

GOVERNING BODY

Minutes of the meeting of the Governing Body held via Zoom at 17:00 on 28th April 2020

Present: Kevin Finan (Chair), Andy Champion, David Chalmers, Harrison Edwards, Sean Mackney, Lena Marvão, Holly Milton-Jeffries, Rob Nicholls, Maxine Padgham, Steve Richardson for items 1-7, Mark Rogers, Iain Springate, Lindy Stacey, Lee Thommen, Deborah Watson and Chris Williams

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

Governance Advisor: Jane Barton

1. Membership and Apologies for Absence

Apologies were received from Jenny Wallace.

2. Declaration of Interests

No declarations of interests were declared.

3. Confidential Items

There were no items deemed to be confidential.

4. Business brought forward by the Chair

The Chair welcomed Rob Nicholls (External Governor), Neil Tanton (Support Staff Governor) and Deborah Watson (External Governor) to their first Board meeting.

The Board were advised that at an earlier Strategic Review Committee Governors approved the appointment of Pearce Construction as the successful bidder for the build of the Institute of Technology (IoT) building.

5. Matters for Report and Approval: 19FGB64

The minutes of the previous meetings of the Full Governing Body held on Tuesday 24th March 2020 were approved.

6. Strategic

The Governance Advisor provided the Board with a report detailing how the College is handling the Covid-19 pandemic; noting that the College has been issuing daily updates on the Covid-19 Pandemic since the start of the situation.

The report provided details on how the College is supporting its staff and learners and how the organisation is engaging and working with its stakeholders and external partners; including the lobbying of MPs and the Association of Colleges (AOC).

The Board heard details on the scenario planning for the immediate and longer term it is undertaking. Governors challenged the Principalship team to clarify its working assumptions relating to learners and the impact on core business. It was reported that the College is working with the current information available on how Petroc might manage the College back to delivering education. It was recognised that there remains significant uncertainty about when the lockdown might ease and what social distancing requirements might be mandatory. The Executive are considering all possible circumstances that might impact on delivery of learning, including class sizes, the safety and wellbeing of its staff and learners. A full risk based assessment is underway that is looking at the likelihood and impact of the situation which is being revised as the situation becomes clearer.

Governors noted that the financial impact of Covid-19 was to be covered later on in the meeting.

The Board noted the report.

Petroc's draft new Strategic Plan

19FGB68

Context:

The Director for Human Resources and Organisational Development provided the context for change; reminding the Board that the current College Strategy was written in 2017 and was designed to guide the college action in the period through to 2020. There have been major changes in the external environment since the Strategy was written, with the success in the NICDEX No.1, major financial strain and restructuring, Brexit and political instability, the resurgence of political interest in the importance of FE and of course the unprecedented situation of the Covid-19 pandemic. The College now has IoTs, T levels, linear A levels, and levy-funded standards-based apprenticeships.

Given these changes it is timely to conduct a significant strategic review of where Petroc needs to be five years from now in 2025.

Governors were advised that a robust process has been adopted to ensure that the College achieves a Strategy for Petroc where Governors, staff, learners and stakeholders have been fully engaged and have informed its development.

The process of developing the Strategy has been as important as the strategy itself. It is proposed that the process used is consistent with the College's 'LEO' (Leading an Empowered Organisation) approach and exemplifies a leadership approach that engages and empowers staff, learners and stakeholders through securing their involvement in the development process, ensuring their voices are heard and that they feel a sense of engagement with the process.

The Director for Human Resources and Operational Development's paper provided the Board with an interim update of the progress and outcomes of phase one and two of the strategy development process.

Phase one - in December 2019, the Executive undertook an exercise to determine uncertainties about the external world for 2025. An array of uncertainties emerged. These were then distilled into two, by the Executive voting, which then established the Axis of Uncertainty.

The axes were: Gross Domestic Product (GDP) and whether people would have an online presence or whether they would prefer experiences through places.

The axis then provided the opportunity for four scenarios to be established, using PESTLE as the tool to structure the scenarios.

The Executive then wrote the scenarios. Following this, the Director of HR and Organisational Development developed all the supporting documentation to assist with phase two of the process (see appendix A and B for the scenarios and the exercise).

Phase two – in January 2020 the consultation of the scenarios commenced, starting with the College Management Team. The groups consulted consisted of:

- The Governing Body
- College Management Team
- Staff Forum and the Unions
- The Equality, Diversity and Inclusion committee
- Learners
- External stakeholders.

In all 312 people were consulted during this process.

Phase two concluded with themes for each scenario, cross cutting themes and feedback from a key stakeholder.

Once the themes had been identified, it became apparent that two other key factors would need to be considered as part of the new Strategy. These were: the impact and consequences of the Covid-19 pandemic and the presentation delivered to the Governing Body before Christmas 2019 by the Principal and CEO called 'Looking out from here – perspectives on the future of Petroc'.

The next steps include:

- reshaping the draft Strategic Plan following Governor feedback;
- testing the proposed themes and areas for the Strategy with staff, learners and stakeholders;
- drafting of the operational plans, to underpin the Strategy;
- identifying the key performance indicators; and
- identifying the key strategic risks, arising from the Strategy.

Following FGB approval on 21st July 2020, the next steps include:

- finalising the Strategy and all associated documents;
- preparing the communication launch for all stakeholders, including a video to support.

The Principal and CEO then took the Board through the draft strategic Plan asking for input and approval on the:

- shape of the Strategy; and
- content of the Strategy

The Principal and CEO advised the Board that the aim was to produce a simple, ambitious and impactful Strategic Plan and sought affirmation that the draft Strategic Plan did this sufficiently.

Governors

- commented that they felt that the draft was a brilliant document;
- were very pleased to note that the process encouraged involvement from staff and wondered how this would be developed going forward to facilitate culture change;
- suggested that the College shouldn't overlook mentioning what an enriching experience coming to Petroc is – 'that it's more than learning';
- felt that more should be said of Petroc's ability/intent to lead our community and stakeholders;
- commented that within the 'Ways to working to achieve excellence' section; that the Digital **first** section appearing as the third action seemed odd given the title;
- were keen to see the College thinking differently about measuring and reporting progress;
- suggested that the College should look at the wording in section 2 – 'What is Petroc aiming to achieve' on **Climate change**, where the descriptor of the crisis has moved on with many now referring to the crisis as a Climate Emergency.

In response:

Facilitating Culture Change:

The Director for Human Resources and Operational Development informed Governors that the College is keen to encourage the staff who have contributed to the process to become 'Culture Champions'.

Enriching Experience:

The College would consider how this might be included in the Strategic Plan.

Leading our Community:

Thought will be given on how the College could strengthen its ability to lead our community.

Digital first:

The College will consider the title for this section and following on from comments made generally about online learning particularly during the Covid-19 Pandemic, the Vice Principal Quality, Curriculum and Learners provided the Board with an overview of what the College was doing regarding digital learning, the impact of the many changes made to the way the curriculum is delivered currently, how engagement was being measured and how staff were strengthening their skills.

Measuring and Reporting:

The Principal and CEO recognised that the College needed to think differently about the way it measures its Key Performance Indicators to make sure they are meaningful, impactful and relevant and assured Governors that developing meaningful metrics would be done.

Climate change:

The College would consider the wording and the title of the section 'Climate Change' and explore the use and implications of adopting the descriptor 'Climate Emergency'.

The Board; noted this paper and the associated appendices, agreed with the proposed strategic themes and shape of the strategy and approved the next steps towards finalising the Strategic Plan.

Principal and CEOs Report on the Implementation of the Strategic Plan Action Plan and KPI progress 19FGB66/67

The Principal and CEO presented a report to Governors that summarised key developments in the national and regional context; included within his report the Board was provided with an update on progress against Strategic KPIs for the current Strategic Plan. Within the paper Governors noted

references relating to other papers they have relating to the College's response to the Covid-19 emergency and the development of the new College Strategy.

In reviewing process of the KPIs it was recognised that some of the actions would not be achieved; including the aspiration to achieve TEF Gold which was no longer available to the sector. Others such as the need to increase Class Sizes (something that has been a clear focus during current Business Planning) and the College Relationship Management (CRM) tool remain priorities.

The Board noted the report and the KPI progress.

7. Quality, Curriculum and Learners

19FGB69

The Vice Principal Quality, Curriculum and Learners provided the Board with an update on Quality matters particularly in light of the current Covid-19 Pandemic:

The three papers presented provided Governors with details of Petroc's standing in the latest available national data sets for 2018/2019; and its position against other colleges within the Devon Colleges group. Governors recognised that this has to be an historic perspective as the government has announced that the summer series of examinations will not take place, and that students achievement data will not be collected for 2019/2020; in addition, other national quality measures such as Ofsted inspections are also halted for the foreseeable future.

The Vice Principal Quality, Curriculum and Learners assured the Governing Body that performance management will continue to support and challenge faculties in the development of Petroc's journey to reach outstanding achievements at a national level.

The Vice Principal Quality, Curriculum and Learners reported to the Board that the Quality and Learning Directorate has developed a robust framework to ensure that Centre Assessment grades (and ranking as required) awarded to our students are evidence based, fair and standardised. This will happen at three levels of scrutiny, within Faculties, by the Quality and Learning Directorate, and finally by Senior Leadership at the Academic Board. At this point grades will be forwarded to Awarding Bodies for their standardisation process before results are awarded to students in August.

National Achievement Rates (NARTS) 2018/2019

19FGB70

Governors were advised that the national achievement rates exist for the specific purpose of supporting the performance management process, in March 2020 they were released by the Government and provide an analysis of how the country has achieved across different curriculum provision – 16-18, 19+ and apprenticeships. Providing Petroc with the ability to chart how the College matches against the national picture later in the year.

However, due to the Pandemic the Government has announced that no data from student achievement for 2019/2020 will be used publically at institutional level, and for the next academic year quality assurance will be against existing 2018/2019 data.

The NARTs are uploaded onto Petroc's QAR (Qualifications Achievement Rate) table which enables educators to look at national benchmarks.

In-year outcomes

As Governors will be aware throughout the year 2019/2020 summative assessment has been taking place, this will continue, where it can and will contribute to the end of year outcomes if possible. These outcomes include examined modules and GCSE maths and English retakes.

Analysis of the Sunburst Report

The Sunburst Report is compiled by Mides, a data service for AoC members which draws on data from the ILR and from the NARTS tables, the Key Stage 5 performance tables, the OFSTED Management information. It is a further and final reflection of the outcomes from the 2018-2019 student cohort at Petroc.

The patterns of performance and how we, as a college, performed is a confirmation of our internal quality assurance analysis, carried out in the college SAR, and all year Quality Improvement Plan (QIP) actions. The Sunburst Report confirms that our self-assessment process is robust and true, as the areas for development highlighted in this report are known and have been subject to improvement actions all year.

In-year outcomes

19FGB71

Throughout the year 2019/2020 summative assessment is taking place, which will contribute to the end of year outcomes (usually) and provides at this time of the year a quality assurance measure of progress of our learners. These outcomes include examined modules and GCSE maths and English retakes.

To date we have had 2072 summative assessment results within the academic year that will contribute towards the end of year Petroc achievement. These are mainly our 'roll on – roll off' distance learning provision, but also include GCSE maths and English resits, and functional skills maths, English and ICT.

The GCSE resits produced some improvements for our learners. For the 80 16-18-year olds 50% achieved a grade 4-9 for maths (as compared to 25% last year 2018/2019), and 50 learners re-sat their English and 25% achieved a grade 4-9 in English (as compared to 45% last year 2018-19).

For those who continue to work towards their grade 4 - 9 improvement in these subjects, Head of Faculty Jo Byrne and her team have introduced the innovative evidence-based research approach to improve student performance, productivity and wellbeing. VESPA (Vision, Effort, System, Practice and Attitude) is demonstrating impact on whole end of year cohort results.

For the 19+ cohort, the total numbers were smaller with only 15 learners in total: overall 40% achieved a grade improvement to grade 4-9.

Functional skills exams completed within the year have shown some excellent results with ICT functional skills level 1, and 2, and English level 1 all achieving 100% achievement. Functional skills maths had a total achievement rate of 85%. English Level 2 and Maths Level 2 had a total achievement rate of 83% and 79% respectively.

Following the government announcement that the summer series of examinations have been cancelled, learners will be awarded a Centre Assessment grade.

Distance learning has 1058 completing learners up to April 2020. Although not all results are recorded due to the delays incurred by 'lockdown', of the 880 learners that show outcomes, the current pass rate is approximately 97%.

A discussion followed on the profile of Functional Skills compared to GCSEs; with Governors commenting on the low achievement at grade 4 standard. At this time the College is continuing with the GCSE route as it believes this to be best for Petroc's learners; however discussions will be had to ensure this remains the best option.

Governors noted the Quality update, the NARTs and Sunburst reports and the report on In-Year outcomes.

Month 7 Management accounts:

The Management Accounts for Month 7 (end of February 2020) 2019/2020 were presented to the Board.

It was noted that the Month 7 Management Accounts had been prepared pre-Covid-19 with the situation changing things considerably; however these accounts do provide an important log of financial health pre-Covid-19.

More detail on the impact of the Pandemic is to be discussed later in the meeting.

The Governors considered the Month 7 Management accounts noting the contents.

Supply Chain Fees and Charges Policy 2020/2021

The Vice Principal Finance and Resources presented the updated Supply Chain Fees and Charges Policy 2020/2021 for Board consideration and approval.

Governors noted the changes and confirmed approval of the Policy.

Post Covid-19 Finance Report

The Vice Principal Finance and Resources presented Governors with an update to the position as set out in the Month 7 Management Account reflecting the possible financial impacts of Covid-19.

The report sought to identify and quantify the potential financial impact of the virus on the College's finances and cash balances, accepting, as with all things Covid-19 that we are in a fluid situation in terms of Government (and employer) response and recognising that the situation as reported, is very much an estimated position particularly with regards to apprenticeships.

Impact of Covid-19 in 2019/2020

Income

Funding for **16-18's** is protected through lagged funding (as is our 2020/21 funding); our **High Needs Funding** from the ESFA and County Council is similarly protected for 2019/2020. In addition the £650k of **Teachers pensions grant** has been protected. This totals some £13.5m (46%) of our income being protected through these sources

The **Adult Education Budget** allocation will be honoured provided the college looks to make on-line provision available and honour its subcontracting commitments. The same applies to that devolved to the GLA and WECA. This protects a further £3.33m (11%) of our income in year.

The **Office for Students** and the **Student Loans Company** have agreed to honour the payments to Colleges for outstanding student loans (including advanced learner loans) provided we can evidence continued learning – this amounts again to some 11% (£3.28m).

Taken together this sums to some £20.11m or 68% of our forecast income being protected by Government funds.

We are working through more detailed forecasts on our **European and Lottery funded projects** but are working on the assumption that this will be budget and cash neutral – effectively “protecting” some £2.47m (8.3%). **Deferred capital grants** will also be accounted for as planned (non-cash) totalling some £716k (2.5%).

This takes protected income up to some £23.3m or 79%.

The biggest area of uncertainty is **Apprenticeships**. We currently know of just under 100 of our apprentices that have been laid off, furloughed or made redundant. We may be able to continue to deliver to those that have been furloughed but many will require an (unfunded) break in learning – including those in the NHS. We estimate we will lose some £120k in on-programme payments as a result and we believe that we will lose a further £100k in late-notified redundancies. Those Apprentices that are due to complete this year, particularly those with an End-Point Assessment are likely to have their completion delayed, losing us an estimated £170k this year some of which may not be recouped next year; non-earned Additional Support and the impact of implementing reductions to funding from the skills-scans will, it is estimated add another £200k to the loss in year. We are therefore forecasting a total reduction of some £600k (17%) of our forecasted apprenticeship income in year.

The College currently has 816 live (in learning) Apprentices; of which approximately 119 Apprentices have an unknown status; these are mainly in the Leisure and Tourism areas including Hospitality. It is believed that there are a further 65 Apprentices who the College would deem to be high risk – these are where the College has been unable to contact the Apprentice or the Employer. At the moment the numbers are changing rapidly. Making the change of modelling any potential impact even more difficult.

Other commercial income of £280k, £235k of **catering income**; £50k of full cost and some £125k of higher education and advanced learner loans is estimated to be lost;

Giving a projected net in-year loss of forecast income of £1.388m or 4.7%.Expenditure

Staffing

The College is exploring the **Furloughing** scheme which, current guidance suggests is acceptable to the Government providing the value of the staff furloughed is less than the level of un-protected income. (In our case some £6.18m). A decision has yet to be taken on this but current estimates suggest a saving of up to £73k per full calendar month could be achieved. This is not currently included in the estimates in this paper.

The only adjustment that has been reflected currently in staffing is to reduce the **provision for restructuring** to £50k from £250k although if the proposed Voluntary Redundancy offer produces much result in year this could still be needed (but may in effect be offset by Furlough savings not yet accounted for).

Non-Pay

Reducing the costs associated with generating the **commercial and catering** income and reflecting **lower office costs** should/could save the college some £355k; pausing/ reducing most of our **repairs and maintenance** and reduced **running costs** a further £255k; but we have increased the provision for bad and doubtful debts by some £175k to reflect likely company and individual situations post pandemic.

This produces a net projected saving of some £405k.

Capital

We are modelling a **complete halt to all in-year unfunded capital** saving £505k in cash and impacting depreciation costs by £19k. This may need to be revisited.

Impact

Based on this modelling the college would incur an **operating deficit of £642k** at the end of 2019/2020 (against the pre-Covid-19 forecast of £119k surplus) with **cash balances of £2.689m** (a reduction of £259k against the pre-Covid-19 forecast).

2020/2021

Income

As highlighted to the Board in March we have gained just over £100k in our 16/18 allocation against our initial estimate and we are working on being able to earn our AEB which is confirmed at £3m. Ignoring project income (again the assumption is net neutral on the budget) our main concern is, again apprenticeships.

For apprenticeships we initially estimated (pre-Covid-19) that we would achieve some £3.85m. Faculty Business plan forecasts (again pre-Covid-19) only total £3.63m and this reflects no reduction in funding for prior-learning which is likely to depress this figure we believe by some £185k. This may be mitigated by c£100k from achievement income coming into 2020/2021 from 2019/2020 (see above). Talking to colleagues around the region and nationally suggests a precautionary estimate that apprenticeship volumes will decline by some 20% next year as a direct result of hiring and retention decisions driven by Covid-10. We are therefore estimating that Apprenticeship income will be some £2.82m in 2020/2021 some £1.03m less than planned in February.

With some other minor reductions, including income generation (assuming the Factory will not reopen until Christmas for example) and £75k less deferred capital grants, **we estimate that we may have some £1.286m less income in 2020/2021 than was forecast in February.**

Pay Costs

We had estimated in February that we would make net pay savings of some £400k (£600k reductions offset by £200k of new developmental posts) through restructuring in 2019/2020. We are now modelling that we will restructure in 2020/2021 rather than in 2019/2020 with increased restructuring costs of £100k but a saving of just £125k in year during the delay with no provision for new posts. **This results in a forecast of some £318k more pay costs than estimated in February.** Our provision for a pay award of £383k is still in these estimates. We may need to review whether it is possible to restructure in year or across the summer.

Non Pay

In February we had allowed for some Development costs (particularly for new software systems) and inflation. In these estimates we have reduced these but included the full year effect of our work with Vision to Learn (needed to earn our AEB) and £50k of Apprenticeship EPA costs brought forward from 2019/2020. The estimated impact of this is a **net saving of £25k against the February forecast.** Again we may need to revisit this model.

Capital and Depreciation

We are modelling no college funded capital spend in 2020/2021 in these estimates. We had estimated depreciation at £2.596m in February; reforecasting and reflecting the absence of capital

spend in the remainder of 2019/2020 and 2020/2021 allows us to **reduce this estimate of depreciation by £412k** to £2.183m. This may need revisiting.

Impact

Based on this modelling the college would incur an **operating deficit of £942k** at the end of 2020/2021 (against the pre-Covid-19 forecast of £190k surplus) with **cash balances of £2.829m** (a reduction of £1,132k against the pre-Covid-19 forecast). The **cash balance at the low point (March 31st 2021) is estimated to be £1.996m**; less than 30 days in hand.

Governors thanked the Vice Principal Finance and Resources for providing a report of such detail at a time of considerable uncertainty and welcomed the opportunity to be able to pin down the potential impact as early as possible.

Governors were assured that the College was looking at all possible options available to increase income.

Governors felt that any moves to consider redundancies and make savings should be actioned as soon as possible; the Director for Human Resources and Operational Development confirmed that as soon as the Executive had nailed down the number of staff that might be placed at risk of redundancy action will be taken. It is anticipated that the process could start in May and conclude by the summer.

Governors asked if any modelling had been done for 2021/2022; the Vice Principal Finance and Resources confirmed that forecasting to 2021/2022 had been undertaken; however producing anything meaningful is very challenging because of the significant number of unknowns across the funding streams.

The Vice Principal Finance and Resources assured Governors that a report on the Post Covid-19 financial outlook would be brought back to the Board regularly.

Governors noted the Post Covid-19 Finance Report.

The meeting ended at 1945 hours.