



FE Corporation Minutes

Meeting held on Thursday 19 October 2017 at 5.30pm in Room 301, SRC One

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

Also: Mr J Clarke and Ms S Chaudhary (appointed as student governors pending DBS clearance)

Officials: Mrs E Boynton (Head of Quality), Ms M Elliot (Director of Business Development), Mr Jason Faulkner (Assistant Principal: Curriculum), Mr M Flannery (Director of Students), 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 Sarah Thompson (Clerk to the Corporation)

Apologies: Ms R Hodgson and Mr S Chaudhary

Declarations of Interest

There were no declarations of interest.

The Chair welcomed attendees to the meeting.

It was **agreed** to consider Agenda Item 9, Merger Update, at this point in the meeting in light of the attendance of Paul Wigham, Watson Burton, and Stephanie Mason, RSM.

17/58 Agenda Item 9.1 – Merger Update – Due Diligence Reports

Paul Wigham, Watson Burton, highlighted, in particular, the impact of the relationship between Redcar and Cleveland College and the Sir William Turner Foundation. It was clarified that the Sir William Turner Foundation was a charitable trust with the object of supporting education, specifically in Redcar and Cleveland College. In response to a challenge, Paul Wigham clarified that any change to the charitable objectives would require approval by the Charity Commission but no issues were anticipated. A meeting between the SRC Corporation Chair and Principal and representatives of the Sir William Turner Foundation was scheduled for November. Paul Wigham also highlighted that, following the sale of land part-owned by the Foundation, agreements had been put in place for the Foundation to receive further payments on certain triggers, with [redacted] of payments received by Redcar and Cleveland College. It would be necessary to transfer

these agreements to SRC on merger. He confirmed that that level of payments was not yet known. In addition, the Sir William Turner Foundation had a right to nominate up to three foundation members of the Redcar and Cleveland College board, although in recent years, the Foundation had, by agreement with Redcar and Cleveland College, nominated only one member.

Other issues to note were:

- Redcar and Cleveland College had one subsidiary company dealing with lettings which had a small level of turnover.
- The Higher Education Funding Council for Education had an exchequer interest in the Higher Education facility at Redcar and Cleveland College. This facility was used for delivery of Teesside University courses and Teesside University was supportive of the proposed merger. The same arrangements applied to the Higher Education facility within Stockton Riverside College.
- Further investigation was required to clarify the terms of an environmental indemnity provided to the developer.
- No material litigation matters had been identified although there had been one issue in respect of remote access to the IT system. This had highlighted potential system security, competence and capacity issues and required further investigation. A governor highlighted the potential for a significant fine to be applied if a self declaration had not been made and the Vice Principal Corporate Planning and Performance advised that Redcar and Cleveland College reported that they had acted in line with advice from Cleveland Police due to an ongoing investigation.
- There were no HR matters of particular concern, although details of retention packages were still awaited.
- Catering and cleaning services were outsourced.

In summary, there were no significant issues of concern although a number of matters required further investigation and some action would be required on merger.

Stephanie Mason, RSM, then presented initial findings of financial due diligence. She commended the openness and helpfulness of the Redcar and Cleveland College management team [redacted]. The Chair confirmed that the Stockton Riverside College Board had been aware of the financial position of Redcar and Cleveland College at the time that the decision to seek to merge had been made. The Principal and Chair also highlighted that the FE Commissioner was highly supportive of the proposed merger and close relationships were in place between Stockton Riverside College and the FE Commissioner's advisers. The Principal also asked members to be aware that the Transactions Unit would not guarantee grant funding and would test the affordability of the proposed business plan and expect Stockton Riverside College to use reserves to support the merger process. A governor also challenged how appropriate use of exceptional funding would be monitored and it was confirmed that strategic leadership support to Redcar and Cleveland College would include support from the SRC Principal and Finance Director.

Other financial issues to note included:

- A bank covenant had been breached in 2014 and no formal resolution had been achieved due to anticipation of merger.
- Further review of the 2016 accounts was required, particularly in respect of treatment of a deferred revenue grant to Teesside University and the Sir William Turner Foundation.
- A total of 13 days' internal audit activity had been undertaken in 2016-17, which was very low. In 2015-16, the internal audit opinion had been limited to an opinion on controls only.

Members challenged the process for testing financial forecasts and it was clarified that forecasts for a merged college would be tested against the Stockton Riverside College performance review model and would include testing the impact of drops in student numbers and income. The Principal stressed that the Transactions Unit would not permit the merger to progress unless the business case was viewed to be robust. Members also challenged any liability related to potential clawback of European funding and Ms Mason clarified that this area had not been specifically explored.

Members noted the due diligence findings to date and **agreed** that these were an appropriate basis for continuing negotiations.

Governors thanked Paul Wigham and Stephanie Mason for their presentations and they left the meeting.

Sana Chaudhary had joined the meeting during the above item.

17/59 Agenda Item 1 – Governing Body Membership

The Chair welcomed Sana Chaudhary to the meeting.

A report had been circulated detailing the Corporation's current membership position and recommendations from the Search and Governance Committee in respect of governor appointments. Application forms from Sana Chaudhary and Joshua Clarke, prospective student governors, had also been circulated. The Chair stressed the importance of student governors' contribution to the work of the Corporation.

It was **agreed**:

- i) to appoint Sana Chaudhary and Joshua Clarke as members of the FE Corporation for a term of one year, subject to receipt of satisfactory Disclosure and Barring Service clearance;
- ii) to retain three vacancies for governors in light of the proposed merger with Redcar and Cleveland College from August 2018. Governors were reminded of the importance of good attendance to ensure meetings were quorate;

- iii) with regret, to identify a prospective governor with financial / accountancy expertise, specifically to replace David Craig at the end of his term of office in April 2018.

It was also noted that the staff governor vacancy arising from the retirement of Neville Dart would shortly be advertised to all staff.

17/60 Agenda Item 2 – 2016-17 College Performance

a) 2015-16 College Performance against key indicators

The Head of Quality presented her circulated report detailing College performance in 2016/17 against key indicators, including national rates. She highlighted very positive outcomes overall, although some areas continued to require improvement [redacted]. In response to governors' challenges, the Head of Quality confirmed that she was pleased with the College outcomes which were testament to the very hard work of staff. She also clarified that current comparisons were with unvalidated data provided by the Association of Colleges, as validated national rates for 2016-17 would not be available until January 2017. Governors recognised that achievement rates for 16-18, 19+ and Apprenticeships were expected to be in the top 25% of colleges nationally. Governors also noted the high achievement rates for care leavers, which were 9% above College rates.

Governors congratulated the College on the very positive outcomes and received and noted the report.

b) 2015-16 College Performance against Master Targets Quality outcomes

The Deputy Principal presented his report comparing 2016/17 College performance targets to actual outturns. He highlighted that target-setting systems were now fully embedded and an overall improvement had been sustained. Members challenged poor performance in respect of higher level apprenticeships and it was clarified that these outcomes related to [redacted] unsuccessful learners, the majority of whom had been College staff members. The College would now be focussing on timely achievement of higher level apprenticeships [redacted].

The report was received and noted and it was **agreed** that performance of higher level apprenticeships would be considered at a future meeting of the Standards Improvement Committee.

17/61 Agenda Item 3 – College Improvement Plan – Progress achieved 2016-17

The Deputy Principal presented his final update on progress against the 2016-17 College Improvement Plan. He highlighted that there had been a marked improvement in English and maths performance to above the national rate and this success had contributed to the

improvements in headline outcomes. Further work to improve English and maths was planned for 2017-18, in particular, employment of an Advanced Practitioner in maths and collaboration with Egglecliffe School and Hartlepool FE College. Progress had also been achieved across other improvement plans.

In response to a governor's challenge, the Deputy Principal confirmed that he was pleased with the success of work in English and maths and in advanced apprenticeships. However, A level outcomes remained disappointing, and this had been particularly impacted by lower retention rates. Members challenged why students were leaving the College to attend other education providers and the Vice Principal Curriculum reported that this was often difficult to determine but some learners would leave college to take up an apprenticeship.

The report was received and noted and the Vice Principal Curriculum **agreed** to identify seek further information on students leaving the College to attend other providers.

17/62 Agenda Item 4 – Recruitment Update

The Director of Students reported that current 16-18 enrolments were below target and forecasts indicated that enrolments would be around [redacted] students lower than the 2016-17 position at the funding return date in late October. In particular, enrolments were lower than previous years at NETA and Bede. The Director of Students highlighted volatility and competitiveness in the 16-18 market place, particularly in apprenticeships.

In response to governors' challenges, the Director of Students confirmed that he was disappointed at performance against targets, particularly NETA, but was pleased with the success of operational restructuring of the marketing team and the exceptional performance of the School Engagement Team. He was also pleased at increased recruitment from within the Stockton area, although recruitment from within Middlesbrough remained a challenge.

Recruitment activity would continue to focus on 2017-18 enrolments and work on 2018-19 recruitment had also commenced. 'Taster days' for apprenticeships had been well attended and very well received. Current applications for 2017-18 stood at [redacted] above the same position in 2016. The first SRC open evening had taken place on 9 October 2017 and this event had been busy and resulted in the highest number of applications recorded at an open event.

Members challenged the position in respect of Redcar and Cleveland College and the Director of Students clarified that there was no marketing team and only one half time Student Liaison role. Initially, work would focus on improving the impact of the external marketing agency engaged by Redcar and Cleveland College and also to strengthen the school engagement team. The poor inspection outcome would be a larger issue. Members recognised that the marketing plan presented as part of the merger bid had been very well received by Redcar and Cleveland College. The importance of ensuring delivery of 'product

promise' was also stressed, and the fact that employers and students that had a poor experience would be hard to win back. It was also stressed that the marketing team was reviewing the market as a whole, rather than in separate areas.

In response to a further challenge, the Director of Students confirmed that he had been impressed with the proactive advertising of the new NETA management team.

The report was received and noted.

17/63 Agenda Item 5 – Learner Voice

The Head of Quality presented her circulated report and highlighted that overall student satisfaction with enrolment had fallen slightly by 1% to 83%. Improvements had been achieved in some areas, notably NETA, with an 8% increase in student satisfaction. One specific issue had been highlighted in relation to the clarity of information relating to fees for part-time students and a three stage process to check consistency of information had been implemented.

Governors received and noted the report.

17/64 Agenda Item 6 – Safeguarding

The Chair reminded governors that safeguarding was a statutory and non delegable function of the Board.

The Deputy Principal presented his circulated report and highlighted that Welfare Officers had now been appointed at the Bede and NETA sites to address concerns regarding student welfare mental health issues. There had been a strong focus on checking ID cards and lanyards to embed behaviour. Governors challenged the prevalence of physical security barriers across the sector and it was confirmed that barriers were becoming increasingly common. Senior staff confirmed conversations were ongoing in respect of the feasibility and benefits of installing barriers, taking into account the significant cost associated with this and limited impact on any issues such as bringing of weapons into the College. Governors stressed the importance of ensuring learner views were taken into account in any decision regarding physical security on sites.

A late update in respect of staff safeguarding training had also been circulated and governors were advised that additional staff were now included, who had completed training within the calendar year but not the academic year. The Chair and Safeguarding Lead Governor confirmed that they had been briefed on this issue. Governors stressed the importance of ensuring up to date training information but recognised that few staff were outside the agreed time limits and many staff had now booked to attend sessions. A further 21 staff that were still required to undertake the training had not yet started in

post. It was confirmed that all governors had completed safeguarding training, with the exception of the two student governors that had been appointed at this meeting.

The Safeguarding Lead Governor highlighted that she had queried College procedures following an issue at another college in which a student had been placed in a class with an alleged attacker. The College had confirmed that appropriate processes were in place to protect any such students and avoid a similar situation.

The Director of Students also reported that the Student Welfare Team had been trained in Menth Health First Aid.

Governors thanked Norma Wilburn for her work as Safeguarding Lead Governor.

The reports were received and noted and it was **agreed** that:

- i) the Vice Principal Corporate Planning and Performance, with support from the Director of Students as safeguarding lead, should review access to the College's campuses and advise governors on appropriate action;
- ii) the Principal should seek views from students on physical access barriers via Principal's forum meetings.

The Head of Quality left the meeting.

17/65 Agenda Item 7 – Enterprise Board

The Vice Principal Curriculum presented his circulated report providing information about the College's Enterprise Board. He highlighted a broad Board membership including representatives of local charities, the Local Authority and Teesside University and a wide range of enterprise activities supported through both the College curriculum and the College's Enterprise Academy. Activities ranged from nail technicians to import/export facilitation. An award ceremony in late 2016 had been attended by over 100 guests.

Richard Poundford, Chair of the Enterprise Board, commended the support from key partners and the College's leading role in enterprise activity (previously a Local Authority function). He also commended the successful Awards Evening and congratulated the winning enterprise, Ufilms Productions. This enterprise had been established by former College students who were now mentoring other College students. Governors commended the wide range of enterprise activity supported via the project.

The report was received and noted.

17/66 Agenda Item 8 – Curriculum Developments

The Vice Principal Curriculum presented his circulated report outlining key developments and areas for improvement in relation to the College curriculum. He highlighted a range of

new initiatives, in particular, the introduction of technical qualifications and the College's work to realign the curriculum in partnership with employers and Teesside University.

Members challenged the impact of Middlesbrough College's decision to cease its partnership for higher education with Teesside University and the Principal reported that the Head of Higher Education, Health and Care, and the Programme Area Leader for Higher Education would be looking further at the risks associated with this. Teesside University had expressed its willingness to support Stockton Riverside College and Redcar and Cleveland College and the Principal had further meetings scheduled with the Teesside University Vice Chancellor.

The report was received and noted and it was **agreed** that a report in relation to higher education provision would be provided to a future meeting of the Corporation.

17/67 Agenda Item 9.2 – Merger Update

Governors were reminded that information regarding the proposed merger with Redcar and Cleveland College should be regarded as kept strictly confidential.

The following updates were provided:

- The current Chair and Vice Chair of the Redcar and Cleveland College Board intended to resign but would remain as governors. Councillor Sue Jeffrey, leader of Redcar and Cleveland Borough Council and Deputy Chair of the South Tees Development Corporation, would be appointed as Chair and John Lowther would be appointed as Vice Chair.
- Local MPs were supportive of the merger. Discussions had taken place with Simon Clarke, MP for Middlesbrough South and East Cleveland, Anna Turley, MP for Redcar, as well as Dr Paul Williams, the MP for Stockton South.
- The Merger Implementation Group was working well. Meetings were chaired by Mark White and venues alternated between Stockton Riverside and Redcar and Cleveland colleges. Dot Smith had recently replaced Kath Taylor as a Redcar and Cleveland College representative of the Group.
- Mike Loftus was performing well as Project Manager and a media strategy was being developed.
- A recent Ofsted inspection of Redcar and Cleveland College had judged provision to be inadequate. Quality improvement remained a key priority but Redcar and Cleveland College had very limited capacity. A bid had been made to the Education and Skills Funding Agency to support the release of senior managers to support Redcar and Cleveland College.
- The Principal had attended a recent Redcar and Cleveland College Board meeting and was in liaison with a wide range of stakeholders, including the Combined Authority, Teesside University, the Local Authority, the FE Commissioner, the Education and Skills Funding Agency and Ofsted.

- Senior managers were leading on workstreams. As examples, the Finance Director was leading on the merger business case and submission to the Restructuring Facility, the Director of Business Development was leading on employer engagement and the Vice Principal Curriculum was leading on curriculum strategy.
- The Local Authority and Combined Authority had expressed their support for the merger and had expressed an intention to provide capital funding if possible.

A governor suggested that it could also be helpful for the College to link with the lead Combined Authority Cabinet member for education. The Principal confirmed that he was in close contact with Combined Authority representatives.

The update was received and noted.

17/68 Agenda Item 10 – Corporation minutes and actions

Governors **agreed** to:

- i) approve the minutes of the Corporation meetings held on 6 and 31 July 2017 as an accurate record for signature by the Chair;
- ii) receive notes of a Governor Workshop held on 14 September 2017;
- iii) note progress against agreed actions and that future action lists should be 'RAG' rated.

The Principal also advised governors that the formal announcement of the proposed merger between Stockton Riverside College and Redcar and Cleveland College would be made following publication of the Ofsted report of the recent inspection of Redcar and Cleveland College.

17/69 Agenda Item 11 – Committee and task and finish group minutes and recommendations

Minutes of meetings of the following committees and task and finish groups had been circulated:

- Search and Governance Committee meeting held on 5 October 2017
- Finance and Employment Committee meetings held on 22 June and 28 September 2017
- Merger Implementation Group meetings held on 31 August and 5 October 2017

Members were also advised that a Strategic Partnerships Task and Finish Group meeting scheduled for 11 October 2017 had been cancelled.

Verbal feedback from an Audit Committee meeting held on 10 October 2017 was provided.

Governors **agreed**:

- i) that the Standards Improvement Committee should monitor implementation of recommendations arising from the internal audit review of English and maths strategy;

- ii) that the College's risk management processes for 2016-17 had been effective;
- iii) to note that the decision to retain three vacancies pending proposed merger with Redcar and Cleveland College could impact on meeting quorums and that all members should seek to achieve very good attendance;
- iv) that the Board should continue to use Board Packs as meeting software;
- v) that any presentations from committee meetings should be made available to governors.

It was also **agreed** that presentations prepared for meetings should be made available to all governors.

17/70 Agenda Item 12 – Internal Audit Annual Reports

Members received and noted the Annual Report of the Audit Committee 2016-17, including the appended report from the internal auditor, ICCA, and **agreed** that this should be submitted to the Education and Skills Funding Agency in line with funding requirements.

17/71 Agenda Item 13 – Committee Membership and Terms of Reference

Members noted the circulated report regarding changes to committee membership and terms of reference and **agreed**:

- i) that Michelle Stephenson be appointed to the Audit Committee with effect from 3 November 2017 (to replace Neville Dart following his retirement from the College);
- ii) to appoint Russ McCallion to the Remuneration Committee to replace Margaret Mason following her resignation as a governor;
- iii) to cease operation of the Strategic Partnerships Task and Finish Group;
- iv) to reduce membership of the Search and Governance Committee to four;
- v) to not seek a new member of Finance and Employment Committee at this time but to ask any new staff governor to consider joining the committee if appropriate;
- vi) to approve the proposed amendments to the terms of reference for the Finance and Employment, Standards Improvement, Audit and Search and Governance Committees, and the Accountants Group;
- vii) to approve the terms of reference for the Merger Implementation Group (as a joint working group with Redcar and Cleveland College);
- viii) to confirm the continuation of Norma Wilburn as Safeguarding / Equality and Diversity Governor and to approve the updated role description.

17/72 Agenda Item 14 – Employer Engagement

The Director of Business Development presented her circulated report and highlighted a response rate of 45%, an improvement of [redacted] % on 2015-16. Feedback had been very positive. Members stressed the importance of employer perceptions and customer focus and requested trend information and more quantitative data. The Director of Business Development clarified that the responses related to 99 learners in 58 employers.

The report was received and noted.

17/73 Agenda Item 15 – Complaints Policy

An updated College Complaints Policy had been circulated and the Clerk highlighted inclusion of a procedure for complaints against the Corporation and individual governors, as previously agreed as part of the Corporation's Standing Orders. The revision was intended to ensure clarity for all parties.

The policy was received and noted.

17/74 Agenda Item 16 – Health and Safety

The Health and Safety Report 2016-17 had been circulated and was received and noted. A governor highlighted that a fire evacuation had been required during an evening event at the College he had attended and it had been difficult to identify a staff member responsible for any such evacuation. It was suggested that it would be helpful to have a single point of contact for any such issues. The Vice Principal Corporate Planning and Performance agreed to reflect on the issues raised and discuss with colleagues.

The report was received and noted.

17/75 Agenda Item 18 – Any other business

The Chair presented gifts to Neville Dart, staff governor, at his last meeting as a staff governor. The Chair commended Neville's contribution, discretion, openness and recognition of wider issues and expressed governors' best wishes for Neville's future. Neville commented that he had enjoyed his four years as staff governor and recognised the significant contribution of governors to the College's success.

Copies of the master target file (financial information only) were distributed to all governors present.

17/76 Agenda Item 19 - Approval of Documents for Public Inspection

It was **agreed** that the agenda and supporting documents for the current meeting be made available for public inspection with the following exceptions:

- Committee meeting minutes pending committee approval
- Governor application forms which contained personal information
- Information in respect of College performance which would be published at a later date, once final data had been received

- College Improvement Plan update, recruitment update, merger due diligence report, safeguarding update and employer feedback, which were deemed commercial in confidence

17/77 Agenda Item 20 – Date and time of next meeting

Thursday 23 November 2017, 5.30 pm

Mark White Michelle Elliot, Jason Faulkner, Mark Flannery, Phil Hastie, Mick Hickey, Paul Hiser and Fiona Sharp left the meeting and Richard Poundford chaired this item.

17/78 Agenda Item 17 – Redacted

Redacted

(The meeting ended at 7.25 pm)