ACTIVATE LEARNING FURTHER EDUCATION CORPORATION
CORPORATION BOARD MEETING

Meeting date: **13 December 2022 – 5:00pm**
Venue: **Microsoft Teams**

PRESENT:

Sue Sturgeon	Chair of the Corporation
Gary Headland	Chief Executive Officer
Malcolm Wicks	
Emma Shipp	
James Voûte	
Kathy Slack	
Andy Stone	
Julia Von Klonowski	
Lesha Chetty	
Dermot Mathias	
Catherine Prest	
David Goosey	
Daniel Willis	Staff Governor
Elis Blundell	Student Governor
Isabelle Wallace	Student Governor Candidate; *as indicated in the minutes*
Latifah Taha	Student Governor Candidate; *as indicated in the minutes*
Natalia Malczewska	Student Governor Candidate; *as indicated in the minutes*

IN ATTENDANCE:

Steve Ball	Chief Operating Officer
Cheri Ashby	Deputy Chief Executive Officer
Bernard Grenville-Jones	Group Executive Director
Louise Basu	Group Director of People and Change
Paul Newman	Group Executive Director
Gillian Davidson	Group Executive Director

CLERK: Perry Perrott — Clerk to the Corporation

MINUTES

The meeting started at 5:00pm.

MINUTE NO.		ACTIONS / RESOLUTION
1.	**Apologies for Absence** 1.1 Apologies for absence were received from John Cope and Jon Adams.	
2.	**Declarations of Interests, Gifts and Hospitality** 2.1 No declarations were received.	

MINUTE NO.		ACTIONS / RESOLUTION
3.	**Minutes of the Meeting on 18 October 2022** 3.1 The Committee approved the minutes of the meeting on 18 October 2022	
4.	**Matters Arising from 18 October 2022** 4.1 All matters from the meeting of 18 October 2022 were taken as read and any actions carried forward.	
5.	**Outcome from Student Governor Interviews** 5.1 The board were delighted to receive such excellent applicants for Student Governor's. A number of Governors indicated their concern on increasing the number of students on the board to four, because it would mean a very large and unmanageable board. However, the importance of student involvement was recognised and therefore proposed a non-managerial staff board, that would feed into the Board Meetings on a rota basis. **Resolution: The board voted in favour of the students joining for this meeting for observation purposes but are yet to decide the future activities of each of the student members proposed. The matter would be referred to Search and Governance for further development and will be brought back once completed.** *Isabelle Wallace, Latifah Taha and Natalia Malczewska joined the meeting at 5:30pm*	
6.	**Inspection Feedback** 6.1 The DCEO summarised the informal feedback received from Ofsted which was noted to be very positive. The DCEO provided an overview of key areas of focus, highlighting that the Surrey Colleges had not received a 'Good' rating since 2009. Activate Learning was one of the first providers to undergo the enhanced inspection, and were recognised for significant contributions to local, regional and national skills. The high needs provision received an 'Outstanding' rating for the third consecutive inspection. It was noted that in previous inspections the inspectors stated that the Learning Philosophy is a strategic concept but was not embedded throughout the organisation fully however during this inspection they felt the organisation applied it well. The Board noted that the full report for the inspection should be released in January 2023, and our next full inspection will be in 2027. 6.3 The CEO thanked the Board for their work during the inspection and highlighted that Ofsted is not a final destination but a snapshot in time and more work is needed which will include focus groups and classes to ensure the organisation continues offer education of the highest quality.	
7.	**EDI Annual Report** 7.1 The Board received the EDI annual Report, which was taken as read. The Board acknowledged that some governors had concerns that the data might not be accurate, and one Governor wondered whether there is national data we could compare to; it was noted that there is, and the organisation compares favourably to this data. 7.2 One Governor challenged the report, noting that the report refers to four groups of people but does not refer to women. Another Governor highlighted that it may be advantageous to calculate hourly pay to account for those who work less hours as the data provided for the gender pay gap relate to annual gross pay.	

MINUTE NO.		ACTIONS RESOLUTION
	7.3 The DCEO informed the Board that an EDI report must be published to the website therefore adjustments will be made in response to the suggestions made throughout the meeting.	
8.	**Audit and Risk Committee Annual Report**	
	8.1 The Board received the Audit and Risk annual report, which was taken as read. The COO gave an overview of the report, highlighting that the auditors at RSM confirmed that the organisation has an effective framework for risk management, governance, and internal control.	
	8.2 One Governor expressed that it would be advantageous for the governors to discuss risk rather than it being delegated to the Audit and Risk Committee as it is required for public companies to discuss and approve risk issues at Board level. The Chair asked for the Board to discuss the risk element of the balanced scorecard at the next meeting.	
	Action: Ensure the balanced scorecard risk register is top of the agenda for all future Corporation meetings.	**Chair**
	8.3 One Governor questioned whether the auditors had an opinion on Saudi Arabia in relation to the Managing Director of the Oxford Partnership's agreement to settle, the COO clarified that this matter was not covered in the audit as the Board agreed to conduct a full internal audit which will include this matter. The Chair asked if the outcome of this audit would be bought to the upcoming Board meeting, and it was noted that it would be recommended to be brought to the next meeting.	
	Action: Bring audit report to the Corporation meeting once complete.	**COO**
9.	**Higher Education Self Evaluation**	
	9.1 The Board received the Higher Education Self Evaluation report, which was taken as read.	
	The DCEO highlighted that Ofsted did not cover higher education (HE) in their inspection as the regulatory body for HE is The Office for Students (OfS). The DCEO summarised the appraisal of the HE provision quality for 2021-2022, highlighting that student satisfaction rates have increased by 8%. The student completion rates have also increase by 8%, which is 4% higher than the benchmark set by the OfS.	
	The Board noted that the 34% increase in the number of students that have accessed support has contributed to this.	
	9.2 One Governor expressed concern about the lower student satisfaction rates in the animal management course, asking how the organisation was going to raise the scores and questioned what it means to be monitored. The DCEO explained that internal monitoring will be carried out by the organisations quality assurance team who will feed back to the HE Academic Board.	
	9.4 One Governor challenged the 16% decline in retention rates in the apprenticeship provision, the Board noted that that this has been investigated and found that employers find the courses too time-consuming for their staff and subsequently withdraw them. However, the Board recognised that there is significant increase in apprentice retention and the organisation are performing well compared to national criteria, something Ofsted had also acknowledged.	
	9.6 The Board discussed the use of three letter abbreviations (TRAs) in reports and members were asked include a glossary of terms for the Governors.	

MINUTE NO.		ACTIONS / RESOLUTION
	Action: Add a glossary of terms to all future board packs.	**Clerk**
10.	**Finance**	
	Management Accounts and Year-End Forecast	
	10.1 The Board received the report on management accounts and year-end forecast, which was taken as read. The COO summarised key aspects of the report using a presentation to the Board, it was noted that the management accounts are the earliest view of the year to date and probable full-year figures.	
	10.2 The Board acknowledged that risk-adjusted figures are projections of what might occur, it was noted that the organisation has delivered on the budget thus far, though are a few hundred thousand pounds short of the net surplus.	
	10.3 The COO highlighted the organisations income levels for the year and noted that access to HE adult loans have fallen short of the organisations targets because students are reluctant to take out long-term loans due to the current economic climate.	
	10.4 The COO highlighted that there has been a poor uptake on the organisation's apprenticeship recruitment in the first quarter, and it was noted that this is posing a risk of approximately £2,000,000.	
	10.5 The Board noted measures to mitigate the potential risk to the organisations in-year income, which are to think about what replacement revenue can be secured within the year, what cost mitigations can be delivered and other ways the loss can be mitigated.	
	10.6 The Board noted that the Group Executive Team is dedicated to adhering to the budget that was agreed in November and the COO will provide the Board with an updated forecast at the following meeting.	
	Action: Bring up to date financial forecast to the next Corporation meeting.	**COO**
	10.7 The COO highlighted that factoring in the risk to our income, the organisations cash balance remains strong and at the end of October, it sat at just under £25,000,000.	
	10.8 The Board noted that the organisation is forecasting a cash balance of £17,500,000 and at just over £16,000,000 after the cost-of-living award, leaving the organisation with around 70 days cash in hand which is double the sector benchmark.	
	10.9 The COO outlined that the key metric that fed into the SFA's financial health rating is the EBITDA percentage to income, it was noted that this originally sat at 4% though the pay award reduced this to 2.6%, when risk adjusted it would sit at over 1.1% which retains a SFA financial health rating of 'good'. One Governor asked what impact the cost-of-living award has had on the organisations pay cost to percentage of income, the COO explained that the original budget was 71.5% to income, with the adjusted budget it comes to 72.9% and the risk adjusted budget comes to 72.7%. The Board noted that the figure that the sector works towards is a guide.	
	10.10 The Board discussed in year income options to reduce the deficit, and the COO emphasised that work is being done with all budget holders, all of the organisation's divisions are looking for extra income opportunities. The Board noted that the organisation is looking for ways to use the AEB allocation and a recent management restructure has clarified responsibility for commercial growth. The COO highlighted that the Board would see this item brought back at the next	

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	meeting as the organisation look at both short- and long-term opportunities in all areas.	
	Action: Present income opportunities at the next Corporation meeting.	
	10.11 One Governor expressed concerns over the £2,000,000 risk to the organisations income and asked what the timing on a short-term mitigation plan will be. It was noted that there will not be a single focus on closing this gap and the organisation are looking at ways from an income generation point, cost saving point and capitalisation. The organisation will not look at cost saving measures alone as it will hinder the organisations financial position in future years.	**COO**
	10.12 One Governor asked what the worst-case scenario is, and it was noted that the data provided as risk-adjusted, given the context, could be the worst-case scenario. However, the CEO emphasised that this data was included to provide the Board with transparency on the risks the organisation is managing and is not a forecast, it is an analysis of the first set of accounts. The Board noted that the forecast will be given at the next Board meeting.	
	Financial Statements	
	10.13 The Board was provided the financial statements which were taken as read. The COO recommended that the Board adopt the 'first going concern' concept due to the organisations cash balance, borrowing protentional, percentage of income that is government funded and lack of material liabilities. The Board noted that whilst there are avenues for borrowing through government funding, with a strong business case the organisation can still borrow from commercial banks though may be challenging due to the ONS reclassification to make colleges public sector.	
	Resolution: The Board approved of the going concern principle.	
	10.14 The COO gave a brief overview of the audit completion report, and it was highlighted that they identified no issues that require modification of their audit opinion, and they make no internal control findings or recommendations as a result of their work this year. The Board was informed of an unadjusted mis-statement of £6000, far below the auditors materiality tolerance of £1,300,000. As a result of this, they have provided a clean audit report to sit within the financial statements.	**Board**
	10.15 The COO highlighted two key points of the financial statements; it was noted that the Oxfordshire Partnership closure costs were not extracted in to a non-continuing operations this year as there were no trading costs which could distort overall performance measurement. The income and expenditure account contained a £93,000,000 actuarial gain on pension funds, which was noted to have no bearing on the organisation's financial performance.	
	10.16 One Governor questioned whether the deficit has increased compared to the last accounts shared with the Board and it was noted that the financial statements include adjustments for the pension liabilities and interest as they are not cash items, they are not reflected in management accounts and therefore the deficit looks larger than as reported throughout the year.	
	10.17 One Governor expressed that the organisation has significant reserves but no written policy on this. It was clarified that this is standard practice in the FE sector because of reserve fluctuations that are beyond the organisation's control, though the Chair noted that that the organisation could have a reserves policy regarding general management of finances due to the position of deficit the organisation is currently in.	

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	10.18 The CEO cited note 8 in the report and asked the COO to confirm that the benefits in kind had been reported correctly. It was noted that this may require an adjustment, but it will be investigated before signing copies are distributed.	
	Resolution: The Board approved the Financial Statement.	
	Merrist Wood Project Match Funding Requirement	
	10.19 The Board was provided with the Merrist Wood Project Match Funding report, which was taken as read. The COO reminded the Board of a potential investment at Merrist Wood that would involve a DfE-funded project worth £20,000,000, it was noted that the organisation has negotiated to limit the match funding expectation to £2,400,000, which is only 12% of the Condition Improvement Fund's stated expectation of 50%.	**Board**
	10.20 One Governor asked if the investment would have an effect on income while the organisation anticipates generating additional courses, it was noted that this will not facilitate the new provision as it is refurbishing existing facilities that are currently operating in very poor conditions. It was acknowledged that improving our facilities should build the organisations reputation and will encourage future growth of students.	
	Resolution: The Board approved of the Merrist Wood project investment.	
	10.21 The Chair asked if the DoE would be taking a legal charge of any of Merrist Wood as a result of the investment they are making, and it was noted that there has not yet been vision of a contract so there is uncertainty however it will be resisted.	**Board**
	10.22 One Governor questioned whether the organisation would retain funds of surplus assets that are disposed of as the organisation is moving under public sector. It was noted that the organisation retains full ownership of all assets, though proceeds of asset disposal will be ring fenced for capital reinvestment back into the organisation.	
11.	**Standing**	
	Balanced Scorecard	
	11.1 The Board received the balanced scorecard, which was taken as read and the CEO asked for feedback. One Governor highlighted the potential disruption to the learner experience where we have the difficulties in the recruitment of staff. The DCEO noted that this issue has been identified across the sector, particularly regarding vacancies in specialised fields. A focus group is looking at various methods of recruitment. The Board was given assurance that any vacancies that are essential for the operation of our core business would be recruited though it was noted that some positions may be left unfilled to meet budgetary outcomes.	
	11.2 One Governor explained that universities often use their students as learning support assistants and asked whether this was something the organisation has considered.	
	Resolution: The Board noted that this will be looked into.	**Board**
	11.3 Some Governors expressed that the balanced score card should be higher on the agenda and should have more time devoted to it. One Governor highlighted a discrepancy in the balanced score card as it shows as rated green across, but the risk register does not show this and asked whether the organisation is measuring the correct things.	
	11.4 A Governor highlighted that safeguarding was defined has having an amber rating for November and December and asked why, it noted that it has been rated as amber due to the delay in system implementation of CPOMS (Child Protection	

MINUTE NO.		ACTIONS / RESOLUTION
	Online Management System), though it was noted that the system is now live and will be fully operational at the start of next term.	
	Link Governor Update	
	11.5 This item was not covered.	
12.	**Governance, Risk and Compliance**	
	Search and Governance Committee Update	
	12.1 The Search and Governance Chair provided a brief verbal update, giving reassurance that the Committee has an extensive action plan which includes finalising the appraisal system though it was noted that the Chair's appraisal has been completed and was approved. The Board noted changes to the Skills Act and the Governance handbook therefore the Committee is looking to having an annual business plan for governance to bring external standards together.	
	Audit and Risk Committee Update	
	12.2 This item was not covered.	
	Use of Corporation Seal	
	12.3 It was noted that there was no use of the Corporation Seal.	
13.	**Any other Business and Date of Next Meeting**	
	13.1 The CEO thanked the governors for their time in helping the organisation deliver the mission.	
	13.2 The Chair noted that the next meeting date is Tuesday 7th of February.	

The meeting closed at 7:00pm

Chair .....Date ……..

ACTIVATE LEARNING

SUMMARY OF ACTIONS

	ACTION	DEADLINE	RESPONSIBLE
8.2	Ensure the balanced scorecard risk register is top of the agenda for all future Corporation meetings.	**07/02/2023**	**Chair**
8.3	Bring audit report to the Corporation meeting once complete.	**07/02/2023**	**COO**
9.4	Add a glossary of terms to all future board packs.	**07/02/2023**	**Clerk**
10.6	Bring up to date financial forecast to the next Corporation meeting.	**07/02/2023**	**COO**
10.10	Present income opportunities at the next Corporation meeting.	**07/02/2023**	**COO**

SUMMARY OF RESOLUTIONS

	RESOLUTION	DATE	RESPONSIBLE
5.1	The board voted in favour of the students joining for this meeting for observation purposes but are yet to decide the future activities of each of the student members proposed. The matter would be referred to Search and Governance for further development and will be brought back once completed.	**13/12/2022**	**Board**
10.13	The Board approved of the going concern principle.	**13/12/2022**	**Board**
10.18	The Board approved the Financial Statement.	**13/12/2022**	**Board**
10.20	The Board approved of the Merrist Wood project investment.	**13/12/2022**	**Board**
11.2	The Board noted that using HE students as Learning Support Assistants will be looked into.	**13/12/2022**	**Board**