

ACTIVATE LEARNING FURTHER EDUCATION CORPORATION CORPORATION MEETING

Meeting date: **Tuesday 17 October 2023**

Venue: **Reading College, Room B100**

PRESENT:	Sue Sturgeon	Chair of the Corporation
	Gary Headland	Chief Executive Officer
	James Voûte	
	Dermot Mathias	
	Lesha Chetty	
	Cathie Prest	
	Emma Shipp	
	David Goosey	
	Alison Blight	
	Kathy Slack	
	Andy Stone	
	Natalia Malczewska	Student Governor
	Latifha Taha	Student Governor
IN ATTENDANCE	Cheri Ashby	Deputy Chief Executive Officer
	Steve Ball	Chief Operating Officer
	Louise Basu	Chief Peoples Officer
	Neil Brooks	Executive Director of Facilities (North)
	Bernard Grenville-Jones	Managing Director Activate Enterprise
	Lauren Ward	Governance Officer
CLERK	Amy Gleeson	Acting Head of Governance / Clerk to the Corporation

MINUTES

The confidential section of the meeting concluded at 17.27. The meeting began at 17.31.

<u>MINUTE NO.</u>		<u>ACTION RESOLUTION</u>
1.	Apologies	
	1.1 Apologies for absence were received from Daniel Willis and Malcolm Wicks	
	1.2 The Chair welcomed Lauren Ward, Governance Officer, the new governor, Alison Blight and the Student Governors, Natalia Malczewska and Latifah Taha.	

**MINUTE
NO.**

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RESOLUTION**

2. Declarations of Interest, Gifts, and Hospitality

2.1 There were no declarations of interests, gifts, or hospitality.

3. Minutes from the meeting on Monday 10th July 2023

3.1 The Board approved the minutes of the meeting on Monday 10th July 2023 as an accurate record of the meeting.

4. Matters arising from the meeting on Monday 10th July 2023

4.1 The Board noted that all outstanding actions had been completed.

5. Organisational Objectives and Strategic Risks (Balanced Scorecard)

5.1 The Board received the Balanced Scorecard report, which was taken as read.

5.2 The Chief Executive Officer (**CEO**) provided a summary of the Balanced Scorecard and highlighted the report against the agreed objectives and the refreshed risk register.

5.3 The CEO informed the Board of a new risk relating to student behaviour in schools and colleges, ranging from low-level issues to more serious incidents. The risk had not been added to the register yet, as it was still being assessed. The Board noted that addressing student behaviour was a priority for the Deputy CEO (**DCEO**) and supporting teams. The college was actively exploring measures to enhance campus security and to strengthen safeguarding arrangements, including the possibility of introducing Police Community Support Officers (**PCSO**).

5.4 One Governor requested further context on the student behaviour issues. The CEO provided examples of the behaviour and clarified that the introduction of PCSO's was to help tap into the student community. The DCEO explained that for this time of the academic year the main issues were usually stress and anxiety but this year the behaviour was more significant and at a greater frequency. The Board noted that the Educational Leadership Team (**ELT**) were actively exploring behaviour management strategies and acknowledged the potential need for unexpected budgetary investment to address the challenge.

5.5 The Board received an update on UTC Reading and noted that although the monitoring report had not been publicly released, the informal feedback had been positive, and the initiatives implemented by the school leadership team meant that UTC Reading was moving in the right direction.

5.6 The Board discussed the project list within the Balanced Scorecard, particularly Brooklands Cemetery and Holm Farm. and acknowledged their potential to foster strategic partnerships and to provide valuable experiences for students.

5.7 One Governor queried about Activate Learning's benchmarking practices and the CEO provided a summary of the various benchmarking activities which the college conducts.

6. Learner Journey Update

6.1 The Board received the Learner Journey Update report which was taken as read.

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6.2 The DCEO provided an overview of the report which covered the Learner Journey and student experience from the first quarter of the academic year.

Student Growth

6.3 The DCEO informed the Board that the organisation had experienced an influx of 16–18 year old students (9370 students in total), which surpassed the original 6% growth target (8937 students). The Board noted that the demographic of 16–18 year olds would be rising by 3% every year until 2027.

6.4 The DCEO highlighted that due to Covid, many students have complex needs, learning gaps and skills gaps. As a result, the Government reverted to the 1819 standards.

6.5 The Board noted that a high number of students had not achieved their English and Maths. The college had seen a 30% increase in GCSE English and Maths enrolments.

6.6 The DCEO highlighted that the college had seen an increase in priority areas such as Construction and Engineering. The Board noted that the college was managing the increase by creating new groups, where possible, and by operating a continuous waiting list.

6.7 The DCEO emphasised a notable rise in the number of English as a Second Language (**ESOL**) learners. This increase was attributed to referrals from local charities that no longer had funding for these learners.

Educational Leadership Team

6.8 The DCEO provided an update on the ELT and the Board noted that the team had been working collaboratively to tackle the issues associated with the increased number of students and the behavioural challenges.

6.9 The DCEO highlighted the Day 42 Campaign. The initiative aims to retain as many students as possible whilst ensuring they are enrolled on to the right course. The Board acknowledged that the college feels morally obligated to retain students, as the organisation was often viewed as the last opportunity before they become NEET (Not in Education, Employment, or Training).

6.10 The Board noted that the 16-18 demographic would continue to rise and the challenges from the pandemic would persist. As a result, the ELT will be working to ensure that they plan the curriculum to meet the capacity and the need for the next academic year.

Teacher Experience

6.11 The DCEO highlighted the importance of the organisation retaining experienced and qualified teachers and the competitive nature of the sector regarding salaries and employee benefits.

6.12 The Board noted that the ESFA would be reporting on student achievement within the school priority areas so there would be a greater focus on these teachers.

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- 6.13 The Board noted the correlation between student achievement, teacher experience and financial performance.
- 6.14 The DCEO informed the Board that the individual learner records (ILR) for student achievement for 2022/23 would be live on 20th October.

Discussion

- 6.15 The Board discussed the college's strategy to avoid turning away students next year, focusing on facilities and staffing. Options under consideration included adjusting class sizes, adding extra groups, reviewing the timetable, and introducing a multidisciplinary team to address unforeseen challenges at the beginning of the year. The Board noted that the organisation was committed to improving the planning process and a two-day planning event had been scheduled with the Group Executive Team. The Group Head of Marketing & Admissions and the Group Head of Admissions were proactively collecting data to inform the planning process.
- 6.16 One governor requested clarification on the staffing gaps. The DCEO clarified that the challenge primarily revolved around securing specialised staff or teachers with specific skills, such as ESOL and Construction expertise. The Board noted that the organisation currently addresses the gaps by using agencies or recruiting and training unqualified teachers, which could be having an impact on quality.
- 6.17 One Governor enquired about the incentives available to teachers and the ability to partner with other colleges. The CEO explained that the organisation was reviewing the benefits package and using comparison data to ensure the organisation was a contender within a competitive market.
- 6.18 The Board discuss the RAG issue highlighted within the paper and noted that teachers had been over optimistic when conducting the process last year. The organisation plans to introduce additional training, further evidence to inform the decision making, and quality checks to prevent the issue from reoccurring.
- 6.19 The Link Governor for Quality of Education (**QoE**) pointed out that the availability of English and Maths tutors would pose a future challenge for the organisation, considering the significant number of students without proficiency in these subjects and the overall lower GCSE results compared to 2019. The governor also highlighted the impact of the Advance British standard. The CEO advised that the integration of A-Levels and T-Levels signified a significant direction for the further education sector. The Board noted that the main aim for the upcoming Governance & Strategy day was to provide governors with information on the curriculum reform and policy changes and to initiate discussions to inform the college's response and planning.
- 6.20 The Board discussed the teacher training programme, and the QoE Link Governor commended the college's efforts in teacher training and described the recent teacher training review as excellent. The DCEO provided an overview of the programme, detailing components such as

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induction meetings, basic tools, and coaching and mentoring skills. The Board acknowledged that Ofsted were scheduled to inspect the level 5 Learning and Skills Teacher Apprenticeship programme and noted that the inspection was not mandatory and aimed to enhance the quality.

- 6.21 The Board received an update on the apprenticeship achievement rate (54.1%). The Board noted that the figure was expected to remain static, and the overall improvement was 7% compared to the previous academic year. Following the implementation of sustainable changes within the apprenticeship area, the organisation feels confident that the achievement rate will improve in future years.

Kathy Slack left the meeting.

7. Staff Journey Update

7.1 The Board received the Staff Journey Update which was taken as read.

7.2 The Chief People Officer (**CPO**) provided an overview of the paper which included recruitment, on-boarding, and details of how the organisation was driving the culture across the workforce.

7.3 The Board discussed the section of the report relating to employee and line manager relationships. The CPO advised that the organisation had introduced a people management training programme and a system called Clear Review to support managers with planning, conducting and documenting one-to-ones and challenging conversations, with the objective of improving the relationships. The Board noted that the new ELT supported the development of quality leadership as it was providing clarity and support directly to the front line.

7.4 The Board noted that staff turnover had not increased but the impact of staff leaving had a greater effect on the organisation due to the growth in student numbers.

7.5 The CEO advised the Board that the organisation was exploring policy options which would help improve the culture such as employees working from home during non-term without asking permission.

7.6 The DCEO reminded the Board that the Faculty Manager role was currently under review and would focus on addressing the high number of direct reports.

The Student Governors left the meeting for the following item.

8 Finance, Information, Estate and Equipment, with particular emphasis on the revised budget for 2023/24 and pay review affordability.

8.1 The Board received the Finance, Information, Estate and Equipment report which was taken as read.

Management Accounts

8.2 The Chief Operating Officer (**COO**) delivered a presentation which provided an update on the management accounts for 2022/23.

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- 8.3 The COO informed the Board that the predicted ESFA financial health rating of 'Good' remained and reminded the Board of the key financial metrics. The Board noted that the organisations cash balance and debt were as expected, whereas the EBITDA had been an area of risk. The EBITDA outturn was in excess of 1% to income as projected which maintained the 'good' status.
- 8.4 The Board was notified that the 2022/23 academic year closed with an available cash balance of £18.7m. The COO reminded the Board that there were some long-term commitments against the cash.
- 8.5 The Board noted the updated summary of the Income and Expenditure account and that the actual pay outturn had remained broadly the same as presented in July, with the EBITDA £100k lower as expected.
- 8.6 The COO provided an overview of the funding and reiterated that the key driver for the organisations financial performance last year was on income performance. The Board noted that in total the organisation under delivered against the budget, however, delivered a 6 or 7% growth year on year.
- 8.7 The Board discussed the reduction of staff cost and noted that the organisation was managing the cost as intended, despite the significant cost of living pay increase which the Government introduced last year. The Learner Journey Review had helped to drive efficiencies across the organisation.

Revised Budget

- 8.8 The COO advised the Board that there had been some changes since the budget was agreed in July 2023. The Board was reminded of the underpinning budget principles for 2023/24 (realistic income assumptions; more cost-effective delivery, investment for growth, financial health and value for money) and the financial health targets (increasing the EBITDA by 3.4%, cash balance of £16m and no additional borrowing).
- 8.9 The Board noted that as of September 2023, the Department for Education (DFE) would be investing an additional £185m in 2023/24 and £285m in 2024/25 into colleges and other FE providers which would benefit Activate Learning by £3.5m this year. At the same time, the DFE had announced a 6.5% cost of living pay increase for teaching staff in schools. £500k of the increased funding is disadvantaged funding.
- 8.10 The COO presented the organisation's proposal to deploy the remainder of the additional funding which included increasing the Cost-of-Living award, revising teacher salary scales, broader well-being opportunities for staff and mitigating some of the risks within the budget.

Cost of Living award

- 8.11 The COO outlined the organisations proposal to award a Cost-of-Living increase to all staff (excluding senior post holders). The Board noted that a 5% increase to be awarded from November, had been included within the original budget, however, after reviewing the funding and the AoC recommendation, the organisation believed it was appropriate to award

6.5% from September. The proposal would cost £1.4 million of the additional funding.

- 8.12 The Board noted that Activate Learning was currently not at risk of industrial action. The University College Union balloted their 221 members in October for strike action, but given a response rate of 44% no action can be taken.

Teacher salary scales.

- 8.13 The COO outlined the proposal to change the salary scales for teaching staff. The COO highlighted that teachers were currently on a 20-point salary scale and as they were often unqualified when they joined, it took 20 years for them to reach the top of the scale on the increment system which was the norm within the sector. The Board noted that the introduction of a 10-point salary scale, as commonly seen in other colleges, would be a valuable recommendation to improve the attraction and retention of teachers. The in-year impact of implementing the new scales would be £250,000 due to adjusting the current teachers to align with the new scale points.

Additional expenditure and risk mitigation.

- 8.14 The Board noted that the organisation wished to utilise the remainder of the additional funding to support additional expenditure such as broader well-being opportunities for staff and to mitigate the risks within the original budget, rather than to increase EBITDA or reduce the accounting deficit.

Revised Budget

- 8.15 The COO provided an overview of the revised budget. The Board noted that the principles behind the budget which was agreed in July, would remain. The additional funding provided the opportunity to reward staff at a higher level than anticipated whilst enabling the organisation to still generate an ESFA financial health rating of 'Good' and protecting the investment fund which was allocated within the budget.

Discussion

- 8.15 One Governor raised a concern regarding the future expectations of staff by backdating the increase to September. The COO advised that the organisation had previously varied the date and that it was considered best practice within the sector to backdate to the start of the academic year. The Board acknowledged the potential risk but noted that the funding announcement indicated that the same funds would be available in future years, providing some reassurance.
- 8.16 The Board discussed the allocation of the disadvantaged funding and noted that it would be primarily allocated towards staff, specifically the Group Learning Support Team who play a crucial role in supporting on students with additional needs.

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8.17 One governor queried the pay variations for teachers and the pay quartile. The COO advised that the teacher salaries were comparable with local colleges and agreed to provide additional benchmarking data.

Action: Provide benchmarking data on teacher salaries.

All Group Executive Team members (shown as 'in attendance') and Lauren Ward left the meeting.

8.12 The Board deliberated the Cost-of-Living award. The CEO advised that the Group Executive Team had considered a tapered approach to the pay increase, as per the previous year. However, they had ultimately decided that all staff should receive the full 6.5% due to the clear AoC announcement, to avoid the complexity of managing the increase amongst staff and because there would still be enough funding for other improvements. A governor suggested a 5% award with the remainder invested into recruitment and retention incentives. The Board concluded that undercutting the recommended amount posed a greater risk to the organisation and could impact staff morale.

8.13 The Board noted that schools were only funded to award teachers 6.5% and as the organisation's proposal was to award the increase to all staff, the cost would be higher.

8.14 One governor raised a question on pay gap issues and whether everyone was paid at the right level. The CEO informed the Board of the organisation's efforts to ensure inclusive pay. The Board noted that, in comparison to local colleges, Activate Learning falls within the middle range concerning pay matters.

8.15 The Board approved the recommendations within the paper. All members agreed.

Resolution: The Board agreed to utilise the additional funding to support additional expenditure and mitigate risk, rather than to increase EBITDA or reduce the accounting deficit.

Board

Resolution: The Board agreed to increase the budget for the annual cost of living pay review, to be in line with that recommended by the AoC through their national pay discussions with trade unions.

Board

Resolution: The Board approved the revised budget targets for the organisation

Board

The Group Executive Team members, Student Governors and Lauren Ward re-joined the meeting.

9. ADVIZA

9.1 The Board received the Adviza Potential Acquisition Report which was taken as read.

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- 9.2 The COO reminded the Board of the decision to move forward with ADVIZA in May and delivered a presentation which included Adviza's purpose, current position, the opportunities, and benefits for Activate Learning.
- 9.3 The COO provided an update on the progress since the Board agreed to proceed in May 2023 which included a detailed due diligence process.
- 9.4 The Board was notified of an issue regarding Adviza's formal change of control requirements for funding agreements. The COO advised that the issue was being worked through and it could impact the completion date should the Board agree to proceed further. The COO advised against the Board going ahead without the appropriate change of controls being made.
- 9.5 The COO provided an overview of the legal process which included a memorandum of understanding, new articles of association, change of control agreement and a Board minute.
- 9.6 The Board noted that the CEO and COO had attended meetings with the Adviza Board to build and maintain positive relationships. The Director of Employability had also began building a rapport with key members of the Adviza delivery team.
- 9.7 The COO provided an update on Adviza's financial performance. The Board noted that Adviza was currently performing better than anticipated due to winning new contracts and reducing staffing.
- 9.8 The COO provided an estimated timeline of the next steps. The Board noted the proposed date of completion as Monday 11 December 2023.
- 9.9 One Governor inquired about the fate of Adviza's trustees and the paid Chair. The COO clarified that the current trustees, including the paid Chair, would resign. The Board was advised that Activate Learning would become the sole member and would appoint its own trustees to serve as the Board. A current member of the Adviza Board could be retained if desired.
- 9.10 One governor queried if permission was required from the Charities Commission. The COO advised that this would not be the case as the current changes to the articles of association were nonregulated and because the acquisition would be through merger with no consideration.
- 9.11 The Board noted that the Task and Finish group would have a term of reference with delegated authority to finalise and enact the paperwork, however, the Board would be reconsulted should any material changes occur.
- 9.12 The Board commended the COO and gave thanks for his work on the project.
- 9.13 The Board approved the recommendations within the paper. All members agreed.

Resolution: The Board approved the 'Change of Control' document and 'Memorandum of Understanding', subject to agreement with Adviza.

Board

Board

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RESOLUTION

Resolution: The Board approved the 'Articles of Association', subject to agreement with Adviza

Board

Resolution: The Board approved the setting up of a 'Task & Finish' group of governors, with the delegated authority to finalise the legal documents and execute the 'Change of Control' agreement once agreed with the Board of Adviza.

Board

Action: Governors to email the Chair before Friday 20th October to express interest in joining the task & finish group.

10

Safeguarding Annual Report

10.1 The Board received the Safeguarding Annual Report which was taken as read.

10.2 The DCEO provided an overview of the report which included the safeguarding highlights from the last academic year and future priorities.

10.3 The DCEO reminded the Board of the requirement to maintain up to date knowledge of Keeping Children Safe in Education and highlighted the link to the document. The Board noted that part two of the document focused on governance in relation to Safeguarding.

10.4 On behalf of the absent Link Governor for Safeguarding, the Chair shared the following comment:

'When you read this report it's good to see the enormous amount of progress in the last 12 months linked to a clear set of priorities for this year that build on last year. To me the highlights of the past year can be grouped as three categories. The first is data. We now have accurate and improving data so that we can make better decisions for many parts many of parts of Activate and better understand the differences between colleges. The second category is working across Functions and Facilities to help them meet their objectives and those of the Activate. This level of working together is outstanding. The last category is directly working with our communities plus also other external organisations in the Safeguarding and Education space. In my view Safeguarding has been radically changed and made a very valuable resource for the whole of Activate and beyond'

10.5 One governor queried the risks associated with the current affairs within the Middle East, the DCEO confirmed that the risks would be considered by the Safeguarding Committee.

Natalia Malczewska and Cathie Prest left the meeting.

11

Committee Recommendations

11.1 The Board received the Search & Governance Committee recommendation paper which was taken as read.

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RESOLUTION**

11.2 The Board discussed and agreed the recommendation to appoint Smitha Nair as a governor.

Board

Resolution: The Board approved the recommendation to appoint Smitha Nair.

12 Link Governor Updates

12.1 The Board noted that Andy Stone would be fulfilling the role of Link Governor for Equality, Diversity, and Inclusion. An introductory meeting had taken place with the CPO.

12.2 The Link Governor for Compliance provided an update on his recent meeting with the Compliance Team at Merrist Wood and commented on the fantastic facilities. The Board noted an issue with the fire doors within the accommodation and the link governors concerns regarding the Health & Safety (H&S) escalation process. The COO confirmed that he would follow up with the team.

13 Governance: Corporation Seal and Policies

13.1 The Corporation Seal had not been used.

13.2 There were no policies for approval.

14 AOB and the next date of meeting

14.1 The Board noted that the Governance and Strategy Day would be taking place on Tuesday 21st November 2023 and the next Board meeting would be on Tuesday 12th December 2023, both at Reading College.

The meeting closed at 19:42.

ChairDate