



**MINUTES OF THE CORPORATION MEETING HELD ON 16 DECEMBER 2019
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**MINUTES OF THE CORPORATION MEETING HELD ON MONDAY
16 DECEMBER 2019 AT 5.00 PM IN C212 AT THE ROUNDHOUSE**

Present: Janet Morgan (Chair), Alan Brady, Sue Bradley, John Clay, Hazel Clint, Phil Dover, Stuart Ellis, Mike Kapur, Martyn Marples, Graham Schuhmacher, Kevin Slack, Mandie Stravino

In attendance: Aaron Denton (Minute number 32/19-20 only) Richard Eaton, April Hayhurst, Kate Martin, Heather Simcox, Pam Stanley (Minute number 31/19-20 only), Rose Matthews (Clerk)

PART ONE - GENERAL MINUTES

25/19-20 WELCOME AND INTRODUCTIONS

The Chair welcomed Alan Brady, former Headteacher of Allestree Woodlands School and Stuart Ellis, Chief Engineer – Civil Design and Mechanical Integrity at Rolls Royce, and introductions were carried out.

26/19-20 APOLOGIES FOR ABSENCE

Apologies for absence were received and accepted from Sagar Johnson and Andrew Cochrane.

27/19-20 DECLARATIONS OF INTEREST, CONFIRMATION OF ELIGIBILITY AND QUORUM

All members were eligible and the meeting was quorate.

Janet Morgan declared the HMRC work Smith Cooper, a company she was a partner of, had been involved in. She was not directly involved.

28/19-20 MINUTES OF THE PREVIOUS MEETING

RESOLVED: The minutes of the meeting held on 21 October 2019 were formally approved and signed as a true and accurate record.

29/19-20 MATTERS ARISING

07/19-20 The Standards Committee was cancelled due to the Ofsted Inspection. The Vice Principal would present further analysis on retention strategies at a subsequent Standards Committee meeting.

Action Date

09/19-20 The Chair of Audit noted the interest charges had increased and asked the CFO to look at the increase. The CFO had contacted the Chair of Audit direct and discussed.

30/19-20 CHAIR'S REPORT

A Chair's report had been introduced following a request as part of the self-assessment session at the last meeting.

The Chair provided an overview of events since the last meeting and summarised the agenda for Members.

31/19-20 HEALTH, SAFETY AND ENVIRONMENT, INC;

- **HEALTH, SAFETY AND ENVIRONMENT ANNUAL REPORT 2018-19**
- **HEALTH AND SAFETY AND ENVIRONMENTAL MANAGEMENT STATUS REPORT**
- **HEALTH, SAFETY AND WELFARE AT WORK POLICY**
- **ENVIRONMENTAL MANAGEMENT POLICY**

The Environmental Compliance Manager attended the meeting and presented the Health and Safety Annual Report.

The internal audit report had provided substantial assurance with no recommendations.

Environmental management KPIs had been met with challenging KPIs for carbon reduction.

The team continue to work with managers to ensure audits were carried out, which would achieve an average compliance rate of 85%.

Accident reports did remain consistent, with five RIDDORS reported. The Environmental Compliance Manager explained the criteria for reporting RIDDORS.

Work was underway to have an educational visits database in place to manage all visits, at the moment this was a paper based process.

APPROVED: Corporation approved the Health, Safety and Environment Annual Report.

The Health, Safety and Environment Status Report, summarising achievement towards KPIs, compliance, reporting and effectiveness across the Group in headline areas was shared and discussed. It was brought to the Corporation's attention that since writing the report an occupational health diagnosis had been reported. The HSE had contacted the Group for further information.

The Health, Safety and Welfare at Work Policy and Environmental Management Policy were both presented for annual review with minor revisions.

APPROVED: The Health, Safety and Welfare at Work Policy and Environmental Management Policy were both approved.

Hazel Clint the Lead Governor for Health and Safety advised she would be meeting the Environmental Compliance Manager the following day and had a lot of information to share.

32/19-20 EQUALITY, DIVERSITY AND INCLUSION ANNUAL REPORT

• EQUALITY, DIVERSITY AND INCLUSION POLICY

The Head Behaviour for Learning delivered the headline information with regard to Equality, Diversity and Inclusion, with full details contained within the Annual Report, covering the employee and student population.

Members noted some of the gaps presented were small and the story behind the information highlighting the barriers to learning were important. They said it was key to having the right strategy in place to provide the best opportunities for all students.

Hazel Clint raised query with some of the information contained in the report and it was agreed this would be discussed outside of the meeting.

HC/
AD

17/12/19

APPROVED: The Corporation, subject to the points raised by Hazel Clint, agreed to approve the Equality and Diversity Annual Report.

The Equality, Diversity and Inclusion Policy was presented, which aligned to the Equality Act. It had been created in collaboration with the Trans-community with guidelines included relating to support for looked after people and care support.

APPROVED: The Corporation approved the Equality, Diversity and Inclusion Policy.

33/19-20 OFSTED INSPECTION

The Deputy Principal provided an overview of the Ofsted Inspection which took place on 3rd – 5 December 2019.

The inspectors carried out a deep dive in four areas:

- L3 Study Programmes in Sport
- L2 Study Programmes in Animal Care
- Apprenticeships in Construction
- Adult programmes in Retail and Wholesale

The new style reports are very short and concise and focus on the learner. Key highlights from the report were summarised, along with the areas for improvement.

Members questioned how the deep dives worked. It was explained they focussed on the intent, implement and impact, with much focus on the senior leadership team.

Mike Kapur asked if the Executive recognised the Group in the feedback. The Deputy Chief Executive said the areas for improvement were the ones identified by the inspectors and noted actions had been put in place to address, but the intentions were too early at this point.

The Chair noted the inspectors had said some of the areas for improvement were not specific to DCG and were common amongst the sector.

34/19-20 COLLEGE SELF-ASSESSMENT REPORT 2018-19 (FES)

- **FES SAR AND QIP**
- **LITTLE EXPLORERS SEF**
- **RESIDENTIAL SAR**

SAR Validation sessions had taken place in early November, with Members joining the validation panels.

The inspection outcome provided assurance the Self-Assessment Report was a fair assessment of the provision, with Ofsted confirming the Grade 2 assessment under the FES.

Little Explorers Nursery self-assessed as Outstanding. Maintaining its Ofsted grading against the Early Years Inspection Framework.

The Residential provision also self-assessed itself as outstanding against the Social Care Framework.

It was noted the HE SED would be presented at the next meeting.

KM

25/02/20

APPROVED: Members reviewed the reports and following discussion agreed to approve the FES SAR, Little Explorers SEF and Residential SAR.

35/19-20 HIGHER EDUCATION

- **OFS LETTER – COMPLIANCE WITH REGULATORY DEADLINES**
- **REPORT FROM HIGHER EDUCATION STRATEGIC BOARD**
- **ADVANCE HE GOVERNANCE CONFERENCE**

Members discussed the letter which had been received by the Corporation Chair regarding compliance with regulatory deadlines from the Office for Students.

The letter indicated three instances whereby the Group had failed to complete the regulatory requirements on time.

Members noted this was the first year the Office for Students had operated and certain processes and procedures had

changed as a result. Colleges were being treated in the same way as universities in terms of compliance despite the lower amount of students. The CFO presented a report outlining the reason for the missed deadlines:

Payment of OFS Registration Fees - The OFS do not issue an invoice for payment of fees. The Group pay on receipt of an invoice and as such the deadline for payment was missed. This has been scheduled annually for June each year moving forward.

Payment of Fees to the Designated Quality Body - The invoice was received but went to the curriculum area. The invoice was paid but later in September. This was also now scheduled for payment in June annually.

Submission of Unistat return - Technical access led to the delay in submission. The submission was been scheduled to be submitted much earlier.

Members noted Higher Education was a small but important element of the Group's business.

It was pointed out that other institutions had missed the deadlines.

Members were also made aware the OFS had asked for additional assurance on the Financial Statements. They did not wish to rely on the Group's regularity audit and requested from 2019-20 financial statements to comply with their additional requirements.

The Chief Executive added that at a recent 'OfS - briefing for accountable officers', which she attended, the OfS [Head of Monitoring and Intervention], when challenged, made no apology for the letter and reiterated that as the regulator for higher education, the OfS would continue to inform governing bodies of any breaches [relating to conditions of registration] and/or missed deadlines.

In response to Martyn Marple's query regarding the long-term strategy for HE in FE, MJS reminded governors of her involvement (as the FE representative) in the OFS board member recruitment process and the subsequent and deliberate appointment of an FE Principal [from Leicester College] to the OfS board.

Members felt strongly that as a significant number of providers [222] missed at least one deadline, the OfS should also review the effectiveness of its communication/processes.

The CFO agreed to write to the OFS to follow up and request a list of key deadlines.

RE

29/02/20

Report from Higher Education Strategic Board

The Chair of the Higher Education Strategic Board provided an overview of the meeting held on 21 October.

The meeting cycle did not align to the self-evaluation process and further work was being carried out on the SED ahead of finalising.

The HE Director provided a useful update on teacher professional development and the FHEA fellowship.

An update was provided on the Open University partnership, relating to costs and recent challenges.

Work was underway on further changes to the Access and Participation Plan.

Advance HE Governance Conference

The Clerk provided feedback from the Conference held on 28 November 2019.

It was made clear the OFS focus on the student, not the provider. The OFS would advise on the outcome it required, but this could be achieved in a number of ways. The core OFS approach should be followed through its guidelines, which would be achievable through a clear decision-making process and transparency.

University Chairs at the event asked for a list of compliance requirements from the OFS.

A further session indicated the Higher Education Code of Governance was undergoing a review and following consultation likely to be finalised mid-2020.

36/19-20 FINANCE REPORT, INCLUDING MANAGEMENT ACCOUNTS FOR OCTOBER 2019

The CFO provided a summary of the October Management Accounts.

Work was underway on updating learner records for 2019-20 following the P3 ILR submission. This had been complicated due to issues with the funding software provided by the ESFA. The R04 submission would reflect a more accurate picture. AEB enrolments continue with National Retail, ESOL etc.

A request had been submitted to the ESFA for in-year growth funding as there were currently 124 learners in the lagged methodology. Outside of this DCG could incur extra delivery costs as a result.

The former Government did agree to a funding increase in the base rate for 2021 of 8%, which should increase the funding allocation.

The period 4 report was awaited, but indications looked to be close to an income of £4.4 against a budgeted target of £6.4m. The Deputy Principal talked through pending business to achieve the target. Stuart Ellis questioned the likelihood of achieving this, but was informed there was no concern at present with achieving the target.

Corporation approval was sought (due to the size of the contract) to proceed with the re-tender process for Security Services.

APPROVED: The Corporation approved the tender process for the contract for the provision of mobile and static manned security services.

37/19-20 REPORT FROM THE AUDIT COMMITTEE

The Audit Committee Chair presented the report following the meeting held on 26 November 2019.

The External Auditors presented their final report, there were no modifications and they made an unqualified opinion.

One internal audit visit relating to HR and Payroll had taken place, with the full report presented at the next Audit Committee meeting.

The ESFA Self-Assessment Questionnaire had been presented to and discussed by the Committee.

The Audit Committee Annual Report for 2018-19 was presented to the Corporation, providing assurance and evidencing the Group had an adequate and effective assurance framework in place.

The Risk Management Annual Report was received and discussed.

The Committee recommended the subsidiary accounts for MBS Ltd for approval, which had been approved at the MBS AGM. MBS reflected the Roundhouse Events business, which generated a surplus of £33K, and had been gift aided back into the Group.

DCG Services Ltd had previously been a dormant company (Corporate College Ltd) but now reflected the cleaning provision which moved in-house earlier in the year. These had been approved at the DCG Services AGM.

The Chair of Audit Committee provided a summary of the Group's income and expenditure.

The Group's expenditure income showed a deficit of £2.4m. compared with the prior year deficit of £3.1m.

The total comprehensive income for the year shows a deficit of £20m, which was mainly due to pension adjustments.

Net assets were at £35m, but showed a strong balance sheet with borrowings just over £3.1m. The cashflow forecast took the Group to the end of July and still showed a positive cash position.

APPROVED: The Corporation approved the Financial Statements for 2018-19 which had been recommended by the Audit Committee at its meeting on 26 November 2019.

APPROVED: The Corporation approved the Financial Statements DCG Services Limited and MBS Ltd which had been approved at their respective AGMs.

38/19-20 REPORT FROM THE FINANCE COMMITTEE

Martyn Marples provided a verbal report on the inquorate Finance Committee meeting held on 11 December 2019. Due to a last minute apology the meeting had gone ahead, however, no decisions could be made.

The Terms of Reference were reviewed with no changes made. However, a further review would take place following an internal audit review in March 2020.

APPROVED: The Corporation approved the Terms of Reference for the Finance Committee.

The ESFA Financial Plan letter and dashboard had been reviewed by the Committee and confirmed good financial health for 2018-19 and for 2019-20 based on the financial forecast.

Following a successful bid for funding towards T Levels (50%), a report summarising the T Level Capital Project was presented, seeking approval for five capital projects, with the detail contained within the report.

Members discussed the financial impact and were satisfied with the proposal.

APPROVED: The Corporation approved the T Levels Capital Project, noting the details contained within the report.

It was noted the Group had been in the regrettable position whereby they had been unable to offer a pay award or increment for a number of years. The CFO put forward options for a pay award.

The Deputy CEO explained the Group had gone many years without making a pay award or paying increments and the Group were conscious they were not paying employees competitive rates of pay. The Group were finding it increasingly difficult to maintain morale. Members heard the

Group faced an issue with retaining existing employees, but also recruiting into FE when there was a disparity with the pay grades offered in schools.

Alan Brady asked for clarification regarding the last pay award; the Chief Executive confirmed that a 0.5% cost of living award was approved by governors following the previous [good with outstanding features] Ofsted outcome in March 2016 and stated the Executive Team's recommendation that both the budgeted cost of living and incremental pay awards be made to all staff, payable from April 2020. The Chief Executive reiterated that the current pay situation was impacting negatively on the good will, retention and recruitment of good staff, essential for the provision of excellent education, exceptional student support and effective corporate services.

Following a discussion regarding the affordability of the pay award the Chief Executive confirmed that, if the recommendation was accepted, the Executive team would focus on maximising income and reducing costs in order to protect the EBITDA, cash flow and in turn the 'good' ESFA score card rating.

Kevin Slack asked if 1% would resolve the issue and John Clay responded that employees were leaving FE to move into schools and during the 8-year period the Group had achieved two good Ofsted grades. He said anything would be welcome and 1% was better than no offer.

The Chair explained some harsh decisions had been made to retain the financial position of the Group and noted that some other colleges that had made increases were now in financial difficulty. She said as a Board they would have liked to have offered more, but were not a position to offer any more at this stage.

APPROVED: The Corporation approved the pay award offer of 1% from 1 April 2020 and to pay increments from 1 April 2020.

The Pensions Discretionary Statement was presented, based on the Derbyshire County Council's exemplar discretions template. It was proposed to adopt all standard discretions.

APPROVED: Following discussion the Corporation approved the proposed Pensions Discretionary Statement.

39/19-20 APPOINTMENT OF VICE CHAIR

The Clerk had e-mailed all Board Members following the request for Expressions of Interest for the position of Vice Chair at the last meeting.

Phil Dover had expressed an interest in the position. The Clerk had e-mailed Members electronically and the proposal had been seconded.

APPROVED: The Corporation approved the appointment of Phil Dover as Vice Chair of the Corporation with immediate effect.

40/19-20 DCG STRATEGIC AMBITIONS

The Deputy Chief Executive presented the draft Strategic Ambitions for 2020-2025.

This commenced with the Corporation's strategic planning event in September. Consultation with stakeholders, employers and students had taken place with feedback incorporated.

APPROVED: The Corporation approved the Strategic Ambitions for 2020-2025.

41/19-20 PUBLIC VALUE STATEMENT

An annual review of the Public Value statement had been undertaken, with minor additions highlighted.

APPROVED: The Public Value Statement for 2019 was approved by the Corporation.

42/19-20 MODERN SLAVERY STATEMENT

The Modern Slavery Statement was presented to the Corporation following an annual review for approval.

The statement included the addition of DCG Services Limited which covered the provision of cleaning services and a breakdown of figures for 2018-19.

APPROVED: The Modern Slavery Statement for 2019 was approved and the Chair signed the Statement prior to publication.

43/19-20 STRATEGIC RISK MONITORING

Members received the Strategic Risk Monitoring Report which provided an update on high priority risks identified on the Risk Register and a summary of current litigation being taken against the Group.

This had been reviewed in detail at the Audit Committee.

44/19-20 KEY PERFORMANCE INDICATORS

The Deputy Chief Executive shared the Key Performance Indicators.

She expressed disappointment with the 88% actual to-date for 16-18 CBL. Attendance was an improvement on last year and some areas significantly better.

The areas with particularly poor attendance were discussed.

Retention was positive, both exceeding target at 98% for 16-18 CBL and 99% for 19+ CBL.

45/19-20 POLICIES

The Corporation had received the following policies for remote for approval which were recommended by the Audit Committee:

- Risk Management Policy
- Financial Regulations
- Treasury and Cashflow Management Policy
- Bribery Policy
- Anti-Money Laundering Policy

The following policies were approved remotely by Corporation:

- Health and Safety and Welfare at Work Policy (referred to under H&S section)
- Equality, Diversity and Inclusion Policy (referred to under E&D section)
- Sub-contracting Policy

APPROVED: The Corporation ratified all the aforementioned policies.

The meeting finished at 7.30 pm

Signed: _____ Date: _____