

**CONFIRMED MINUTES OF THE MEETING OF THE CORPORATION BOARD
HELD ON FRIDAY 18 DECEMBER 2015
IN THE COMMITTEE ROOM, MIDDLESBROUGH CAMPUS**

Present

Graham Robson	Chair, Independent Member
Sarah Fawcett	Independent Member
Denise Ogden	Independent Member
Robin Simmons	Independent Member
Ian Butchart	Independent Member
Ian Swain	Independent Member
Mark Stokeld	Independent Member
Phil Trotter	Independent Member
Andrea Goodwill	Staff member
Charly Butler	Staff member
Martin Raby	Principal

Also in attendance

Stuart Slorach	Vice Principal Resources
Jill Fernie-Clarke	Vice Principal Academic
Jackie White	Clerk to the Corporation
Claire Leece	RSM (section 4 only)
Francis Fitzgerald	Staff (welcome and introduction only)
John Waddington	Head of School (section 2.1)
Michael Wheaton	Head of School (section 2.1)

WELCOME AND INTRODUCTIONS

The Chairman welcomed members to the meeting and advised members that two members of staff were present to receive their long service awards from the Board. The Chairman confirmed that the following members of staff were receiving long services awards - Carol Lawrence, Francis Fitzgerald, Andrea Goodwill, Richard Fionda, Julie Marshall, Joey McGurk.

The Chairman welcomed Claire Leece from RSM (previously known as Baker Tilly) for section 4 which was being taken first on the agenda.

Finally the Chairman advised members that today was the Phil Trotters last meeting as an independent member of the Corporation Board. The Chairman thanked Phil on behalf of the Board and College for his service and personally for his support to him as Chairman. Members noted that Phil has agreed to be a co-opted member of the Board and will attend and provide specialist advice on areas of his expertise. The Principal also thanked Phil personally for the support he had provided to him as Principal.

APOLOGIES FOR ABSENCE

Apologies for absence had been received from Patrick Smith and Jane Rapley, Independent Members.

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.

DECLARATIONS OF INTEREST

No further declarations were raised with regard to the agenda.

GB15 023 MINUTES OF THE PREVIOUS MEETING.

The minutes of the previous meetings held on 13 November 2015 were agreed as an accurate record with the following amendment:

Jill Fernie-Clarke, Vice Principal Academic was present at the meeting.

GB15 024 MATTERS ARISING

The following matters arising were discussed:

GB14 0104 – Industry links – the Chairman asked whether there could be an award from an industry link to students. The Vice Principal Academic confirmed that there were a couple of possibilities for an end of year award. The issue which had arose was in relation to industry links putting money in rather than putting a name to an award. Patrick Chapman was exploring further.

GB15 004 – Principal's Report – The Principal and Clerk agreed to develop a process for uploading documents onto the intranet for members. The Principal and Clerk are arranging to meet in the new year.

GB15 011 – Equality and Diversity Report – Robin suggested including socio economic background information. Charly Butler confirmed that the information for HE was available through UCAS and will have a look at what the information is saying add bring this to a future meeting.

GB15 011 – Equality and Diversity Report – Denise suggested that the College could relook at fees and perhaps look at those who do not go into HE and what the issues are. The Principal confirmed that this is still ongoing.

GB15 015 – Governance Training Plan – Ian Butchart asked for some further advice regarding IT and accessing information – The Clerk confirmed that this was still ongoing.

Clerk

GB15 – 016 – Board Self Evaluation – the Corporation Board received the board self-evaluation for 2014/15 and agreed to revisit at the next meeting. The Clerk confirmed that due to the size of the agenda at today’s meeting this will be reviewed at the February meeting.

GB15 -017 –Report on Attendance – Members noted that Steve Blanks had agreed to resign but the Clerk had not received his formal resignation despite several reminders therefore the Board agreed to use its powers to remove Steve Blanks from office and the Clerk notify him of this removal. The Clerk confirmed that following the meeting Steve Blanks resignation had been received and asked the Board to consider deleting the minute with regard to removal from office. The Board agreed.

GB15 – 019 – Code of Conduct – Sarah noted some inconsistencies within the report. The Clerk confirmed that she and Sarah had yet to liaise on the issues.

GB15 025 MEMBER’S ISSUES

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

Sarah Fawcett discussed with members that she had attended her first separate E&D and Safeguarding meetings this week, both were good meetings. Members noted that meetings will be held twice a year and Sarah and the Vice Principal Academic will meet in between the meetings. Sarah reminded members of the training and that they will be monitored in the New Year.

Sarah also advised members that Prevent training is a requirement for members and this was included on the Governor Training Plan for 2015/16. Consideration is being given to possible face to face training in the New Year for members.

Ian Butchart commented that he had had the opportunity to discuss attending the College recently and commented that it would be useful to have further information on what to discuss with people who may be interested in attending the College. It was suggested by the Principal that Student services attend a future meeting to discuss these issues and provide members with some information to handout.

Finally the Chairman discussed that he had been involved in LAR meetings and will contribute to Principal update on this issue.

GB15 026 PRINCIPAL’S REPORT

The Principal spoke to his previously circulated report and members noted that the Chancellor’s Autumn Statement appears, initially, to be more benign than was expected. The AoC Annual Conference was useful, and provided details of a means of formalising college cooperation that falls short of merger or federation.

A detailed annual staff sickness absence report was included at Appendix C of the Principal's Report. Whilst overall sickness absence has increased, this is largely due to staff on long term sickness which is not related to workplace stress.

Student recruitment activity is reported in some detail. HE activity has increased substantially compared with 2014/15. The key autumn Design Your Futures UCAS events in London and Manchester were successful.

The Principal briefed members on issues not covered in report including providing an update on the HER. Members noted that the self-assessment document had been submitted and a small amount of comments had been received requiring further clarity. In addition, the Principal discussed that the College had had commissioned consultancy advice on HER and the SED and the consultant will be coming in the new year to facilitate a mock review exercise for staff.

The Principal advised members that he and the Vice Principal Resources had visited the Director of Regeneration at Middlesbrough Council 2 weeks ago regarding the LAR.

The Chairman commented that it would be helpful to have an update on student accommodation at the next meeting.

VP
Resources

With regard to sickness absence, Ian Butchart commented that he thought figures looked quite good and assumed measures were in place to manage these which the Principal confirmed.

The Principal discussed that Appendix E highlighted a dip due to staffing changes, however levels have been recovered.

The team has a renewed focus on recruitment and therefore is a separate team from marketing and will not get pulled into marketing activities. Applications are monitored but it is a bit early at the moment to give any indications.

In terms of Appendix F, the College do get people interested in fashion and graphic design but these are both weak on recruitment, however it does indicate that we are attracting people to come and look at us on these areas but we are not bringing them through. The Principal discussed the need to work with curriculum staff on how to do this. Jane Rapley is coming up to have a discussion with programme leaders and Heads of School on fashion which will be good.

The Corporation Board RECEIVED the Principal's report.

GB15 027 **KPI'S**

Charly Butler spoke to the previously circulated report which provided members with a monthly Dashboard and updated document setting out key targets, and periodic performance in achieving them.

The Chairman commented that it was great that this report is evolving and questioned Charly on whether there was a point at which it has evolved. Charly discussed that this will depend on members and colleagues, but felt that it was a comprehensive report now but questioned whether it is giving members enough information.

Phil Trotter commented that it is very helpful in this format and could not think of issues or areas missing. The presentation and brevity of it is excellent.

Ian Swain discussed that it is far superior to anything we have had before.

The Principal confirmed that the master target book will evolve as we move through the cycle of business.

The Corporation Board RECEIVED the KPIs.

GB15 028 **LOCAL AREA REVIEW UPDATE**

Confidential Report.

GB15 029 **LGF UPDATE**

Confidential Report.

GB15 030 **FE QUALITY STRATEGY**

John Waddington, Head of School spoke to the previously circulated Strategy and advised members that it is good practice for the college to have a quality strategy. This relates to further education provision. The strategy is a revised approach to this requirement focussing on the required actions and therefore draws heavily on the College's Quality Improvement Plan (QulP). Intention is therefore that this document now has a clear focus on action for improvement in the current academic year, rather than being a more abstract strategy document that is merely aspirational.

Sarah questioned what GSB was and John explained that this related to gold, silver and bronze medal award, in relation to Moodle and how much it is used and awards are given for this.

The Chairman commented that about a year ago there was mixed feedback from student governors on Moodle and it would be good during this academic year if we got an update from who ever you think appropriate on this. The Vice Principal Academic advised that Paul Fletcher collects this data and can present this at a future meeting. The Principal suggested it might be useful to include the QDP survey questions about Moodle also.

Mark Stokeld commented on English and Maths and asked for feedback on this. John explained that teaching observation and learning walks are undertaken in Maths and he is now looking at how students are assessed. Diagnostic testing is also

Paul
Fletcher

undertaken this year and they are using these more to be able to identify strengths and weaknesses of students to deliver programme.

Mark asked if we don't see improvement how will it reflect on Ofsted. John confirmed that it does affect the outcome so it's really important that we do improve and important to what we do. John went on to discuss that the College has introduced Mymaths this year which is online and the College can track students. Target setting is also being used well.

Creative Maths and English workshops are being held at level 1 and 2 and the purpose of these is a creative exercise to motivate students to do Maths.

Ian Butchart commented that attendance levels are up on both areas.

Phil commented on process, questioning whether there is one person who has overall accountability for the quality improvement action plan and the Principal confirmed that this was the Vice Principal Academic. Phil also questioned how often does this plan get reviewed and members noted that the FE Academic Committee will review the plan routinely.

The Chairman asked the Head of School what keeps him awake at night and he confirmed that this was Maths results, photography, work experience and attendance.

The Corporation Board APPROVED the FE Quality Strategy.

GB15 031 **MAINTAINING THE QUALITY OF THE UNDERGRADUATE STUDENT LEARNING EXPERIENCE**

The Principal spoke to the previously circulated report and members noted that HEFCE wrote to providers in November 2014 and September 2015 about their approach to meeting the Government's concerns to maintain the quality of the student experience after the removal of student number controls. In order to provide the required assurance HEFCE asked institutions to review their arrangements, report annually on them and the matters of concern to their students, and that these matters had been resolved, to their Senate/Council or Board of Governors. The report at Appendix A was prepared by Tricia McKenzie, Head of HE Quality and Academic Standards. It details the measures taken by the College in this respect prior to 2014/15, and notes that there were no formal student complaints during that year as a result of the application of the College's informal processes to resolve issues. HEFCE asked providers to confirm by December 2015 that a report has been scrutinised by the relevant governance body within the institution.

The Corporation Board APPROVED the PAPER

GB15 032 **INTERNAL AUDIT ANNUAL REPORT YEAR ENDING 31 JULY 2015**

The Vice Principal Resources spoke to the previously circulated report which had been reviewed and recommended by the Audit Committee and members noted that KPMG audit work is now finished for the year. The audit committee agreed to a level of internal audit input of 24 days and 20 days were delivered, with the curriculum planning review being deferred until 2015-16. In terms of the Implementation of recommendations, Management responses to report recommendations were positive with timely implementation dates identified. During 2014-15, KPMG followed up 19 agreed recommendations from prior years, of which 8 had been 'implemented' and 11 are 'ongoing'. In terms of performance of the internal audit service, it was noted that the Internal Audit Service has complied with the public sector internal audit standards ("PSIAS"). This is evidenced through their in house quality assurance programme which ensures that each internal audit client is reviewed at least once during the period of the engagement. Finally of the seven performance indicators set by the audit committee, all have been fully achieved.

Members noted that KPMG are satisfied that sufficient internal audit work has been undertaken to allow them to draw a reasonable conclusion as to the adequacy and effectiveness of the College's risk management, control and governance processes, noting the following for the Annual Accounts:

"In our opinion the College has adequate and effective risk management, control and governance processes to manage the achievement of its objectives. We are also satisfied that, based on the work completed, management has implemented adequate arrangements in respect of economy, efficiency and effectiveness".

Ian Butchart discussed that the Audit Committee had held some interesting debates with KPMG, and were not fully satisfied with some of the discussions and following advice from management resolved that the issues are put to bed.

Sarah questioned page 6, 11 remaining ongoing previous recommendations and whether we would expect them to be ongoing. Ian commented that the Audit Committee did look at these and are following these up at the next Committee meeting.

Sarah discussed that she was not familiar with audit terms and on page 4, can one get better than adequate, Claire confirmed that it is as good as it gets.

The Corporation Board APPROVED the Internal Audit Annual Report.

GB15 033 **ANNUAL REPORT OF THE AUDIT COMMITTEE**

The Vice Principal Resources spoke to the previously circulated report which had been reviewed and recommended for approval

by the Audit Committee. Members were advised 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 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 2014 to 2015, 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).

Ian Butchart discussed that in the summary sheet there is a statement on reviewing performance in the year, and thanked Claire for the discussion at Audit Committee, the summary needs to be included in the report as a concluding remark. Ian also discussed that the Audit Committee are looking again at the TOR and if there are any changes we will bring back to the Board. Finally Ian gave his personal thanks to Claire and RMS for excellent support received at the Audit Committee and intelligent reports we receive from them.

Sarah commented on page 7, and was surprised to see the number of forged cheques. The Vice Principal Resources confirmed that yes it does happen, however the College has moved to a more electronic system so will hopefully see less or none of this. Bank requisition is done every week and bank controls are very good.

The Corporation Board APPROVED the Annual Report of the Audit Committee.

GB15 034 FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 JULY 2015, BANK COVENANT AND FINANCIAL RECORD

The Vice Principal Resources spoke to the previously circulated report which had been considered at Audit Committee and recommended for approval by the Board. Members noted that the College has generated a surplus of £221k for the financial year ending 31 July 2015. This result is better than both the budget and the forecast outturn which was previously presented

to the Corporation Board. This reflects later/lower than expected withdrawals of HE students and a positive contribution from FRS17 pension's adjustments.

The expenditure for 2014/15 includes £300k of costs which relate to the Green Lane roofing project and refurbishment of the halls of residence at Lime Crescent, both of which were completed over the summer in 2014.

Included with the results for 2014/15 are restructuring costs of £212k which in the main relate to redundancy payments to staff who left through a voluntary redundancy scheme in the summer term. This was as a result of a reduction in funding allocations and changes in National Insurance contributions for the 2015/16 financial year and the need to ensure a balanced budget for the year which meets banking covenants.

Funding body grants fell year on year as result of cuts in government funding and the removal of c£500k of HEFCE recurrent grant as HE tuition fees replace that funding stream. Reductions in EFA funding were also seen as a result of reduced FE student numbers year on year.

Staff costs for the year increased as the result of increases in staffing numbers including the recruitment of student support staff to replace services that were previously outsourced to Neupartners and increases in HE academic areas.

Expenditure for the year does not include any costs relating to the Local Growth Fund project that the College is pursuing at the Hartlepool Campus. This expenditure has been capitalised as work in progress and will be release back to the income and expenditure account over the life of the building.

Cash balances at the year-end stood at £2,567k compared to £2,156k the previous year. This takes into consideration the spend and advanced drawdown of funds from TVU relating to the Hartlepool Campus redevelopment project. The underlying cash balances are strong and are continuing to be so in 2015/16.

Overall the College financial statement reflect a year of financial stability for the College despite a number of challenging projects and a difficult operating environment. The financial health status based on SFA criteria is Outstanding which is an increase from Good in 2013/14. The College does not expect this to continue as in 2015/16 the College will have committed resource to the Hartlepool building project and taken on an additional £1.5m of borrowing, from Hartlepool Borough Council, which is forecast to reduce the financial health status back to Good.

The College has met its banking covenants relating to the Barclays Bank loan for the purchase of the red-brick buildings at the Hartlepool Campus. The outstanding loan balance to Barclays Bank at 31 July 2015 was £1.8m.

The Chairman thanked the Finance and Management Team on the outstanding financial health result.

Claire, external auditor RSM confirmed that there was clean unqualified audit reports.

The Corporation Board APPROVED the Financial Statements and Bank Covenant.

GB15 035 **MANAGEMENT ACCOUNTS**

The Vice Principal Academic spoke to the previously circulated Management Accounts and report and members noted that the year to date results to October 2015 for the 2015/16 financial year are showing an operating loss of £(281)k which is better than the approved budget by £87k. Cash balances are £2.7m against a budget of £2.4m.

At this stage in the year the Budget surplus of £89k for the full year would appear to be achievable but is dependent on how key projects such as the Local Area Review develop and other unforeseen developments throughout the year

The Corporation Board RECEIVED the Management Accounts.

GB15 036 **FINANCIAL STATEMENTS AND REGULARITY AUDITORS**
MANAGEMENT LETTER

Claire Leece, RSM spoke to the previously circulated reports and highlighted to members that since the report was circulated the Joint Audit Code of Practice (the 'JACOP') was published and this changed the scope of the required reporting for regularity. This has been addressed by presenting an Audit Plan Addendum accompanying the report.

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 2015. Claire advised that she considers that the audit approach adopted will provide the Audit Committee with the required confidence that a thorough and robust audit has been carried out.

The scope of work on the financial statements has already been communicated in the Audit Plan document dated 12 June 2015.

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

Claire confirmed that she anticipates no modifications from their pro-forma financial statement audit report provided in the Audit Plan previously communicated or the regularity assurance report provided in the Audit Plan Addendum.

No audit, accounting and regularity issues were identified during the audit and regularity work.

A summary of the unadjusted/adjusted errors identified during the course of our 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.

Members noted that during the testing on staff costs RSM were unable to obtain employment contracts for starters in the period. Following discussion with management this is because new contracts have been drafted, in line with AOC guidelines, and these are in the process of being reviewed by the Unions before staff can obtain and sign. This has been highlighted as a significant deficiency in internal control.

There were no significant estimates to accounting policies and estimates to note.

During the course of the audit, the adequacy of the disclosures contained within the financial statements and their compliance with both relevant accounting standards, including the Statement of Recommended Practice – Accounting for Further and Higher Education 2007, and the Accounts Direction issued by the Skills Funding Agency and the Education Funding Agency were reviewed. No significant disclosure matters were brought to the College's attention and subsequently were reflected in the revised financial statements.

Members finally noted that Baker Tilley has been rebranded and is now RSM.

Claire went on to present the previously circulated letter of representation which sets out the opinion of the External Auditor on whether the financial statements give a true and fair view.

The Corporation Board APPROVED the External Audit reports.

GB15 037 ANNUAL RISK MANAGEMENT REPORT

The Vice Principal Resources discussed with members that the purpose of the report is to highlight 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 comes an element of risk as investment is required which in turn adds an element of risk and uncertainty.

Members noted that they were presented on 1st May 2015 with a paper covering the context for budget setting for the 2015/16 financial and academic year.

Since the previous review there has been 1 risk added to the Risk Register – the Local Area Review (LAR).

The Principal discussed that KPMG had suggested the Corporation Board formally set its risk appetite and suggested that the Board have had this discussion and members agreed.

Ian Butchart asked Claire if there was any good practice on agreeing the risk appetite of the Board. Claire confirmed that depending on the questions, you could come up with all different views regarding the risk appetite. Perhaps a statement might be a useful summary rather than a number.

The Principal asked Claire if she would be prepared to share the statement that your clients may have used anonymously which Claire agreed to.

Phil commented that it has to help the discussion if you do an exercise to get a number to summarise your risk appetite. It's the discussion around the risk rather than a particular process you go through.

Ian Butchart commented that a number is particularly risky as it doesn't help the process.

Denise commented that if a risk is green why is it on. There are a lot of risks on the register that may only need revisiting once a year or by management.

Phil commented that you need to ensure you don't end up throwing risks out, eg a low risk which you don't monitor.

The Chairman asked the Vice Principal Resources to consider how the LGF risks are embedded into CCAD risk register.

VP
Resources

Denise left the meeting at 1.30 pm.

The Corporation Board NOTED the Risk Management Update

GB15 038 **FE PLUS ANNUAL REPORT**

The Principal spoke to the previously circulated report and members noted that the FE+ Annual Report is considered and approved by the governing bodies of the six member colleges each year. This year, the report is still in draft, the current version of which was attached at Appendix A to the report. The FE+ Board is expected to meet to agree the final report on Wednesday 16th December. A completed report should therefore be available at the Governing Body

The Corporation Board APPROVED the FE Plus Annual Report.

GB15 039 **FE PLUS UPDATE**

The Principal gave a verbal update with regard to FE Plus. He commented that the College subscribe to FE+ (5 local GFE colleges and CCAD operating since 2000). The Principal chairs sub groups on cost reduction and now expanded to include three other Colleges and have periodic meetings looking at projects involved in. FE+ looked carefully at what it does and

the subscriptions cost £16k which covers the salary costs of the two staff who are employed by Hartlepool FE College. The Chair and Vice Chair have agreed to reduce the costs of the subscription and therefore negotiations have been started on the redundancy cost of the Operations Director.

Ian Butchart commented that it was helpful for the information relating to the Area Review.

Ian Swain questioned what will happen to the running of it without the Operations Director, and the Principal confirmed that the administrator will continue to provide admin support.

Mark questioned whether it fulfils one of the aims of the local area review in cost reduction and might the people doing the area review see it as covering the cost reduction actions, are we unique. The Principal confirmed that the Colleges in Sussex get together on procurement and members noted that FE Plus has saved about £1m, but the LAR won't see it as sufficient as they will be assessing shared services.

The Corporation Board RECEIVED the FE Plus update

GB15 040 **REVIEW OF MEETING CONDUCT AND IDENTIFICATION OF ITEMS FOR INCLUSION IN THE RISK REGISTER**

Members felt we were adequate today and that the LGF project should be included on the risk register.

GB15 041 **CONFIDENTIAL ITEMS**

It was agreed that elements relating to the LGF and Area Review were to be maintained as confidential items.

Clerk

GB15 042 **DATE AND TIME OF NEXT MEETING**

The next meeting of the Corporation Board will be held on Friday 12 February 2016.

All

Signed:

Name:

Date: