

On behalf of the Board the Chair recorded thanks to all staff for their contribution during the 2018/19 year.

2. Declarations of Interest

The Chair declared an interest in item 8 (d) – the Board’s consideration of his re-appointment.

3. Minutes of the previous Board meeting

The Board considered the minutes of the meeting on 21 March 2019. Following a minor typographical amendment on Minute 12, the Board agreed the minutes as a correct record.

Resolved: The Board approved the minutes from the previous Board meeting on 21 March 2019.

4. Matters Arising

The Board noted an update report on progress of actions from previous meeting.

5. Principal and Chief Executive’s Report

The Principal and Chief Executive presented her report making reference to:

- the successful Staff Awards ceremony and her thanks to all staff for their contribution to the College during the 2018/19 year;
- key facts on College funding in her report from the Association of College’s *Love our Colleges* campaign;
- the publication of the Augur Review and potential impact on the FE sector;
- following the announcement that the College would deliver T Levels from 2021 she had attended a DfE launch event with the Vice Principal, Curriculum Delivery and Planning. The Board noted the considerable amount of work for Government to complete before the first stage of T Levels could be launched;
- the College had been re-awarded a Matrix Accreditation from the Careers Education, Information, Advice and Guidance (CEIAG) following a rigorous appraisal process;
- an initial report on recruitment for 2019/20 and the positive impact of new initiatives to engage with stakeholders and prospective learners in the 2018/19 academic year;
- HE would remain a key focus area given the changes in the HE market.

Following a question on whether there was a potential risk to the College if a T Level learner did not have an employer, it was noted that learners would need to complete 45 days with an employer to achieve a T Level qualification. The Board noted that there were many uncertainties regarding the introduction of T Levels and Government targets for T Levels student numbers had significantly reduced during development.

Resolved: That the Principal and Chief Executive’s Report was received and noted.

6. Committee Minutes and matters arising

The Board noted the Minutes of the Resources Committee – 9 May 2019 and 20 June 2019 (draft) and the Minutes of the Quality and Standards Committee – 13 June 2019 (draft).

The Chair reported that:

- a verbal report on the Audit Committee meetings would be given later in the meeting;
- actions from the Search and Governance Committee on 4 July 2019 would be considered later in the meeting.

Resolved: The Board noted the Minutes of the Resources Committee and Quality and Standards Committee.

7. Outcomes from Strategic Planning Meeting

The Principal and Chief Executive reported on the Strategic Planning Meeting held on Thursday 13 June 2019. The Board considered the draft notes from the meeting.

Resolved: The Board noted a report on the Strategic Planning meeting on Thursday 13 June 2019 and approved the Notes from the Strategic Planning Meeting.

8. Governance Matters

The Clerk presented her report on Governance Matters which outlined proposed actions following the meeting of Search and Governance Committee on 4 July 2019. The Chair welcomed the ongoing work to strengthen the Board's governance processes and thanked the Clerk and management.

a) Board Membership and Terms of Office

The Clerk referred to a report on the changes to Board membership since the last Board meeting including the retirement of Cllr Boswell from the Board.

b) Committee Membership

The Clerk referred to a report which highlighted the changes to Committee membership since the last Board meeting including the resignation of Dr Carr, the co-opted member of the Quality and Standards Committee, and the retirement of Cllr Boswell, also a member of the Quality and Standards Committee. The Board noted that the Search and Governance Committee would review Committee membership following the completion of the Skills and Experience Audit and the Board's consideration of a Board appointment and as part of this review would give consideration to increasing the number of members on the Audit Committee.

c) Board appointment

The Clerk presented a report which outlined the Search and Governance Committee's proposal to appoint of Cllr Mein to the Board. The Board noted:

- a verbal report from the Chair on a meeting with Cllr Mein and members of the Search and Governance Committee on 20 June 2019;
- biographical details provided by Cllr Mein.

Following discussion the Board approved the appointment of Cllr Mein to the Board for a four year term.

d) Draft Skills and Experience Audit and Timetable

The Clerk referred to reports on plans for a Board Skills and Experience Audit and a draft template and proposed timetable for implementation which had been recommended to the Board by the Search and Governance Committee. The Board approved the arrangements and draft template for the Skills and Experience Audit.

e) Board assessment of the College's performance against the Code of Good Governance for English Colleges

The Clerk reported that the Board was scheduled to review the College's performance against the Code of Good Governance for English Colleges in autumn and outlined proposals for the Search and Governance Committee to undertake an initial review of the Code and the new Annex on Senior Post Holder Remuneration at its meeting in September 2019.

The Board noted the timetable for the assessment of the College's performance against the Code of Good Governance for English Colleges and agreed the Search and Governance Committee should review the Code at its September meeting, including the new annex on Senior Post Holder Remuneration.

f) Board and Committee Effectiveness Reviews

The Clerk outlined proposals for the development of Board and committee effectiveness reviews and explained how the reviews would feed into the College's Self Assessment Report in December 2019.

The Board approved proposals for the development of Board and committee effectiveness reviews and noted the proposed timetable.

g) Governance Meeting Dates

The Clerk referred to the draft Governance Meeting dates for 2019/20. She highlighted proposals to:

- hold one meeting of the Quality and Standards Committee in the first term, rather than two, as the required student data for review would not be available until mid term;
- hold one strategic planning meeting rather than two. It was proposed that this meeting would start during the afternoon with development opportunities before strategic planning discussions.

During discussion of the proposed changes with management, the Board:

- agreed to include a curriculum and quality update on the October Board agenda to ensure that oversight of curriculum and quality would not be effected by holding one meeting of Quality and Standards in the first term;
- the rationale for holding the strategic planning meeting in January, including the opportunity for the Board to contribute to strategic planning for 2020 /2021. The Board discussed the importance of ensuring it had the time and opportunity to have broader discussions on strategy and contribute to the College's strategy development.

The Board approved the draft Governance Meeting dates for 2019/20.

h) Board re-appointment

(Mr Boydell left the meeting and Ms Hornsby chaired this item).

The Clerk referred to a report re consideration of Mr Boydell's re-appointment to the Board which outlined Mr Boydell's Board and Committee attendance 2016 - 2019, training completed in 2018/19 and activities and meetings he participated in as Chair of the Board. She reported that the Search and Governance Committee had been unable to make a recommendation on this occasion as it would have been inquorate for this item.

The Board considered the re-appointment of Mr Boydell for a second term and in particular noted Mr Boydell's strong contribution as Chair during a particularly challenging period for the College.

The Board approved the re-appointment of Mr Boydell for a term of four years.

(Mr Boydell re-joined the meeting).

Resolved: The Board:

- **noted the current Board membership and Terms of Office and committee membership;**
- **noted committee membership would be reviewed by the Search and Governance Committee following the completion of a Skills and Experience Audit;**
- **approved the appointment of Cllr Mein to the Board for a term of four years;**
- **approved the re-appointment of Mr Boydell to the Board for a second term of four years;**
- **approved the draft Board Skills and Experience Audit template and arrangements for the audit;**
- **noted the timetable for the assessment of the College's performance against the Code of Good Governance for English Colleges and agreed the Search and Governance Committee should undertake an initial review the Code at its September meeting, including the new annex on Senior Post Holder Remuneration;**
- **approved proposals for the development of Board and committee effectiveness reviews and note the proposed timetable;**
- **approved the draft Governance meeting dates 2019/20.**

9. Budget 2019/20 and Three Year Forecast

Mr Nixon presented a report on the Budget 2019/20 and Three Year Forecast which summarised the outcome of the detailed budget setting activity. Mr Nixon made reference to:

- projected grant income for the College in 2019/20 and impact of grant reduction and apprenticeship income;
- the stretching targets for apprenticeship income generation were based on robust curriculum plans and informed by market data;

- the biggest impact on the College related to changes in devolved funding for which it had been assumed that there would be a cash reduction £492k across teaching and support income lines of the Adult Education Budget. The Board noted that this reduction had been anticipated and would be partially mitigated by other initiatives such as reduction of sub contraction to third parties;
- no significant staff restructuring was planned;
- whilst the budget assumed an annual staff pay award of 1% per year, the Resources Committee had discussed whether there was longer term scope for the annual pay award to be increased;
- the budget had been prepared following review of requirements of all Schools and Departments;
- pay costs included additional contributions payable from this year in relation to Teachers' Pension Scheme. For 2019/20, this additional cost would be covered by an additional grant payment included in income;
- significant Office for Students (OfS) costs in relation to the College's HE provision;
- further to discussion at Resources Committee and the Strategic Planning meeting, a proposed capital allocation to finance works related to the College's IT Strategy;
- it was expected that the financial health rating in 2018/19 would improve to "Good," effectively a year earlier than originally planned;
- the Education and Skills Funding Agency (ESFA) Financial Plan 2019-21 which would be submitted to ESFA by the end of July 2019.

The Board also considered the College's draft three year forecast figures incorporating 2020/21 and commentary and noted:

- the expected outturn for 2017/18;
- budget proposal for 2018/19 and forward projection for 2019/20;
- budget planning for 2020/2021 was particularly prudent as some of the additional financial pressures currently faced by the College, as outlined in the report, had not been evident 12 months previously.

In response to questions from governors on the proposed budget the Board noted:

- maximising allocation to mitigate loss of income following the reduction in 16-18 learners;
- an annual 1% staff pay award was in line with other HE colleges, with some colleges not increasing pay at all in 2017/2018 due to budgetary pressures;
- as the College's Estate strategy was in development, the 2019/20 budget was based on the current College Estate;
- the financial impact of increasing standards costs for apprenticeships would impact on employer apprenticeship numbers and whilst this could impact on College apprenticeship numbers it should not impact on College income. College management continued to use 4cast to monitor impact;
- an explanation of how deferred capital grants were allocated in the budget;

- a typographical error re non pay expenditure budget requests would be rectified;
- assurance that decisions relating to work force planning were not driven by finance considerations and impact on quality was considered.

During discussion with management it was agreed that longer term consideration, c.4-5 years, should be given to increasing the staff pay award above 1%.

Resolved: The Board approved the budget for 2019/20 and associated three year financial planning assumptions.

Action: to ensure that consideration was given to increasing the staff pay award above 1% per annum in longer term budget planning.

10. Management Accounts – Period 10

Mr S Nixon reported to the Board on the Period 10 Management Accounts. Mr Nixon made reference to: forecast surplus, the balance sheet position, apprenticeship income compared to budget, the anticipated financial health rating and costs.

The Board discussed the accounts and noted an update on the scope for a pay award review and that detailed breakdown would be provided on restructuring costs and savings.

Resolved: The Board noted the financial position in the Period 10 Management Accounts and commentary.

Action: Mr Nixon to provide a detailed breakdown of restructuring costs and savings.

11. Five Year Plan Update

The Principal and Chief Executive referred to the report on the Five Year Plan Update, dated July 2019. She referred to:

- the key aims of the College's five year plan were to deliver longer term quality and financial sustainability as part of a standalone organisational model;
- the first two top level indicators for achieving this were originally set as gaining a "Good" Ofsted rating and a "Good" financial health rating by the end of the 2019/20 year and both of these objectives would be achieved by the end of 2018/19;
- the Five Year Plan would be further developed with KPIs and milestones.

During discussion of the Five Year Plan with management, the Board noted:

- given the challenging HE market due to OfS costs and competitors offering unconditional places, College management and the Board would continue to assess HE provision;
- implementation of the IT strategy would ensure the College IT provision was fit for purpose and would be able to offer training and qualifications as the job market evolved;
- impact of forthcoming demographical changes in the Preston area; with an anticipated increase in 16-18 population and evidence of migration of adult population from the area.

Resolved: The Board noted the Five Year Plan Update.

12. Risk Management Register

Mr Nixon presented a report on the Risk Management Register, dated June 2019. It was noted that the Risk Management Register was considered by the Audit Committee at each meeting and going forward it would be included on the agenda for Board meetings.

During discussion of the Risk Management Register with management the Board noted:

- references in the register to the Transition Advisory Group would be reviewed, however the group had not been formally disbanded;
- risks relating to Health and Safety were also reviewed by the Resources Committee;
- the Audit Committee could make referrals to management, internal or external audit, the Board or other committees where required;
- assurance that College management continued to consider the risks relating to shifts in the demographic profile of apprenticeships and actions taken by employers in their use of the apprenticeship levy in comparison to Government's initial expectations.

Resolved: the Board noted the Risk Management Register, dated June 2019, and welcomed the inclusion of the Risk Management Register as a standing item on the Board agenda going forward.

13. Financial Governance

Mr Nixon referred the Committee to communications from ESFA and FE Commissioner which had been provided as appendices to the report on Financial Governance:

- correspondence and dashboard from ESFA, 21 March 2019, re Financial Statements 2017 to 2018;
- FE Commissioner DA Monitoring Visit Report – March 2019;
- correspondence from ESFA, 5 April 2019, re Early Intervention and Prevent;
- DfE College Oversight: Support and Intervention: Policy document, April 2019.

Mr Nixon reported:

- the correspondence from ESFA provided formal confirmation that the financial health grade for 2017/2018 was 'Satisfactory' and that no significant financial control concerns had been identified;
- the correspondence from the FE Commissioner endorsed the College's approach and made no further recommendations.

Resolved: The Board was pleased to note the content of communications from ESFA and FE Commissioner.

14. News for Governors

Copies of *News for Governors*, dated July 2019, were distributed at the meeting.

15. Date of next Board meeting

The Board noted that the next Board meeting would be held on 17 October 2019.