



FE Corporation Minutes

Meeting held on Monday 31st July 2017 at 4.30pm in Room 301, SRC One

Governors: Mr S Chaudhary, Mr P Cook (Principal and Chief Executive), Mr D Craig, Ms R Hodgson, Mr D Johnson, Ms M Mason, Mr R McCallion, Mr R Poundford, Ms M Stephenson, Mr M White (Chair) and Mrs N Wilburn

Officials: Ms M Elliott (Director of Business Development), Mr J Faulkner (Assistant Principal: Curriculum), Mr P Hastie (Vice-Principal: Corporate Planning and Performance), Mr M Hickey (Deputy Principal), Mr P Hiser (HR Director), Mrs F Sharp (Finance Director) and Tracy Thomas (minutes)

Apologies: Ms L Brown, Mr M Flannery (Director of Students), Sarah Thompson (Clerk to the Corporation - holiday)

(Meeting commenced at 4.30 pm)

Declarations of Interest

There were no declarations of interest.

The Chair welcomed attendees to the meeting.

17/54 Agenda Item 1 – Merger

The Chair provided an overview of the current merger position. Negotiations with Darlington College had commenced following the Local Area Review. Discussions were undertaken with both Middlesbrough College and Redcar & Cleveland College. Middlesbrough College had been deemed non-compatible due to differences in style, culture, leadership and governance. Most recently and following the decision to withdraw from the merger with Darlington, the College had been approached by the Further Education Commissioner to consider formulating an expression of interest to merge with Redcar & Cleveland College. Following consultation with the Board, which supported the expression of interest, a considerable amount of work had been undertaken by the Senior Leadership Team (supported by governors) including visits to the East Cleveland area and a meeting between the Principal and Amanda Skelton, Chief Executive of Redcar & Cleveland Borough Council and Sue Jeffrey its leader.

A Merger Proposal was presented to Redcar & Cleveland College on 27th July by the Chair, Principal, Finance Director, Vice Principal CP&P and Director of Students. This was followed by a Q&A session with a panel of 22 members. Areas of inquiry were the rationale behind the decision to call off the Darlington merger, staff pay, the financial package and engaging with rural communities in East Cleveland, urban communities in East Redcar and other 'contested' areas. The Chair commended SLT members for their excellent presentation

and advised members that dialogue with the FE Commissioner around the level and nature of financial support was ongoing, with some degree of reassurance being afforded. [Sentence redacted]

Following a board meeting at Redcar & Cleveland College, the Chair was advised that a unanimous decision in favour of Stockton Riverside College's proposal had been reached and a meeting scheduled for the Principal to speak with staff at Redcar & Cleveland College on 22nd August. The Deputy Principal had been tasked with arranging for the Principal to speak with SRC staff on the same day.

The Principal addressed the meeting noting that, although there were presently many 'unknowns', the merger was considered a high priority for the FE Commissioner and Tees Valley Combined Authority. Since the presentation he had met FE Advisors Bob Smith (Finance) and Theresa Kelly and also with the Education and Skills Funding Agency. A meeting had been scheduled for 15th August with the Acting Principal at Redcar & Cleveland College to discuss terms of reference for a Merger Implementation Group and Project Management Group. The Chair and Principal would discuss arrangements for contact with Sue Jeffrey and Amanda Skelton along with local MPs and the Principal had emailed Neil Schneider, Chief Executive of Stockton Borough Council, with an update. The Principal underlined the need for confidentiality at this stage of negotiations.

Financial Risk

The Principal advised that the transition grant value was £100k and that he would start the application process shortly. The financial risk of a failed merger was estimated to be approximately £30 – 50k (excluding time).

Restructuring Facility

[Section redacted]

Transition Support

The merger proposal had indicated that, should Redcar & Cleveland College require support to run the college, SRC could potentially offer this. The Redcar & Cleveland Board, Education and Skills Funding Agency and the FE Commissioner would be required to decide upon scale and scope of transition support so that SRC could make an informed decision about whether funding was sufficient.

Merger Structure

A Merger Implementation Group comprising the Principal, the Chair, Norma Wilburn, Russ McCallion, Richard Poundford and representatives from Redcar & Cleveland College would operate along similar lines to the Joint Steering Group. The first MIG meeting will be arranged for the third week in August. Senior managers at Stockton Riverside College and Redcar & Cleveland College will come together to monitor the action plan and risk register. An inter-agency action plan will be drawn up. There was discussion about a potential Project Manager.

Governors were given the opportunity to raise any concerns or offer any advice/guidance and responded accordingly:-

- Concern was raised around the financial gap and it was felt that a priority for merger discussions should be the establishment of the level of support required. The Principal responded that, following due diligence, the size of the gap would be apparent and that this would advise the extent to which the business plan would fill the gap. It was reiterated that there was a good level of support from ministers and the FE Commissioner and SLT were in the process of establishing the nature and degree of support available. Once terms of support were ascertained governors felt that an audit view would be necessary to assess impact on covenants. Chair was hopeful that he would be able to furnish Board with further information in the not too distant future and provided a brief overview of the 308 year history of Redcar & Cleveland College and the Sir William Turner Trust.
- Governors expressed concern around the timescale and cited the lengthy due diligence process for the proposed Darlington merger. It was felt that the due diligence findings would not be available for quite some time and a host of merger implementation plans would be required to run in parallel to the process. In response the Principal advised that Darlington due diligence was, in large part, driven by finances rather than legal which differed from Redcar & Cleveland whose problem was capacity. It was also felt they may have information from previous due diligence. Governors felt it would be useful to plot out a time plan for the next six months and the Principal was hopeful to have full project plan in place by first MIG meeting.
- *Bullet point redacted*
- A governor advised members of his engagement with other bodies in the arena and the focus of the South Tees Development Corporation on education and jobs. There was felt to be a massive political desire for the venture to succeed and that substantial opportunities would be available. The Principal acknowledged that the projected economic regeneration over the next five years gave great cause for optimism, but urged caution and stressed the importance of communicating long term objectives and deliverable promises.
- Whilst expressing a great sense of excitement and fully supporting the direction that had been taken, a governor pressed on the timescale for transition. The Principal advised that transition would not happen prior to student enrolment and that ultimately it would depend on the nature of the transition. It was felt that it was not necessary to wait for a particular time slot and that, whilst all would favour a swift transition, full merger would probably take place at around Easter 2018. A governor suggested a message to give confidence to staff and students but the Principal felt that this was not appropriate at the present time urging caution and the need to ensure clarity of expectations.
- Governors again called for a timeline for action and clarity relating to due diligence, preparation, takeover and the impact on Stockton Riverside College. The Principal advised that he needs to gain a good sense of Redcar & Cleveland College in the first instance. The Chair reiterated that further information will be brought to MIG

meeting during August.

The Board **resolved**:

- a) That subject to suitable outcomes of due diligence and appropriate pre-merger work, via a 'Type B' merger process, Stockton Riverside College should merge with Redcar & Cleveland College.
- b) That subject to appropriate controls Stockton Riverside College would provide immediate exceptional support to Redcar & Cleveland College if required.
- c) To appoint RSM and Watson Burton to undertake due diligence work in relation to the proposed merger with Redcar & Cleveland College.

17/55 Agenda Item 2 – Any Other Business (verbal)

There were no items of Any Other Business

17/56 Agenda Item 3 – Approval of Documents for Public Inspection

It was agreed that the agenda for the next meeting would be made available for public inspection. There were no supporting papers. Minutes would be made available following approval and consideration at the next meeting.

17/57 Agenda Item 4 – Date and time of next meeting (verbal)

Thursday 19th October 2017 (Governor Workshop Thursday 14th September 2017)

(The meeting ended at 5.40pm)