

**CONFIRMED MINUTES OF THE MEETING OF THE CORPORATION BOARD
HELD ON FRIDAY 9 DECEMBER 2016
HELD IN ROOM 51, HARTLEPOOL CAMPUS**

Present

Graham Robson	Chairman
Jane Rapley	Independent Member
Ian Butchart	Independent Member
Ian Swain	Independent Member
Charly Butler	Staff member
Phil Trotter	Co-Opted Independent Member
Sarah Fawcett	Independent Member
Kieron Goldsborough	Independent Member
David Hughes	Independent Member
Tim Bailey	Independent Member
Martin Raby	Principal

Also in attendance

Stuart Slorach	Vice Principal Resources
Jackie White	Clerk to the Corporation
Patrick Chapman	Head of Employability and External Relations
John Waddington	Head of FE
Mike Wheaton	Head of HE Curriculum
Clare Moore	Financial Controller - for section 2
Claire Leece	RSM - for section 2

16.038 WELCOME AND INTRODUCTIONS

The Chairman welcomed members to the meeting. The Chairman asked members to take agenda item 5.3 first on the agenda. The Chairman with support from the other members of the Search Committee advised that following a number of interviews for new governors the Search Committee wished to recommend Tim Bailey for appointment to the Corporation Board. The Principal, Pat Chapman and Ian Swain outlined the key skills and experience he brought to the Board.

The recommendation to appoint Tim Bailey as Independent Member of the Board was APPROVED.

Clerk

16.039 APOLOGIES FOR ABSENCE

Apologies for absence had been received from Denise Ogden, Robin Simmons, Patrick Smith Independent Members, Andrea Goodwill, Staff Member and Marius Hanzak Student Governor

16.040 QUORUM

The meeting was quorate in line with standing order 8.1 Meetings of the Corporation Board and its committees shall be quorate when 40% of the total membership of the Governing

Body or its committee, excluding vacancies, is present, except where otherwise stated within the terms of reference for that committee.

16.041 DECLARATIONS OF INTEREST

There were no further declarations made in relation to the agenda.

16.042 MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting held on 11 November 2016 were agreed as a correct record subject to the following amendments:

Kieron Goldsborough was in attendance

Page 8, 16.015, Teaching Excellence Framework, 7th para, insert DLHE before data.

Page 11, 16.019, College Name, 4th paragraph, 1st line, replace where with whether

Page 11, 16.019, College Name, 5th paragraph, 4st line, replace sport with spot

Page 13, 16.024, Management Accounts, 2nd paragraph, last line, remove "no".

Clerk

16.043 MATTERS ARISING

The following matters were raised:

16.001, Welcome & Introductions – the Clerk confirmed that Kieron Goldsborough and David Hughes had received appointment letters.

16.006, Matters arising - Min Ref: GB15 108, Matters arising, GB15 101, review governor recruitment plan and insert a form of words to offer the opportunity to bring back governors who have fulfilled their term of office is still outstanding.

16.008, Principals Report - OFFA Agreement deadline was January so this will be picked up then

16.011, SAR/QIP - John confirmed that all comments had been incorporated.

16.016, HE Academic Board, Pat Chapman and Jill Fernie-Clerk had been included in the membership of the HE Academic Board.

16.017, HE Teaching & Learning - training session to be scheduled for February on how to access this information on programmes could be provided.

16.018, HEFCE assurance statement is being considered on the agenda.

16.019, College Name, Pat circulated a copy of a high level project plan which members noted

16.026, Board Evaluation - The Clerk confirmed she had expressed interest in the National Leaders of Governance and confirmed she would complete an application form.

16.029, Governor Code of Conduct - The Clerk confirmed amendments were being made and this would be recirculated to members.

16.030, Members issues - The Clerk confirmed that interviews were being arranged for January

16.033, Buddy programme - The Clerk confirmed that she was meeting with John and Mike in the new year to progress

16.044 **MEMBER'S ISSUES**

The Chairman offered members the opportunity to update the Board on issues not covered under the agenda.

Ian Butchart confirmed that he had met with his buddy Mike Boyle and had a good chat. Mike was working hard on programme areas and there was a discussion regarding the logistics of moving into the new building. Ian commented that there had been a discussion regarding staffing and students. There was discussion regarding equipment for the new building and Ian mentioned the need to consider what equipment could be shared with others. Part time students were also discussed.

Kieron Goldsborough commented that he had been in discussions regarding the branding with Pat Chapman.

Sarah Fawcett mentioned that she had received a potential scope of work for a safeguarding audit which she had shared this with Teresa Latcham to comment. The Vice Principal Resources confirmed that treasury management has been swapped out of the audit plan for safeguarding and both auditors have come up with a draft safeguarding audit scope to cover in April. Sarah also commented that she had briefly discussed mental health first aid training with the Vice Principal Resources and will share the details.

Sarah
Fawcett

John Waddington commented on the support and help students receive in terms of their daily activities and there has been lots of discussions regarding mental health and coping with their own but supporting other students with their wellbeing.

Jane Rapley commented that she had met with Vicky Wake and Karen Peacock and it was a reassuring visit. The discussed being a new team and were confident it was settling well with dividing their time across the two levels and two sites.

The Chairman thanked Patrick Smith, Vice Chairman who had provided some support through his own employers on

Chairman

advertising for new members of the Corporation Board. He also thanked the Clerk who had supported the process.

Jane Rapley commented on the amount of papers / reports that are produced for the Board, sub committees and College Committees and asked if there is a way of releasing managers time from producing all of these reports. The Principal confirmed that the almanac had just been produced and that he hoped to do a piece of work on looking at reports and reporting arrangements and thanked Jane for her comment.

Principal

16.045 **PRINCIPAL'S REPORT**

The Principal congratulated the Chairman on his receiving his PHD and went on to refer members to his report and drew member's attention to the proposed College name change. Members noted that the College had received some support and some objections had been reported in the last couple of days. The Principal confirmed that he would be seeking legal support on how to progress the application. Shakira Moore commented that some of the students had mentioned the name change and she was unsure on whether to discuss the issue or not. David Hughes suggested some low key announcement of the proposal to local MPs and the Principal agreed this approach. Pat Chapman confirmed that some students had been involved in the initial focus groups regarding the name change which is probably why there was some discussion and the Principal discussed that as part of the consultation he had wrote to stakeholders to advise of the proposed name change.

Principal

Members noted that it is still too early in the applications cycle to draw any firm conclusions but that FE application information at week 18 figures were marginally ahead of this time last year and the HE application information was encouraging.

With regard to the Area review members noted that things were progressing slowly with Redcar and Middlesbrough Colleges. Phil Trotter commented that the Combined Authority should be ensuring that high quality education is being provided and that there is a risk this is going to be lost in the merger issues. Ian Butchart commented that we should express our concerns regarding these issues.

Finally the Principal drew member's attention to the Estates developments, TEF and UCU discussion regarding pay awards.

The Corporation Board NOTED the Principal's Report.

16.046 **KPIs**

Charly Butler spoke to the previously circulated report and drew member's attention to the supporting narrative.

The Corporation Board RECEIVED the KPIs.

16.047 **INTERNAL AUDIT ANNUAL REPORT YEAR ENDING 31 JULY 2016**

The Vice Principal Resources spoke to his previously circulated report which is to inform the Board of the activity and findings of the KPMG internal audit team for the year. KPMG conduct internal audit services on behalf of the College.

The following is an extract of the report presented by the Vice Principal Resources to the Audit Committee in November 2016 and gives an overview as to how the College is progressing and implementing recommendation from KPMG.

Since the appointment of KPMG as Internal Auditors in 2013/14 there have been 50 recommendations made in relation or internal controls and governance. Of these 45 have been closed / implemented with 5 ongoing.

Ian Swain confirmed that the Audit Committee had considered the report and was happy with its content. Health & Safety is an issue but it recognises work has moved forward in this area and most the issues have been dealt with. Ian Butchart confirmed that Health & Safety is on the agenda at every meeting.

Jane Rapley asked if Health & Safety training for students is required and the Vice Principal Resources confirmed it was. Shakira Moore confirmed that H&S is provided as part of the induction and FE students do it as a qualification John Waddington confirmed. Mike Wheaton confirmed that it is covered as part of the workshops in HE as part of pre induction. David Hughes commented that he had observed on the site visit that people had not been using the hand rail and suggest that people do as it's a good safety matter.

The Corporation Board APPROVED the Internal Audit Annual Report

16.048 **ANNUAL REPORT OF THE AUDIT COMMITTEE**

The Vice Principal Resources spoke to his previously circulated report and members noted that under the Joint Audit Code of Practice (JACOP), there is a requirement for the Audit Committee to produce an annual report, which is submitted to the Corporation Board prior to the Statement of Corporate Governance and Internal Control being signed.

The Audit Committee is responsible for providing insight to the "Corporation on the adequacy and effectiveness of the College Corporation's assurance framework". The Audit Committee annual report:

- Summarises the committee's activities relating to the financial year under review, not only those activities undertaken in-year;

- Includes the committee's opinion on the adequacy and effectiveness of the college's assurance framework of governance, risk and control and how the college has secured value for money; and
- Underpins the board's own opinions in the Statement of Corporate Governance and Internal Control in the annual financial statements

In line with the requirements of the Accounts Direction 2015 to 2016, English colleges are required to submit the Audit Committee Annual report to the responsible funding body. In CCAD's case this will be a submission to the Skills Funding Agency (SFA).

The Corporation Board APPROVED the Audit Committee Annual Report

16.049 FINANCIAL STATEMENTS FR THE YEAR ENDING 31 JULY 2016

The Vice Principal Resources spoke to his previously circulated report and members noted that this is the first year that the College has produced accounts under FRS102 and the F&HE SORP 2015. This has some considerable impact in the presentation of pension costs in the accounts and may be confusing to the readers. It has also meant that the 2014/15 figures have had to be restated to be comparable.

However, the College generated an operating surplus of £93k for the year ended 31 July 2016. The previous reported surplus was £221k in 2014/15 but this has been restated due to changes in treatment of pension costs to an operating loss of £(25)k.

The current year results include

- Restructuring costs of £36k are included (£212k in 14/15)
- Cash balances of £3,069k at the year end

However, actuarial adjustment for the pension scheme are now included in the Statement of Comprehensive Income which push the College into a £(1,519)k Comprehensive Loss for the year. This does not impact on the Banking Covenants. This compares to a restated loss of £(484)k for 2014/15.

The College is expecting to retain its Outstanding Financial Health position for 2015/16 but this will only be confirmed by the SFA in February / March 2017

The Principal advised members that Clare Moore had been commended by RSM for her work on the financial statements and the Board thanked Clare for her work.

Chairman/
Clerk

Phil Trotter asked if the SFA are also thinking about the new regulations in relation to pension. The Vice Principal Resources advised that they have looked at this and taken it into account, however the SFA take 2-3 months to review.

Ian Butchart asked if we are getting a feeling that we will be asked for money next year in relation to the pension's fund and the Vice Principal Resources advised that there are discussions happening regarding the pension fund but the likelihood is that pension fund contributions are likely to increase.

The Chairman asked if we have any local discretion on pension contributions and the Vice Principal Resources confirmed that we don't.

The Corporation Board APPROVED the Financial Statements

16.050 BANK COVENANT

The Vice Principal Resources discussed the bank covenants with members and advised that the Bank have said that they will apply the covenants in the same way as previously to ensure that any changes to the finances as a result of FRS102 accounting legislation do not adversely impact the position of the College. Members noted that this is a covenant that was applied by the Bank under the old covenant arrangements but this covenant is no longer applicable from March 2016 when this covenant was dropped from the loan agreement

Claire Leece advised that the Bank has asked for an additional opinion from the Auditors to state whether the College complies with the covenants under the old accounting regime. The Vice Principal Resources confirmed that that the accounts describe the adjustments made relating to FRS102 and that covenants were not breached and the report would be reviewed.

16.051 MANAGEMENT ACCOUNTS

The Corporation Board received the Management Accounts as a silent paper. Members noted that year to date results to October for the 2016/17 financial year are showing an operating loss of £318k which is better than the budgeted loss by £145k. Cash balances are £2.9m due in part to receipt of cash in advance of claims from TVU.

At this point in the year the majority of the variances is due to timing differences between the budget and the actual transactions coming through the accounts.

The forecast position for the rest of the year is currently being worked on and is hoped that this will be available in January. Student recruitment figures are not as strong as hoped for and have had an impact on the forecast for income.

16.052 **FINANCIAL STATEMENTS AND REGULARITY AUDITORS
MANAGEMENT LETTER**

Claire Leece, RSM spoke to her previously circulated report and members noted that the report summarises the key findings in connection with the audit of the financial statements of the College in respect of the year ended 31 July 2016.

Claire advised that she considers that the audit approach adopted will provide the Corporation Board with the required confidence that a thorough and robust audit has been carried out.

Claire advised that the scope of their work on the financial statements and the regularity assurance engagement has already been communicated to the Audit Committee via the Audit Plan document dated 24 June 2016.

A summary of adjusted and unadjusted misstatements identified during the audit has been prepared and is included in Section 4.

A summary of the unadjusted/adjusted errors identified during the course of their work has been identified in the report, analysed between errors of fact and differences in judgement.

No potential impropriety issues were identified during the audit.

No significant issues were highlighted with regard to audit, accounting and regularity audit work.

Claire drew member's attention to page 13 with regard to Fraud and to remind members that principal responsibility for the prevention and detection of fraud rests with management with the oversight of those charged with governance, who should not rely on audit to discharge those functions. Members are informed by internal audit, external audit and management. Any suspected fraud or discovered fraud should be reported as soon as possible.

The Chairman asked whether Claire was aware of any further information regard the off payroll workers and Ian Swain asked if it affected the College. Claire advised the Chairman that it is one to watch.

The Corporation Board APPROVED the External Audit reports.

16.053 **RISK MANAGEMENT REPORT**

The Vice Principal Resources spoke to his previously circulated report which highlighted the key areas of risk that the College faces over the coming months. Members noted that the College is operating in an environment where uncertainty and risk are becoming more of an issue that has been in the past. With a growth strategy and an increasingly competitive and uncertain market comes an element of risk

and investment may be required which in turn adds an element of risk and uncertainty.

Key risks to the College over the course of the coming months include:

- Government policy including BREXIT
- Local Area Review aftermath, incl. the Combined Authority
- Hartlepool construction project
- Cash flow and banking covenants
- HE recruitment
- FE recruitment
- New risk identified around the potential change in name of the College
- TEF

Jane Rapley commented that the international students are less of a risk it's the European students and lack of them which will make the competitors more interested in the local students.

The Corporation Board NOTED the risk management update.

16.054 RISK REGISTER

The Vice Principal Resources provided an update on the risk register which had been discussed in detail at the Audit Committee.

The Chairman commented on the process and asked if there an escalation mechanism and how does this work. The Vice Principal Resources confirmed that the Principal's report picks up any issues and these are highlighted to the Board and the Principal confirmed that risk issues are discussed at each Principalship meeting.

The Chairman commented on the design for digital industries and revitalising the curriculum and reflected on the Principals report with regard to the post. Mike Wheaton commented that he is looking at options on how to take this forward with an appointment which has relevant experience in writing the programme and taking it through to validation. Mike advised that he is interviewing on Monday and hoping to appoint by the new year. Phil Trotter asked how long will it be to reach validation and Mike confirmed this would be around the end of February / beginning of March. Patrick Chapman commented that they are looking to establish good industry links on this programme.

The Chairman asked how something comes off the risk register and the Vice Principal Resources confirmed that most things don't come off. Ian Butchart confirmed that a revamp had been undertaken and now reflects the strategic risks which have been reviewed at the Audit Committee.

Sarah Fawcett asked the Vice Principal regarding why student recruitment was not amber and the score is 10 and the Vice Principal Resources confirmed that it should be.

The Corporation Board NOTED the risk register

16.055 **FE QUALITY STRATEGY**

John Waddington spoke to his previously circulated report and members noted that the purpose of this report is to set out key details of the College's FE Quality Strategy. The FE Quality Strategy aims to highlight to all members the key focus of continuous improvement and sustaining high standards. This includes the College's policy statement, quality management and assurance procedures, and roles and responsibilities of staff to ensure compliance.

Members were reminded that at their meeting in November they approved the College's Self-Assessment Report and Quality Improvement Plan, judging that the College is in Outstanding status for its FE provision. In 2009 the last Ofsted Inspection also highlighted the College as Outstanding. With the imminent potential for an Ofsted inspection it is essential that the College sets out its strategy to maintain and improve standards in all aspects of the College's FE Curriculum and support services.

The Chairman asked whether individual performance management is integrated into performance development reviews for staff (page 4) and John confirmed it is the college performance development appraisal system.

The Chairman also asked regarding the teaching observation exercises and whether there was external observation undertaken and John advised it has in the past but last year academic staff did dual observations so that standardisation process is done through this. There are some options regarding this across the sector. Sarah Fawcett advised that she had sent in some questions to John regarding progression and the role of governors and John confirmed that he will be including both points.

The Corporation Board APPROVED the Quality Strategy for FE.

16.056 **ANNUAL OVERVIEW REPORT FOR AUB**

The Principal spoke to his previously circulated report and members noted that the College's Annual Overview Report (AOR) is the key document in reviewing the College's HE provision. This year, as considered by the Corporation Board at its meeting on 11 November, the Higher Education Funding Council for England (HEFCE) has required institutions' governing bodies to make an assurance statement, signed by the Principal on their behalf, in respect of higher education provision. The Corporation Board agreed that it was content for the Principal to sign the assurance statement on its behalf if

the HE Academic Board expressed itself as being content that the AOR was satisfactory, and that, consequently, it was satisfied that the assurance statement could be made. The HE Academic Board met on Wednesday 30 November specifically to review the AOR and to consider the assurance statement. The HE Academic Board was satisfied in both respects and therefore the assurance statement was duly signed and uploaded to the HEFCE extranet on 30 November.

The Chairman asked regarding notched marking and the Principal explained that a notched assessment grading system means we only grade on a 2,4,6,8 in each band. For example 72+ is a first, 62-68 an upper second, 52-58 a lower second, 42-48 is a third class degree.

The Chairman asked how significant is 11 academic appeals are and the Principal advised that we are seeing a greater number of appeals but they are reasonable spread through the programmes. Mike Wheaton commented that in each Module Handbook there is a copy of the module marking criteria. The module marking criteria gives an indication of achievement through the use of language used in a sliding scale grading appropriately to each of the classification bands. For example the use of the word 'exceptional' would only be used to describe work in the top band or 72+. The phrase 'high quality' may be used in the 62-68 band and the term 'sound' at 52-58 and 'competent' at 42-48. Students may challenge assessment where staff use descriptive language outside of the boundary and do not follow up with the appropriate grade. E.g. the presentation was truly exceptional and scored 44%.it comes down to the language, where people claim that, this must be referred back to the teams using the appropriate feedback.

Jane Rapley commented that you need an appropriate appeals process in place to manage this situation.

Phil Trotter asked what happens to the report and Principal confirmed it has been submitted to AUB.

The Corporation Board NOTED the report

Jane Rapley left the meeting.

16.057 FE+ ANNUAL REPORT

The Principal spoke to his previously circulated report and members noted that FE+ is an association of the five Tees Valley General FE Colleges (GFEs) together with CCAD. It operates on the basis of a Memorandum of Understanding (MoU). The aims are broadly to work together to cooperate appropriately on the delivery of further education in the Tees Valley. The MoU makes provision for FE+ activities to be reported to the governing bodies of the member colleges.

The Chairman asked how much it costs and Principal confirmed around £16k but that he expects this to lower this year.

The Corporation Board APPROVED the MOU.

Ian Butchart left the meeting.

16.058 **MEMBERS ISSUES FROM SEARCH COMMITTEE**
The Chairman advised members that the Search Committee had met and interviewed a number of applicants for the vacant governor posts. The Search Committee recommended the appointment of Tim Bailey.

The Corporation Board APPROVED the appointment of Tim Bailey

16.059 **REVIEW OF MEETING CONDUCT AND ITEMS FOR INCLUSION IN THE RISK REGISTER**
There were no issues for the risk register.

16.060 **CONFIDENTIAL ITEMS**
There were no issues of confidentiality.

16.061 **MINUTES OF THE SUB COMMITTEES**
The Corporation Board received the minutes of the LGF Project Board for information.

16.062 **ANY OTHER BUSINESS**
Employability brochure – Pat Chapman circulated a copy of an employability brochure.

16.063 **DATE AND TIME OF NEXT MEETING**
The next meeting of the Corporation Board will be held on Friday 10 February 2017 at 12.00 in Middlesbrough

Clerk

All

Signed:

Name:

Date: