

ACTIVATE LEARNING FURTHER EDUCATION CORPORATION

CORPORATION BOARD MEETING

Meeting date: Tuesday 11th February 2025

Venue: Microsoft Teams

PRESENT:

Sue Sturgeon
David Goosey
Gary Headland
Alison Blight
Lesha Chetty
Katharine Horler
Tadhg Nicoll-Webb
Smitha Nair
Cathie Prest
Emma Shipp
Kathy Slack
Andy Stone
James Voûte
Dan Willis

Chair of the Corporation
Vice Chair of the Corporation
Chief Executive Officer

Staff Governor

IN ATTENDANCE:

Jon Adams
Cheri Ashby
Steve Ball
Neil Brooks
Pete Reynolds

Chief Strategy Officer
Deputy Chief Executive Officer
Chief Operating Officer
Executive Director Faculties & Colleges (North)
Chief Marketing Officer

Nate Rowe
Jess Dsouza
Callum Wood

Governance Officer/ Minute taker
Student Governor (As indicated in Minutes)
Student Governor (As indicated in Minutes)

GOVERNANCE PROFESSIONAL:

Amy Gleeson

Head of Governance

MINUTES

The meeting started at 17:00.

Minute
no.

Action /
Resolution

1. Welcome and Apologies for Absence.

Apologies for Absence.

1.1 Apologies for absence received from Justin Obee.

Student Governor Appointments.

- 1.2 Emma Shipp (ES), Chair of the Search and Governance Committee, presented a recommendation from the Search and Governance Committee to appoint Callum Wood and Jess Dsouza as Student Governors until 31st July 2025. The Board noted that from a pool of 32 applicants, six were shortlisted and interviewed by ES and the Head of Governance. Callum Wood and Jess Dsouza emerged as the strongest candidates. The Board unanimously approved the appointments.

RESOLUTION: The Board agreed to appoint Callum Wood and Jess Dsouza as Student Governors until 31st July 2025.

Callum Wood and Jess Dsouza entered the meeting.

- 1.3 The Board welcomed Callum Wood and Jess Dsouza as the new Student Governors.

2. Declarations of Interests, Gifts, and Hospitality.

- 2.1 No declarations of gifts, interests, or hospitality were raised.

3. Minutes of the meeting on Tuesday 10th December 2024.

- 3.1 The Board noted that a minor correction was needed in the minutes under item 10.2 on page 17. Alison Blight had met virtually with the Executive Director for Faculties and Colleges (North) and held a separate meeting after the strategy session.

ACTION: Amend the minutes of the meeting on 10 December 2024 to show that Alison Blight met with the Executive Director for Faculties and Colleges (North) on two separate occasions.

HoG

- 3.2 The Board approved the minutes of the meeting on 10 December 2024 as an accurate record, subject to the agreed amendment.

RESOLUTION: The Board approved the minutes of the meeting on 10 December 2024, subject to the agreed amendments.

4. Matters arising from the meeting on Tuesday 10th December 2024.

- 4.1 The Board noted that there were no outstanding matters arising from the meeting on 10 December 2024.

5. Organisational Objectives and Strategic Risks (CEO Report).

- 5.1 The Board received the *CEO Report* which was taken as read. The CEO provided an overview of the report.
- 5.2 The CEO informed the Board about a pilot initiative at Merrist Wood College focused on behaviour, attitudes, and personal development, aimed at enhancing learners' online safety skills. The Designated Safeguarding Lead was also delivering a session for parents and carers.

- 5.3 The CEO explained that he was running a LinkedIn campaign throughout February, posting daily to highlight the organisation's successes.
- 5.4 The Board noted the numerous safeguarding references within the risk register. The CEO acknowledged the challenge of deciding whether to include more or fewer safeguarding incidents but emphasised that each case was distinct and needed to be reported. He confirmed that the Link Governor for Safeguarding and Residential Accommodation received regular briefings and that any significant incidents were escalated to the Chair when required.
- 5.5 The Safeguarding and Residential Link Governor highlighted a rise in serious cases in the last two risk registers. She welcomed the use of external agencies, such as the Samaritans at Guildford College, to provide additional support.
- 5.6 The Board noted that the External Review of Safeguarding was in progress and is expected to be completed by 14 February.

Jess Dsouza and Callum Wood left the meeting.

- 5.7 The Board discussed the Activate Rugby Academy (ARA). The Board was reminded that the GET was in the process of reviewing the options regarding the future of the provision. The CEO advised that the key issue is that this area is contributing significantly less than other provisions, but the financial consideration is complex given the incremental nature of the provision. Substantial funds having been allocated this year to assessing safeguarding incidents. The Board noted that once the work had been completed to the satisfaction of GET, a recommendation would be presented to the Board given the potential reputational and financial implications. The analysis is progressing as quickly as possible, and a timely decision would be required so it could be communicated for the next academic year. The Board agreed to establish a Task and Finish Group to make a recommendation on the ARA's future. The Head of Governance agreed to set up the group and provide a draft Terms of Reference for the Board's consideration. Governors interested in participating were asked to email the Head of Governance.

RESOLUTION: The Board agreed to establish a Task and Finish Group to make a recommendation on Activate Rugby Academy's future.

ACTION: set up the Task and Finish Group for the Activate Rugby Academy, including drafting the Terms of Reference for the Board's consideration.

HoG

Jess Dsouza and Callum Wood re-entered the meeting.

- 5.8 The Board was informed about a Chinese Banquet event at Reading College Restaurant, hosted by the Chief Strategy Officer and attended by key external stakeholders, including the MP for Earley and Woodley and Mr. Bi, a major investor and philanthropist with significant ties to Reading. The event was praised by the Chair as a fantastic evening that showcased student talent and offered valuable enrichment opportunities, while also opening doors to new relationships. The Board noted that the relationship is in its early stages, with staff invited to visit Mr. Bi's redevelopment project and a meeting arranged to explore his interests.

Any investment would need to comply with Managing Public Money guidance.

- 5.9 The CEO reported that he, the Chair, and the Chief Strategy Officer had a productive session with Dame Ann Limb, Martin Dole, and Dr Lynette Nussbacher to support the organisation's development of the new strategic plan. A key focus was the Oxford to Cambridge Arc, which had lost momentum but has regained traction following a recent announcement from the Chancellor. Now referred to as the Oxford to Cambridge Growth Corridor, the region is increasingly recognised as a positive driver of Britain's economic growth.
- 5.10 The CEO informed the Board of meeting with the Chair of the Arc Universities Group, which currently does not include Further Education. The CEO suggested that the organisation should explore getting involved with the group with an aim of take a leading role in skills development and to begin establishing a stronger sub-regional presence. Governors supported the proposal, with recommendations to engage with Principals from Cambridge Regional College and Peterborough College for a greater insight, and to consider the skills needs linked to housing development across the Arc. The CEO shared that the organisation aimed to act as a convening entity, bringing together colleagues from the FE sector across the Arc in a collaborative, rather than competitive, manner. The goal would be to establish an Arc College Group, mirroring the existing Arc University Group. The Board acknowledged that the most effective first step would be to convene a meeting with all FE colleges within the Arc. The CEO and CSO will begin engaging with key stakeholders in the region and the topic will be included in the organisation's strategic conversation with the DfE in March.
- 5.11 The CEO introduced the upcoming finance papers, noting that the report for Period 5 provided an accurate financial overview. Significant work is underway to restore the organisation to its desired position, with this progress expected to be more clearly reflected in the Period 6 report. The Board noted a detailed review would take place at the half-year point.
- 5.12 A Governor queried the CEO's reference in his report to the Saudi Arabia partnership and the offer of 10-year tuition deals, asking whether this would be explored further and if it presented a potential opportunity. The CEO explained that, at the time of reporting, he had limited information and intended only to update Governors on emerging developments. The CEO advised that he had since spoken with the largest college in Saudi Arabia about the organisation's interest in subcontracting some of its commercial activity. He assured the Board that no decisions would be made without prior discussion and approval.
- 5.13 One Governor referred to the need for Merrist Wood College to find a validating university and suggested exploring Hartpury University, a land-based institution rated Outstanding by Ofsted and awarded a gold TEF rating. Cheri Ashby, DCEO, thanked the Governor for the suggestion and confirmed that it would be considered.
- 5.14 A Governor asked about Activate Enterprise, referencing the CEO's report which mentioned a consultation with key internal and external partners, and queried whether Governors would be involved. Steve Ball, COO confirmed that the matter would come to the Board before any firm

proposals were made and that the Audit & Risk Committee would be kept informed.

- 5.15 One Governor asked for an update on apprenticeship recruitment. The CEO explained that the organisation had set objectives around quantity, quality, and relevance, with quality being the top priority. He emphasised the importance of meeting the 62% target, as failure to do so would keep the organisation under observation by the DfE. The Board noted that the organisation was on track to meet this target. The GET has had multiple meetings regarding apprenticeships including a deep dive.
- 5.16 The Board discussed apprenticeships. The CMO reaffirmed that apprenticeships remain a priority and highlighted progress in building a dedicated sales team and telemarketing function. The Board noted that the national leadership and management provision has declined, impacted by changes at Grant Thornton, the organisation's former lead generation partner, however, a new strategy is being developed. A Governor emphasised the importance of safeguarding confidence in future investments, given the organisation's recent underperformance. He requested greater visibility into sales and marketing activity. The CEO confirmed that the organisation's market share is stable, and the focus has been on halting decline rather than driving growth. He proposed a deep dive into apprenticeship performance at Corporation level. The CMO agreed to explore improved reporting and invited the Vice-Chair to attend a structured sales meeting for further insight.
- 5.17 The Board discussed the delayed High Needs payments, particularly from Reading Council. The COO acknowledged ongoing challenges, explaining that while some progress had been made, payments were still outstanding from the previous year. The COO acknowledged the challenges of receiving payments, explaining that several factors were affecting the organisation. He noted that while there had been some progress in recovering payments from the previous year, this only happened after the organisation applied pressure on Reading Council, reminding them of public sector and Managing Public Money rules, which prevent the organisation from writing off the debt. Reading Council has now committed to paying the majority of what is owed. He further explained that demand for High Needs provision is increasing, but funding rates and structures are not keeping pace. While learner numbers are rising, the financial model does not always reflect the true cost of supporting these students. He highlighted that High Needs funding is among the most difficult to secure, despite the organisation having a legal obligation to accept these learners. The COO stressed the importance of reviewing all income streams, as some funds are designated for specific services. In previous years, the organisation had surpluses in High Needs income, as spending did not always match funding expectations. However, if funding rates fail to meet operational needs, the organisation may need to explore contributions from other income sources. The Board noted that the organisation is stretched in terms of Learning Support Assistants due to funding constraints. The high needs challenges have been discussed within GET and the organisation will be changing its approach moving forward.

6. Finance, Information, Estate and Equipment.

- 6.1 The Board received the Finance, Information, Estate and Equipment paper which was taken as read. The COO provided an overview of the report.
- 6.2 The COO informed the Board that the latest forecast reflected a risk to EBITDA. He reassured Governors that mitigation efforts were already underway. He also emphasised that the forecast had been deliberately cautious, avoiding over-optimism to ensure that budget holders remained proactive and did not become complacent.
- 6.3 The COO informed the Board that, based on the latest assessment, the organisation remains firmly within the 'Good' rating on the ESFA financial health measure.
- 6.4 The Board noted that the cash balance remained broadly on target, despite the EBITDA risks. In the worst-case scenario, the organisation would reach a cash balance of approximately £14 million, which is £600,000 below the budgeted figure. The COO explained that the organisation is currently investing more than it is generating, highlighting the need to increase EBITDA over the coming years.
- 6.5 The COO highlighted that a key risk area in the forecast relates to High Needs income, which has exceeded budget expectations. He informed the Board that there has been a shift in the cost base, particularly with staff cost savings. However, these savings are partially offset by both the increase in High Needs income and the additional staff costs required to support this provision.
- 6.6 The Board noted that the income profile remained largely consistent with previous years. While overall income is broadly in line with the budget, its composition has changed slightly. The COO highlighted that the increase in High Needs income has been offset by reductions in other areas, as previously mentioned.
- 6.7 The COO outlined the Investment Fund, noting that additional clarity and detail had been included in the paper to ensure the Board fully understood the types of investments the organisation plans to pursue this year.
- 6.8 The COO emphasised that the key focus is on understanding the organisation's current position. The latest forecast has been deliberately weighted towards risk factors, but he highlighted several potential mitigations that give confidence in achieving the budgeted EBITDA outturn. He felt it was important to present both the risks and opportunities to the Board.
- 6.9 The COO reassured the Board that by the time the Period 6 accounts were completed, he expects to see progress on the risks and shortfalls discussed, particularly through operational improvements.
- 6.10 The COO reminded the Board that the Chancellor had announced an increase in National Insurance Contributions for employers. While he flagged this as a potential risk, he noted that the government has indicated it will provide additional funding to offset the impact. However, the organisation has yet to receive details on how this funding will be allocated or distributed.

- 6.11 The Board noted that T-Level enrolments this year had fallen below the organisation's government funding allocation, resulting in an expected £250,000 clawback. The COO informed the Board that the organisation had not yet received confirmation of its in-year exceptional growth funding. He anticipated this to be £3 million, but until the allocation statement is received, it remains a financial risk.
- 6.12 The COO reminded the Board that the Chancellor had announced an increase to the National Living Wage, effective from 1st April 2025. As a result, some staff members would see a pay rise, with an estimated financial impact of around £50,000. While this presents a modest risk, budget holders are already working on mitigation strategies.
- 6.13 The Board noted that the organisation had received confirmation from two Local Government Pension Schemes that its contribution rates would be reduced. The organisation will now be classified similarly to a local authority, which could result in savings of £100,000 to £150,000 this year, with the potential to double next year. However, the COO is awaiting final confirmation of the exact figures.
- 6.14 The COO informed the Board that the organisation is awaiting details on its allocation from the £50 million additional funding for the FE sector, which will be issued as a grant on 1st April 2025. While the exact amount has not yet been confirmed, he expects to receive this information soon and assured the Board that it will be included in the next forecast report.
- 6.15 The Board discussed how financial risks were being managed periodically. The COO highlighted that by the next Board meeting in April, he expects all risks and opportunities to have crystallised, providing a much clearer financial picture. The Board noted that over the past two to three years, the organisation has seen material growth in 16 - 18 High Needs funding. However, it has not experienced the same in-year growth in apprenticeship and commercial activities, preventing the organisation from exceeding the budget expectations.
- 6.16 The COO highlighted the importance of strategic planning and cash balance management, explaining that while the organisation has seen significant growth, the next step is to focus on efficiency, maximising the opportunities that growth presents. To support this, the organisation is currently conducting benchmarking work, analysing the cost structures of other large college organisations to identify areas for improvement.
- 6.17 One Governor expressed concern that the report appeared to suggest a reduction in EBITDA was acceptable. While acknowledging emerging opportunities, they questioned whether mitigations should be explored now to ensure the organisation remains on budget. The COO agreed, clarifying that the organisation is not passively accepting the shortfall and wanted to avoid presenting an overly optimistic view of unsecured mitigations. He reassured the Board that by the April meeting, a clearer financial position should provide greater confidence. The Governor emphasised the need for a contingency plan should expected opportunities fail to materialise, ensuring the organisation can realign with its budget. The COO agreed and stressed that any external opportunities that arise should be seen as additional support, rather than the primary strategy for achieving financial stability.
- 6.18 One Governor highlighted that best practice in the FE sector is to share management accounts with the Board monthly, which she felt would

provide better visibility of financial performance over time. She noted that by the April meeting (Period 7), there would be limited scope for mitigating risks, raising concerns that similar issues were appearing in reports as they had this time last year. Drawing from her experience with other colleges, she emphasised the importance of proactive financial management. The Chair supported the idea of providing management accounts to the Board monthly and suggested that this be explored further outside the meeting.

COO

ACTION: Explore the possibility of providing monthly management accounts to the Corporation Board.

- 6.19 One Governor asked whether budget holders had been given specific targets for reducing expenditure. The COO reassured the Board that detailed discussions are taking place with budget holders to ensure they adhere to budgets and actively work to mitigate any overspending.
- 6.20 The CEO reassured the Board that the report provided an honest reflection of the organisation's Period 5 financial position. He expressed confidence that the organisation would return to budget and potentially exceed it. He emphasised that top-level budget holders are actively reviewing their budgets and made it clear that missing the EBITDA target is not acceptable. While the organisation is experiencing significant growth, this also introduces new risks that are being managed, though resource constraints remain a challenge at times.
- 6.21 The CEO highlighted that in-year growth is expected to increase income, pending government announcements, and projected that income could grow by approximately £6 million next year. He also assured the Board of the organisation's commitment to efficiency, noting that the ongoing external review, conducted alongside six of the largest college groups, will provide valuable benchmarking data for the first time, allowing for in-depth analysis and comparisons.

7. Strategy Update.

- 7.1 The Board received the Strategy Update paper which was taken as read. The CSO provided an overview.
- 7.2 The CSO reminded the Board that the key date for the strategic plan is 13 May 2025, when the Governance and Strategy Day will take place. While this will not be the final sign-off, he explained that it will provide Governors with a version as close to the final draft as possible. The Board acknowledged that efforts have been made to keep Governors well-briefed on the key themes expected to emerge in the strategic plan and some have participated in work stream meetings with team.
- 7.3 The Board recognised that the November Strategy Day played a significant role in shaping the Strategic Plan. The CSO explained that the session focused on developing key themes and planning how the remaining time would be utilised to refine the strategy.
- 7.4 One Governor suggested reframing the language around High Needs learners to present it more positively, highlighting the organisation's inclusive approach and strong Equality, Diversity, and Inclusion (EDI) practices. She also proposed adopting a structured progression model, similar to the 'Step, Strive, Stretch' framework used for GCSE to A-Level

transitions, to support High Needs learners. The CSO agreed, acknowledging that positive aspects of inclusivity are not always celebrated in the FE sector. While the organisation is renowned for its SEND and High Needs provision, he emphasised the importance of ensuring that this is seen as part of a broader educational offering, rather than its sole focus. The DCEO also welcomed this perspective and highlighted pathways to adulthood as a key priority.

- 7.5 One Governor raised the need for a strategic decision on whether the organisation should prioritise SEND and High Needs provision, particularly in light of ongoing funding challenges and increased demand. She proposed this be explored further at the Strategy Day in May. The Board acknowledged the complexity of this issue, considering both financial pressures and the growing number of Education Health and Care Plans. The CSO advised that four distinct areas within High Needs have been identified for review, with a focus on determining which to develop further. He emphasised the importance of setting financial boundaries and ensuring a balanced approach that allows for investment in other, less self-sustaining areas. While supporting continued growth in High Needs due to the organisation's established reputation, he stressed that it should not come at the expense of broader provision. The Board agreed that other areas should not be overlooked and noted the importance of maintaining the organisation's appeal to a wide range of learners, including high achievers.
- 7.6 The CSO informed the Board that the vision, mission, and values had been the least shared aspect of the strategic plan with Governors so far. In discussions with GET it was suggested that the existing wording and framework could simply be retained into the new plan. However, as there was no strong attachment to the existing version, he proposed using this as an opportunity to refresh and refine it. The goal would not be a complete rewrite but rather a thoughtful revision to ensure the language is more compelling and meaningful. He also noted that the current list of organisational values may be too extensive, potentially reducing their clarity and impact. A more concise set of core values would help ensure they are better understood, embraced, and embedded across the organisation.
- 7.7 The CSO encouraged Governors to reach out if there were any aspects they wished to explore in more detail ahead of the Governance and Strategy Day on 13 May.

8. Governor Activities - Updates and Insights.

- 8.1 One Governor reported that they had attended the EDI Committee meeting and shared that there were opportunities for greater inclusivity when designing new spaces. The COO confirmed that this was an action that was being addressed.
- 8.2 One Governor shared reflections following a recent Health and Safety visit to Guildford, noting that there appeared to be areas of the campus

that were not being fully utilised. Considering the current departmental arrangements, he suggested that a comprehensive review of space usage would be beneficial. The COO agreed with the Governor's observations, recognising that although steps had been taken to address the issue, the condition of some buildings continued to limit their usability. However, he clarified that this was not an issue across other large campuses.

- 8.3 The Chair of the Quality and Relevance Committee informed the Board that the agenda for the upcoming committee meeting had been finalised following discussions with the Head of Governance, CSO, and DCEO. She explained that date adjustments were made to align with the Accountability Statement, resulting in no update for this meeting. The Board noted that an update would be provided at the next meeting.

9. Governance

- 9.1 The Board received the Governance Update paper which was taken as read.

Corporation Seal.

- 9.2 The Board noted that the Corporation seal had not been used.

Contracts.

- 9.3 The Board noted in accordance with the Framework for Governance, the following contracts had been signed by the Chair on behalf of the Corporation Board due to exceeding £200k in value:

- VLUK
- Merrist Wood Equine Arena
- LSIF – November Claim

Policy Approval Schedule.

- 9.4 The Board approved the following policies:

- Fitness to Study Policy
- Health and Safety Policy

RESOLUTION: The Board approved the Fitness to Study Policy and Health and Safety Policy

10. AOB and Date of Next Meetings

- 10.1 The Board noted that the meeting would be taking place on Tuesday 29 April 2025 at Guildford College.

10.2 Governors were reminded of the Student Conference events and encouraged to participate where possible.

The meeting closed at 18:55.

S I Surgeon

Chair Date 12.04.2025