



MEETING OF THE CORPORATION OF MACCLESFIELD COLLEGE

TUESDAY 8 DECEMBER 2020 – 9.30 AM

VIA ZOOM

PART I

Clerk: Mrs R Clare

Attendance:	M Sharples (Chair), C Trasler, P Newell, N Schofield, K Williams, J Walters, S Musgrave, G White, J Gomez, R Kay, M Wright, Mrs M Grant, Mr E Kennedy
In attendance:	L French, L Reed
Apologies:	A Sutcliffe

Actions:

<p>41/20 Curriculum and Quality: English and math's update</p> <p>The figures will be shared at the next meeting but LR reported that the uptake of parents is higher in particular groups.</p> <p>(Number of parents using the app – figures to be shared at the next meeting).</p>	LR
<p>41/20 Curriculum and Quality: College Improvement Plan</p> <p>LR explained that this was currently being updated and would be shared at the next meeting.</p>	LR

MINUTES

Item	Title
37/20	<p>Welcome and Apologies for Absence</p> <p>The Chair welcomed Members to the meeting. An apology for absence was received for A Sutcliffe who was engaged with business at The Macclesfield Academy.</p> <p>➤ To ratify the appointment of Student Members of the Corporation</p> <p>The Director of Governance confirmed the appointment of the President and Vice President of the Student Union for the academic year 2020/21 in accordance with the procedure approved by the Corporation on 11 December 2012 (Corporation minute 41/12 referred). J Gomez was appointed as a Student Member of the Corporation. T Wimbleton was appointed as a Student Member of the Corporation.</p>

➤ **To welcome Graham White as new Teaching Staff Governor**

Members noted that G White was appointed by the Teaching Staff as the new Teaching Staff Governor. G White was welcomed to his first meeting.

38/20 **Declaration of Members' Interest**

M Sharples declared an interest as his wife works for Cheshire East Council.

39/20 **Minutes and matters arising from the previous minutes**

To confirm and approve the Part 1 Minutes of the meeting held on 6 October 2020 and review the matters arising:

The minutes of the Part I Corporation meeting held on 6 October 2020 were approved as an accurate record.

The Chair of the Corporation reviewed the matters arising from the previous meeting:

- A formal paper on The Macclesfield Academy. Timeline of the process, options and timescales and a thorough report on this matter. *The Vice Chair of The Macclesfield Academy will provide an update during the Part II Corporation meeting. A report was received in advance of the meeting.*
- A governor questioned the percentages in the Destinations Report reported in the table. LR to confirm the figures provided by MIS. LR stated that this might be due to the coding from MIS but the columns should add up to 100% so required a further review. *The updated report was shared via Trust Governor with the correct figures.*
- ELT are holding a strategic day offsite to review the finance and strategic position in more detail and contingencies will be shared at the December Corporation meeting including assumptions and impact on the budget. *An update will be provided during the Part II Corporation meeting.*
- LF explained that apprenticeship numbers would be shared at the next meeting after the new starts at the end of October. *The figures are shared in the Management Accounts and will be reviewed at the meeting.*
- Numbers of Levy and Non-Levy to be shared at the next meeting. *The figures are shared in the Management Accounts and will be reviewed at the meeting.*

40/20 **KPI document 2019/20**

The final KPI document for 2019/20 was received in advance of the meeting. The Principal invited any questions relating to the KPI document, as there had been no changes since the report was tabled at the Corporation meeting in July and the document was presented for final approval. Members accepted the final KPI document for 2019/20. There were no further questions.

41/20 **Quality and Curriculum
Appendix A**

i. to receive the HE self-evaluation document

LR presented the HE self-evaluation document that had been presented to the validation panel. The document evidenced HE success rates illustrate a drop-in retention and achievement but an increase in pass rate. Over the 2019/20 academic year, the retention rate dropped by 0.2% from the previous year, due to six withdrawals. LR explained that the L5 learners were not able to complete on time due to the constraints of Covid-19 and the achievement will be in 2020/21. LR reported there was a 3.8% increase in the pass rate compared to last year. LR confirmed that the document evidenced that the College successfully met all expected standards in the UK quality code for Higher Education and had followed all HE practices and guidance. LR explained that this was an internal document only. The College is continuing to develop its partnership with the University of Derby delivering the PGCE Programme.

Q: How many staff are involved in the HE?

LR reported that the information is shared on page 5 of the report within the HE Programme Chart.

ii. **to receive an update report on English and mathematics**

LR presented an update report on English and mathematics. LR reported the mathematics and English strategy for 2019-20 was to enrol all learners with a grade 3 on GCSE programmes and all with a Grade 2 or below on the most appropriate level of functional skill, in line with the change to the mathematics and English condition of funding guidance that came into effect in September 2019. A revised policy on initial assessment was introduced with the aim of gaining a more holistic assessment of learner's starting points.

The resit policy was reviewed and only those who had scored within 5 UMS marks of a Grade 4 were eligible to sit resit examinations in the November series. LR reported the results of the November resits were 100% pass rate in mathematics and a 91% pass rate in English with 9% and 26% high grades respectively. The summer examinations were cancelled due to Covid-19 and the College instead followed a robust self-assessment judgement. LR reported good student outcomes in mathematics and English for 2019-20 were maintained and high-grade profiles improved across both 16-18 and 19+ cohorts. LR reported a decline in achievement rates for 19+ and this was in line with the national picture.

LR confirmed that enrolments on GCSE programmes in 2020-21 are 319 for mathematics and 272 for English. LR explained that the strategy is to deliver as much face to face teaching as possible and continue to stretch and challenge students. The College is currently using the 16-19 Tuition Fund to support small group tuition for 16 to 19 learners in English, mathematics and other courses where learning was disrupted as a result of Covid-19.

The examinations have been delayed in the summer and preparation will be shared with the students this week. LR reported that Learning Walks have been undertaken across the whole department to quality assure delivery and some outstanding teaching is taking place.

Members were informed that learner progress is monitored and logged on Promonitor. The College has implemented a full roll-out of Parent Portal this academic year so parents and carers have live access to learner attendance records. Members of the Senior Management Team continue to work with the students most difficult to engage. It was reported that attendance was high in relation to the national picture.

Q: Is it still proving difficult to get students into the classroom?

LR explained that it fluctuates in certain cohorts/groups but the College continues to implement a range of successful strategies to support engagement. RK explained that the College continues to push English and mathematics at all student inductions at the beginning of the academic year. The Teaching Staff Governor suggested to reiterate the message to students, as now is a time where attendance can slip. LR confirmed that a strategy is planned and will be rolled out. J Gomez will support the delivery of this message to students in his role as Student Voice Lead.

A Member commended the College on English and mathematics being above the national rate for attendance and achievement.

Q: Is the parent portal being widely accessed? Are the figures being tracked?

The figures will be shared at the next meeting but LR reported that the uptake of parents is higher in particular groups.

iii. **to approve the College's Annual Self-Assessment Report 2019/20**

The Vice Principal for Curriculum and Quality presented the College's Annual Self-Assessment Report 2019/20. The SAR process was adapted this year to due to the constraints of Covid-19. LR thanked Corporation Members for their scrutiny and thorough responses in their part of the process. Members feedback was welcomed and was incorporated into the final document. The College had engaged with an external consultant who moderated the process and validated grades. The final overall College SAR Grade was a 2. LR explained the key strengths which included broader curriculum, high teaching and assessment and high expectations. Key areas for improvement were recorded as adults' outcomes and achievement for apprenticeships. The apprenticeship achievement was primarily due to the circumstances of Covid-19 but remained an area for improvement. LR confirmed that there will also be

a drive on attendance in certain curriculum areas. It was reported that the data had not yet been reconciled against the final KPI document for 2019/20 and was therefore not final. The figures will be updated in the final SAR document. Members approved the final SAR document for 2019/20.

Governors discussed the SAR process and it was agreed that it was a difficult year due to Covid-19. There were limitations and the governors missed not being on site for the SAR meetings. The process will be reviewed and adapted next academic year.

Q: Will the College Improvement Plan be shared with the impact column updated?

LR explained that this was currently being updated and would be shared at the next meeting.

iv. Macclesfield College Interim Visit Ofsted Report

The Macclesfield College Interim Visit Ofsted Report that took place on 21 and 22 October 2020 was received in advance of the meeting. The Vice Principal Curriculum and Quality presented the report and confirmed that the visit was based on the reopening of the College following the national lockdown. The Ofsted team met with a range of people including curriculum and support staff. The report was positive and reflected the hard work undertaken. The report has been checked for factual inaccuracies and the final report will be published on the Ofsted website. The Chair of the Corporation thanked the team for their effort and hard work. Members acknowledged the complimentary report and the work undertaken by the members of staff involved.

42/20 **Audit**

Appendix B

To receive the minutes of the meeting held on 10 November 2020.

Members received the minutes of the Audit Committee meeting held on 10 November 2020.

The Chair of the Audit Committee explained that the Audit Committee had suggested that the Student Union Accounts no longer be received by the Audit Committee. LF explained that the income/expenditure normally sits in College cost within student services and therefore recommended to remove the requirement for Student Union accounts to be submitted to the Audit Committee going forward. The Corporation approved the requirement for the Audit Committee to no longer receive the Student Union Accounts.

It was reported that the Director of Governance had provided a summary in relation to the Audit Code of Practice 2019/20 and the College was compliant. The Chair of the Audit Committee confirmed that there were no issues relating to Fraud, RIDDOR or GDPR reported at the Audit Committee.

Members should note the formal recommendations made under the Audit Committee minutes. They are invited to:

i. receive and approve the Annual Internal Audit Report

The Chair of the Audit Committee explained that the plan had been revised and welcomed the final report. All risks relating to Covid-19 were taken in to consideration in the plan. Members were informed that the date for the Cyber Security Audit was rescheduled from 2 November 2020 to 30 November 2020. Members received and approved the Annual Internal Audit Plan and Progress Report.

ii. receive the Annual Risk Management Report and Heat Map

Members received the Annual Risk Management Report and Heat Map. It was confirmed that no new risks have been added for 2019/20 and one new risk had been added for 2020/21

iii. receive the Annual Review of Risk Appetite

Members received the Annual Review of Risk Appetite. The document had been developed and ELT had considered a new way of reviewing risk appetite and this had been mapped across the college. The Chair of the Audit Committee explained that the college statement of being 'risk averse' could no longer be applied as this was now split by categories. The final statement was complex and applied over a range of activities rather than just being risk reverse. Audit Committee Members had confirmed that the document was considered, focused and sensible. Members agreed that the new document shared the complexions of college risks with reality. The Corporation noted the changes and received the report.

iv. **receive the Annual Report of the Audit Committee to the Corporation**

The Annual Report of the Audit Committee to the Corporation was received in advance of the meeting. The Audit Committee had recommended the following amendments to the report:

- MB attendance will be amended as there was a correction in the table.
- the date on page 4 to 3 December 2019.
- the amendment on page 4, section Audit Committee's Opinion, the first sentence to confirm: 'The opinion of the Committee is that the College's Risk Management internal control system and governance is adequate and effective'.

The amendments had been completed and the Corporation received the Annual Report of the Audit Committee to the Corporation.

v. **approve the Terms of Reference for the Audit Committee**

The Audit Committee Terms of Reference were shared in advance of the meeting. The Director of Governance recommended one change. One recommended change to ix:

From:

receive the annual financial statements which shall be recommended to the governing body for approval.

To:

receive and review all documentation relating to the annual financial statements which shall be recommended to the governing body for approval subject to any decision/comment made by the Audit Committee.

The Corporation approved the Terms of Reference for the Audit Committee.

43/20 **Business**

Appendix C

i. **to approve the Report and Financial Statements for the year ended 31 July 2020**

The Vice Principal Finance and Resources presented the Report and Financial Statements for the year ended July 2020. The Financial Statements have been audited by RSM. It was confirmed that the income and balance sheet ties back to the management accounts. The College would continue to be a going concern.

A Member requested that the address for the bank on the statements be checked as it was incorrect. This will be checked and amended.

The Report and Financial Statements for the year ended 31 July 2020 were approved to be signed by the Chair of the Corporation.

ii. **to receive and approve the Audit Findings Report (including the Regularity Audit) for the year ended 31 July 2020 from RSM**

The Vice Principal Finance and Resources presented the Audit Finding Report for the year ended 31 July 2020 from RSM. LF confirmed that no unadjusted audit adjustments were identified, which would have a 0% impact on the deficit for the year. In relation to Management Override, no significant issues were identified. LF explained the greater risks are the journal entries that can be based on estimates and significant non-routine transactions. No issues were identified with journal entries and there were no significant non-routine or contentious transactions.

LF reported that one classification was identified relating to Tangible and Intangible Assets. During the review of fixed assets, several findings were identified in respect of the classification and presentation of assets. They related to several assets of an intangible nature, including licences. Excluding items capitalised that were under £2,000 individually, these assets had a cost of £45,000. LF confirmed that this was related to IT software that was part of a larger project that was difficult to separate. It was therefore agreed that they would be classed as intangible.

LF confirmed that regarding Trade Debtors, there was a balance outstanding at the end of the year of bad debt provision. A review of the ageing, highlights that most of these debts are over 121+ days old.

The debts were higher at year end but have continued to be collected. At the final review in December, it was noted that these were reduced.

Q: Do the debts relate to employers or students?

LF reported that there was a rise in student debt and the College faced difficulty in contacting students during the lockdown. However, this had now started to reduce.

The Corporation approved the Audit Findings Report for the year ended 31 July 2020 from RSM.

Macclesfield College Regularity Self-Assessment Questionnaire

The Vice Principal Finance and Resources presented the Macclesfield College Regularity Self-Assessment Questionnaire. The Corporation approved the questionnaire.

Members received the Emerging Issues document provided from RSM which highlighted information relating to the sector. This was provided for information only. The Chair highlighted financial problems within the sector relating to Covid-19 and the financial implications of Colleges not making difficult financial decisions. Apprenticeship and commercial income have had a big impact on the sector. LF explained that during her network meeting, the AoC discussed the need for Government financial support for AEB, Apprenticeships and Loans.

iii. to approve the letters of Representation to be signed on behalf of the Corporation by the Chair

The Corporation received a copy of the two Letters of Representation, which were contained within the audit findings report prepared by RSM UK Audit LLP as follows:

- Financial Statements
- Regularity

The Corporation approved the letter of Representation that would be signed by the Chair of the Corporation.

iv. approve the accounts for Cheshire Solutions Limited and for ECAT Limited for the year ended 31 July 2020

- European Centre for Aerospace Training Limited
- Cheshire Solutions Limited

It was noted that there had been no changes as both companies were dormant. The Corporation approved the financial statements.

v. receive and approve the Student Union Accounts for the year ended 31 July 2020

LF presented the Students' Union Income and Expenditure Account for the year to 31 July 2020. LF explained that there was no income collected this year due to the requirement not to have separate ID cards. The National Union pay out was similar to previous years. The Corporation approved the Student Union Accounts for the year ended 31 July 2020. The Student Union Accounts will be held within the Management Accounts going forward.

vi. receive the College Accounts and Executive Summary relating to the period ended October 2020

The Vice Principal presented the College Accounts and Executive Summary relating to the period ended October 2020. The position was reflected in the Mid-Year Review and Revised Full Year Forecast 2020/21 in further detail. The management accounts for the 3 months to 31 October 2020 present a year to date surplus of £107K (after interest, depreciation and amortisation costs) compared to a year to date budget surplus of £128K. LF confirmed the financial health grade of 'Outstanding' budgeted for the year.

Members were requested to review page 5 of the report highlighting the income. The current position of 1,090 learners relates to learners enrolled as at 31 October 2020 and all withdrawals received at the close of the R03. Income earned for these learners is still being calculated and will become known at R04. LF confirmed that it was a positive position that the number of learners remained high. LF reported that the AEB was being monitored carefully at the monthly Skills Division meetings.

The Vice Principal Finance and Resources shared the Apprenticeship numbers within her report and confirmed that the College had recruited well upon opening after the first lockdown due to Covid-19. However, the second lockdown had impacted the College position and a number of Apprenticeships reduced. LF confirmed the total apprenticeship income to date after factors applied is £1.4M.

It was reported that the College has a full-year target of £929K in respect of tuition fees for 2020/21, inclusive of £23K examination fees. Fees associated with HE and FE loan supported provision continue to be invoiced throughout the next month. The Vice Principal explained that a review of this area of income indicates that both HE and FE Loan income will be lower than budgeted and therefore Full Year forecasts will be amended as part of the mid-year review. Adult education fees are based on enrolments that continue throughout the academic year. Apprenticeship fees and contracts represent employer co-investment contributions in respect of apprenticeships with non-levy employers and levy-paying employers with insufficient levy funds. The net income achieved to this stage is £232K against full year forecast.

It was noted that pay costs are reported on page 8 of the Management Accounts and are in line. Non-pay expenditure reflects an adverse variance of £36K for the three months to 31 October 2020.

This is due to:

- increased depreciation to that originally budgeted linked to the LEP Digital Skills Capital bid
- Increased costs within Admin and central services linked to profiling of expenditure

The College had a capital budget of £150K for the year, allocation of this is split between purchase of IT equipment and Estates summer works, however with an increase in summer works requirement this year, the budget increased to £190K with expenditure to the end of October at £190K.

The college has also been in receipt of LEP capital funding in relation to a successful bid for Digital Skills of £521K. Expenditure to date is £402K of which £278K has been received in the college bank.

The capital equipment associated with this bid consists of IT equipment and engineering equipment, the majority of which has now either been ordered and awaiting delivery or has been received in the college and it is situated within ECAT building.

Q: Is the IT and engineering equipment in place?

Yes, the equipment is in ECAT and members of staff are awaiting training on new equipment. The Chair of the Corporation congratulated the team on the successful bid.

The cash days in hand were reported to be 75 days and cash balances to the 31 October 2020 totalled £2,049K v £1,633K planned. The College was reported to be compliant with the bank covenant in place.

vii. to approve the Financial Regulations

The Finance Regulations were received in advance of the meeting. There were minor changes to the regulations including a change in job title. The Vice Principal explained that the wording will require updating due to Brexit and EU changes but will remain the same during the transition year.

viii. Mid-Year Review and Revised Full Year Forecast 2020/21

The Vice Principal Finance and Resources presented the Mid- Year Review and Revised Full Year Forecast 2020/21. The Vice Principal explained that the budget is prudent and a realistic Revised Forecast for 2020-21 and beyond. The College carried out a full review during November 2020 of its key income lines, considering enrolment numbers, the impact of Lockdown 2 and likely income to be achieved. There have been a number of key areas where expenditure has changed since the original budget was set and approved by the Board in July 2020. The Vice Principal reported that the revised Full Year Forecast forecasts an operating deficit of £447K for the year.

Further detail will be reported in the Part II Corporation meeting but the Vice Principal reported some of the changes:

- In light of Lockdown 2 and the likely impact this will have on planned starts, it has been

- assumed that starts will not recommence until February 2021 and will have a phased return, therefore, apprenticeship income has reduced by £600K from that originally budgeted to £1,453K, and will be closely monitored over the coming months.
- The income has been offset by the favourable income linked to Capital Grants received and income received from the ESFA for purposes of Mathematics & English small group tuition funding (16-19 Tuition fund).
 - The budget could change if there are any further withdrawals
 - Additional income was received relating to High Needs
 - Income relating to Whites Academy, Caterlink Profit Share and Hair & Beauty has been reduced by £39K.
 - The college was successful in a Digital Skills Bid during 2019/20 and will receive £521K Capital Grant during 2020/21. This capital grant allows the purchase of equipment in line with the bid and then as the equipment depreciates, the capital grant is 'released' to match the depreciation charge for the year into the college statement of comprehensive income. This area of income has increased by £130K for 2020/21 for the depreciation of this new equipment.
 - Non-pay expenditure will be carefully monitored during the remainder of the year. For the mid-year review there have been two main efficiencies identified:
 - EPA expenditure for apprenticeships has been reduced by £100K
 - Other department consumables will be reduced by £100K, this will be managed by meetings with budget holders to identify where savings can be made
 - In addition to a freeze on all but essential purchases for the remainder of the year.
- Also, to note:
- An increase of 3 learners on Macclesfield Town/ Stockport County Football partnership to that originally planned which increased the forecast by £6K for the year.
- All Covid-19 related expenditure will be covered by existing budgets within Estates and HR
- Tuition fees and charges includes a number of key income streams including HE Loans, Adult Learner Loans and Other Adult fees including Full Cost. The mid-year review has considered income earned from learners who are currently enrolled on courses during 2020-21. With Covid-19 and the second lockdown, there has been a drop in actual learners when compared to planned. The revised Full Year forecast has reduced to £645K from the £929K originally budgeted, an adverse variance of £284K. Close monitoring of this income stream will continue.
 - The ESFA have allocated the college a one-year funding grant of £138K specifically for the purpose to support small group tuition for 16-19 students in mathematics, English and other courses where learning has been disrupted due to Covid-19. This will be expended through pay budgets in 2020-21.

The Vice Principal shared the balance sheet and KPIs on page 7 of the report. It was confirmed that the financial health was forecast to be 'good' but this would require close monitoring. The cashflow forecast has been shared with the ESFA and the cashflow is reflected in the balance. The College at the current position will breach the bank covenant but will endeavour to meet the bank covenant by the end of the academic year through additional income. This was not included at this stage due to presenting a prudent position.

Q: What are the implications of breaking the bank covenant?

The Vice Principal explained that this was likely to result in a rise in rates.

The financial position has framed efficiency decisions which will be shared in further detail during the Part II Corporation meeting. The Principal explained that the College has needed to take quick action to ensure a sustainable position. The Principal assured Members that the action taken should steady the financial position but it will impact on cash reserves. The Chair of the Corporation reminded all Members to ensure the position is carefully monitored.

The next review will be carried out in January 2021 and reported through to ELT and Governors in the Management Accounts with monthly reviews and amendments to the Full Year Forecast thereafter until year end.

44/20 **College Calendar 2020/21**

The College Calendar 2020/21 was presented in advance of the meeting. There was one change to the document that was shared. The beginning of term had been pushed back to Wednesday 8th September 2021 and not Wednesday 1st September 2021. The change is due to the examination results being pushed back.

Members approved the College Calendar 2020/21.

45/20 **Search and Governance
Appendix D**

To receive the minutes of the meeting held on 17 November 2020.

Members received the minutes of the Search and Governance Committee held on 17 November 2020.

i. approve the Terms of Reference for the Search and Governance Committee

The Corporation reviewed and approved the Terms of Reference for the Search and Governance Committee.

Members received a copy of the Code of Conduct for Members of the Corporation and agreed to adopt the code. The published code is provided by Eversheds and is adopted upon any changes/new additions. The code had been amended to fit with the College Principles and Mission Statement, and all College policies referenced. A copy of the code is held on Trust Governors for Members to refer to.

46/20 **Policies**

The following policies were reviewed and approved by the Corporation:

Anti-Bribery Policy

Safer Recruitment Policy

Sustainability Policy and Plan 2020/21

Subcontract Fees and Charges Policy 2020/21

47/20 **Date and time of the next meeting**

The next meeting will be held on 19 January 2021 at 9.30am via Zoom.

Impact of the meeting:
Deep dive on mathematics and English including attendance and strategies for intervention
Comprehensive review of the financial position including key decisions
Mid-Year Review and Financial forecast deep dive
Final SAR and validated grade
Financial Statements and related documentation
Policies approved

Signed by Chair:	
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