection Framework (CiF), but the College had introduced a more holistic approach to self-assessment which incorporated all aspects of the College's business, including Service Areas, and a summary of Higher Education provision.
- d) Following the conclusion of the Department for Education's Area Review process in February 2017, the following strengths were identified for the College:
- The College's work aligned closely to the Local Enterprise Partnership Heart of the South West (HotSWLEP) priorities of marine, digital, nuclear, STEM/advanced engineering and manufacturing.
 - The College demonstrated a sound financial position and financial resilience.
 - In respect of quality of provision, in November 2015, the short Ofsted inspection confirmed that the College remained 'good' following the previous inspection in March 2012, where the College was graded as good with outstanding features.
 - The College's specialist STEM facility focused on future technologies, construction and engineering offered a wide range of technical and professional curriculum.
- e) Governors queried the stated overinflated Teaching & Learning Observation profile from 18 months ago. The Vice Principal Quality, Curriculum & Learners explained that this had been recognised as an area for improvement, and that a new approach to lesson observations had been implemented in the current academic year using an external consultant, who had now retrained the College's observers. As a result, the teaching and learning observation process was already proving to be more rigorous, and the Teaching and Learning Observations profile was much more of an accurate picture.
- f) The 2016/2017 Self-Assessment Report had been internally validated by the Senior Management Team, but also by an external consultant to add further rigour and scrutiny to the process. The **Board noted and approved the College's self-assessed ratings for 2016/2017 as:**
- The Overall Effectiveness of the College was Good (Very Good)
 - Leadership and Management was Good with outstanding aspects
 - Safeguarding was Effective with outstanding practice
 - Quality of Teaching and Learning was Good
 - Personal Development Behaviour and Welfare was Good
 - Outcomes for Learners was Good
 - Types of Provision
 - 16-19 Study Programmes were Good
 - Adult Learning Programmes were Good

- Apprenticeship Provision was Good
- High Needs Provision was Outstanding
- Provision of Services (not part of CiF but graded internally as Good)
- g) The Board **approved the college Self-Assessment Report for 2016/2017 for submission to Ofsted.**

6.2 College Quality Improvement Plan 2017/2018 17FGB29

- a) The Board noted the good progress made during 2016/2017 towards the targets in the 2015/2016 Quality Improvement Plan, and the positive impact of 75% of all 90 actions being completed in a timely manner and to target. Remaining actions were being carried forward to the 2017/2018 QIP and adapted as necessary.
- b) The 2017/2018 Quality Improvement Plan aligned to the areas for development identified in the College SAR 2016/2017 and Petroc's Strategic Priorities 2017-2020. The Board noted the key actions which included:
 - A shift in focus to more blended learning and online teaching: this would require training for staff on producing materials and delivery.
 - A focus on improving attendance for Maths and English: methods included e-mailing and texting students to remind them to attend, as well as some lecturers adopting a closed Facebook group to communicate with their students.
 - Improve careers guidance services throughout
 - Review of Access to HE
 - Improving achievements in some key areas such as 16-18 level 2
 - Improving retention for apprenticeships with monitoring throughout the year
- c) The Board noted the action points for Business Support Areas, but noted that these would not be included in the QIP submitted to Ofsted, which was purely for the FE Curriculum.
- d) The Board **approved the Quality Improvement Plan for 2017/2018, and noted that a progress report would be made to the October 2018 Board meeting.**

7. ANNUAL AUDIT REPORTS AND FINANCIAL STATEMENTS 2016/2017

7.1 Audit Committee Minutes and Committee Annual Report 17FGB30

The Board noted the draft minutes of the Audit Committee that had taken place on 21 November 2017, and **noted the 2016/2017 Annual Report from the Audit Committee to the Board and the Principal & Chief Executive.**

7.2 RSM Internal Audit Annual Report 2016/2017 17FGB31

- a) The Board was pleased to note the clean audit with the overall assessment that the College had "an adequate and effective framework for risk management, governance and internal control": this was the best grading possible and meant that the auditors had no concerns.
- b) The Board **approved the 2016/2017 Internal Audit Annual Report.**

- c) The **Board noted the responses to the College Regularity Self-Assessment questionnaire for the year to July 2017**. This included a question on whistleblowing, and no incidents had been reported in 2016/2017.

7.3 Mazars Audit Completion Report on 2016/2017 17FGB32

- a) Mazars had reported that the accounts had been timely and prepared to a high standard by the College Finance Team, with no need in the way of adjustments, and no misstatements found. The Audit Committee had **congratulated the Finance Team on their work in getting the Financial Statements prepared on time and to such a high standard**.
- b) The Board **was pleased to note that the Financial Statements Audit Opinion was "unqualified"**. The Board approved the Letter of Representation for signature by the Chair and the Principal & Chief Executive.

7.4 College Financial Statements 2016/17 17FGB33

- a) The Board **noted the draft outturn for the 2016/2017 year on core operations was an operating surplus of £331,000**. Under the new Accounting Standard, FRS102, factors such as the pensions deficit were included on the balance sheet, and the Board noted that, when this was applied, the College showed an overall deficit for the year.
- c) The Chair of the Audit Committee stated that the Committee had been able to question the Financial Statements Auditors, and had been assured that the internal and external control mechanisms at the College were in place and working well.
- d) The Board **approved the Financial Statements for the year ending on 31 July 2017 for signature by the Chair of the Governing Body and the Principal & Chief Executive**.

MATTERS FOR REPORT AND APPROVAL

8. MINUTES AND MATTERS ARISING 17FGB34 & 34A

- a) The minutes and confidential minutes of the meeting of the **Governing Body held on 13 November 2017 were confirmed as a true record of the meeting**.
- b) **Matters arising Minute Reference 6.1 b)** – At the November meeting, the Board had been informed about the College's success in achieving a TEF Silver Award, and that, with improvement in student retention and progression, this should improve to a Gold Award in the future.

The Board noted that the College's metrics had improved and **supported the College's bid for a TEF Gold Award to be submitted in January 2018**.

- c) **Matters arising Minute Reference 6.2 d)** – The Board noted Chair's action and that the **Annual Quality Assessment Return had been signed and submitted to the Higher Education Funding Council for England (HEFCE) by 1st December 2017**.

9. BOARD ASSURANCE AND RISK MANAGEMENT

17FGB35

9.1 Board Assurance

- a) The Vice Principal Finance & Resources reported that the College's risks in the Board Assurance Framework had been mapped against the Action Plan of the revised Strategic Plan 2017/2020, and that this had been reviewed in detail by the Audit Committee.
- b) The Audit Committee had considered the scoring mechanism for the risks, and noted the draft Risk Appetite scores for each of the risks, which detailed the level of residual risk that was considered as tolerable.
- c) The Board noted the Dashboard of the College's key risks, which was in a RAG rated format, and that there were three risks where the rating had been lowered, and three where the risk rating had increased.
- d) The three risks that had improved were:
 - **Failure to have appropriate quality measures for HE** - this had been downgraded in the light of the College achieving a TEF Silver Award.
 - **The organisation does not have a sufficiently cohesive HR Strategy in place** – this had been downgraded due to positive progress made on all aspects of a new and comprehensive HR Strategy
 - **An inability to engender and promote a culture of environmental sustainability within college practices** – this had been downgraded in the light of the College achieving the Planet Mark for Carbon reduction.
- e) The three risks that had worsened were:
 - **The organisation falls short against allocations in recruitment and funding for Apprenticeships and HE activities** – recruitment of learners were below target for 2017/2018, leading to financial pressures during the current year and for next year.
 - **The College does not support young people who face barriers to learning** – this was mainly due to reduced funding being received from Devon County Council to support High Needs Learners: the College continued to work closely with the Council to reduce the risk, but it continued to be a challenge.
 - **Insufficient and inadequate monitoring of the utilisation of resources** – the Senior Management Team continued to look at ways to increase average class sizes to minimise the impact on resources.
- f) The Board ***noted and approved the Risk Register and the revised risk rating.***

9.2 Preparation for General Data Protection Regulations (GDPR)

- i) Governors asked about the College's preparations for GDPR. The Vice Principal Finance & Resources reported that the two members of staff reviewing the College's current data protection practices were confident that the College would meet the requirements needed by the implementation date in May 2018.

- ii) The Association of Colleges was providing useful advice and guidance to colleges, and the requirements did not appear to be as onerous as was being expressed in some of the national press.
- iii) The Board noted that GDPR would apply to both the College and its suppliers, and that a ***report would be presented to the Board at its March 2018 meeting.***

10. GOVERNANCE POLICIES 17FGB36

- a) The Board noted that the annual review of the Scheme of Delegation had taken place. The Governance Advisor reported one added delegation, and that was in response to the amendment to the Instrument and Articles of Government approved by the Board at its September meeting.
- b) The amendment related to the appointment of Senior Postholders other than the Principal & Chief Executive, where the Selection Panel now had delegated authority to make the appointment and to report this to the next available meeting of the Board. The authority for appointment of a Principal & Chief Executive remained a non-delegable responsibility of the Board.
- c) The Governor Allowances and Expenses Policy had been reviewed and a few minor revisions made.
- d) The Board ***approved the revised Scheme of Delegation and the Allowances and Expenses Policy.***

MATTERS FOR REPORT AND NOTE

11. FE CHOICES AND INDUCTION SURVEY REPORTS 17FGB37

11.1 Learner Induction Survey

- a) A Learner Induction Survey was undertaken at the beginning of each year to ascertain the views from new learners. The Board noted that overall satisfaction ratings were mostly up from last year.
- b) The key themes that had emerged from the Survey which would be addressed for 2018/19 were:
 - Timetable grid re-examined
 - Timetabling, including tutorials to be completed by June 2018
 - Timetables available to learners before they start in September 2018
 - Promote the Advice and Guidance Centre
 - How and when lanyard and learner ID cards are issued
 - Evening Duty Manager

11.2 FE Choices

- a) FE Choices was a national survey carried out between November and April each year, with the results published on the FE Choices website, the official site for comparing performance information about the FE Sector. The key results of the survey were based on the response to questioning about the degree to which a learner would recommend the College to friends and family.
- b) The Board was pleased to note that the overall satisfaction rating percentage of respondents that were likely to recommend Petroc to friends

and family was 81.4%, showing a significant rise from 2015/2016 which had a rating of 67.3%.

12. HUMAN RESOURCES ANNUAL REPORT 2016/2017 17FGB38

- a) The Director of HR & Organisational Development presented the 2016/2017 Human Resources Annual Report, and stated that staffing statistics were regularly monitored, with both the human resource team and line managers seeking to address concerns/issues as they arose.
- b) Staff turnover for the year was at 17.92% against a target of 21% and below the FE sector average of 18.2%.
- c) Staff sickness absence overall was 2.19% against a college target of 3.5 %, and below the FE Sector average of 3.1%.
- d) Governors asked about Equality, Diversity and Inclusion (EDI) factors taken into account during recruitment and selection of staff. The Director HR & Organisational Development reported that the Annual EDI Staff results presented at the last meeting of the Board, had shown that the College's EDI statistics compared with the local population, apart from the areas of Disability, Religion or Belief and Sexual Orientation where they were slightly lower. The latter results may have been affected by low declaration rates by staff.
- e) The Board noted that Exit statistics were now being gathered and would be included in the report in the future.
- f) The on Continuous Personal Development (CPD) of staff had been refocused during the year, with the £100k CPD budget now divided fairly across College departments.
- g) The launch of a revised performance appraisal system during 2016/2017 had resulted in a much improved percentage of appraisals being completed during the year at 88%.
- h) The Board noted the updates in Employment Law.
- i) The Board noted the Human Resources Annual Report 2016/2017.

13. FINANCE REPORT 17FGB39

- a) The Governing Body ***noted the Month 3 Management Accounts for 2017/2018 financial year which were the first set of the year.*** The projected year-end operating surplus before pension charges and exceptional lease adjustment remained at £250k, although there were risks to achieving this, mainly due to current levels of learner recruitment being under target.
- b) 16-18 learner income was currently behind profile by £245K due to reduced student numbers for 2017/2018. The funding would not be affected during 2017/2018, but this would have an impact on the funding allocation for 2018/2019. New provision was scheduled to start in January, to improve income.

- c) The Adult Education budget was behind profile by £142K due to a shortfall in adult provision delivery. The work and resources for this were being reviewed to ensure the allocation was met by the end of the year, but this remained a risk.
- d) Fewer students across classes was having an negative impact, with the class size benchmark of 16 students not being met overall. The class size benchmark at Mid Devon Campus was lower than this, and also not being met overall. The Senior Management Team was looking at ways to improve this by, where possible, optimising group sizes both in year and to create a more sustainable model for 2018/2019.
- e) Pay costs were being well managed and were on target. Non pay costs were forecast to be on target by the end of the year. A manageable low point for cash was expected in March 2018.
- f) The allocation for capital expenditure had been revised upwards from the initial allocation of £1,200k to £1,640k net of capital grants. Capital grant receipts totalling £40k were forecast to be offset against expenditure.
- g) Priority capital projects had been identified, but a number would be put on hold, so that the funding could be kept in reserve as a contingency for the budget overall.

14. SUBLET TO BABCOCK EDUCATION 17FGB

- a) The College had been approached by Devon County Council on behalf of Babcock Education, as they needed to find a North Devon base for their Area based Education Psychology and Welfare Team. Their requirements were for 6 desk spaces in a discrete and externally accessible area with limited associated parking, which could be separately alarmed.
- b) An underutilised room, room SL2 in the Liberty Centre, had been identified as suitable for their purposes and a four year lease at an economic rent of £15,000 p/a negotiated.
- c) The ***Board supported the lease of the room in the Liberty Centre to Babcocks Education and noted the commercial income it would generate.***

ITEMS FOR INFORMATION ONLY

15. LETTER FROM EDUCATION SKILLS FUNDING AGENCY 17FGB

The Board noted the letter from Peter Lauener, Chief Executive of the Educationa and Skills Funding Agency.

Confidential Minutes for item 16 and 17, without staff and students present, were kept under separate cover.