

**Minutes of the meeting of the Board of the Corporation held on Tuesday, 3 December 2019 at
6:00pm in the Conference Room, City Campus**

Present: George Blyth
Tom Crompton
Rob Lawson (Chair)
Paul McEldon (arrived during Bd/19-20/07)
Zainab Nadeem, President, Students' Union
Susan Pollard
Ralph Saelzer
Ellen Thinnesen, Chief Executive
Louise Kennedy (arrived during item Bd/19-20/25)

In Attendance: Nigel Harrett, Principal Northumberland College
David Howells, Vice Principal Finance and Resources
Vikkie Morton, Vice Principal Student Services and Registry
Iain Nixon, Vice Principal Partnerships and Commercial
Judith Quinn, Interim Deputy Principal, Curriculum
Craig Millar, Director of Marketing, Sales and Corporate Affairs (for Bd/19-20/35 only)
John Taylor, ESFA

Clerk: Christine Stretesky, Head of Corporate Governance and Policy

Bd/19-20/23 Apologies and consent or absence and declarations of interest

Apologies were accepted from John Barnett, Louise Doyle, Zainab Nadeem and Louise Farthing.

Governor Pollard declared an interest as a member of staff for item Bd/19-20/36 to which the Head of Corporate Governance and Policy advised that under the Instruments and Articles, Instrument no. 10(4) staff may participate in the consideration of the pay of all staff provided that in so doing, the staff member acts in the best interests of the Corporation as a whole and does not seek to represent the interests of any other person or body. The Chair asked Governor Pollard if she was able to do that, and she replied she was.

Bd/19-20/24 Minutes of the previous meeting held 1 October 2019 and Matters Arising

The minutes were reviewed and accepted as an accurate record of the previous meeting. There were no matters arising.

Bd/19-20/25 Approvals of the Following Recommendations from Governance Committee:

The Head of Corporate Governance and Policy delivered the report stating that the Governance Committee had recommended Louise Kennedy and Louise Bradford for appointments as governors after the candidates met with the Chair, the CEO and the Chair of the Sunderland Local Governing Board.

The Chair stated that Louise Bradford had been discussed fully by the committee as Louise was undergoing discussions with the College to perform Public Relations work. Louise has decided to forego a contract with the College for PR work to enable her to take on the role of Governor.

The CE stated that she is delighted to have a Governor with human resource experience and expertise on the Board of the Corporation and one with strong connectivity to the City of Sunderland on the Sunderland Local Governing Board.

AGREED to approve the appointments of

- Louise Kennedy, to the Board of the Corporation, Finance, Resources and Projects Committee and Lead Governor for People and Culture
- Louise Bradford, to the Sunderland Local Governing Board and Lead Governor for Engagement and Reputation

Bd/19-20/26 CEO Report

The Chief Executive delivered the report stating that at the national level, the Association of Colleges (AoC) have created a new strategy/manifesto for use in the upcoming elections. The CE asked governors to share the manifesto through their social media platforms.

The College has been announced as a finalist for the Beacon Award with winners being announced in the spring. The CE thanked the Vice Principal Student Services and Registry for all of the work that has been done around careers.

The CE along with the Chair, the COO, the Vice Principal Student Services and Registry and the two new Associate Principals from Northumberland College attended the AoC's National Conference. The Chair commented that there was a confidence at the conference that has not been seen before, as it was recognised all political parties have put FE at the heart of their manifestos. The Chair stated that he attended a session where the CE was on a panel regarding Higher Education that was very informative and he also attended a good session with the FE Commissioner on entering administration. The CE stated that the Group Director of People and Development delivered a presentation on Thrive and all the great work the Group are doing on staff and culture.

The CE stated that the Integrated Financial Model for Colleges has been launched and asked governors about training needs. It was agreed that a training session would be held for members of the Audit and Finance, Resources and Projects Committees as well as the Board of the Corporation.

(ACTION: Head CG&P)

The Board asked how the new model is being perceived within the sector. The CE stated that whilst some have expressed concern over format, there has not been much negativity.

The CE noted several Ofsted inspection reports recently published including one on the residential accommodation at Boston College. As the Group with residential provision, governors were encouraged to review the report.

The CE presented the latest NICDEX league tables explaining what is measured to determine league standing. The tables for Overall College and Learner Voice tables were presented. The CE noted that Sunderland College (SC) was ranked 7th nationally on the Overall College table and Northumberland College (NC) is seventh from the bottom presenting a big challenge for the Group. The CE explained in future tables, the colleges within the Group will be reported as one so governors should expect to see Sunderland College drop down in the table next year.

The Board noted the placement of some of the Group's competitors. The Board also asked whether there was an ability to disaggregate the Group to provide governors a better picture of strengths and weaknesses at each college. The CE stated that as the league tables use data from the DfE we will not get that disaggregation, but that internally, using similar data that might be possible.

With regard to learner voice, 86.8% of SC students and 77.4% NC students said they were satisfied. The CE explained that governors should expect this to rise with the investment in resources. On the National Student Survey, it was stated, students are satisfied with provision and teaching at NC but when analysing the data, IT and facilities are areas for improvement.

Turning to 16-18 year old positive progression, the CE stated that if we are to be excellent at everything we do, with 75% of SC students and 68% of NC students positively progressing means we need to turn these numbers around.

The following discussion of regional issues was determined confidential with minutes maintained separately. Newly appointed governor Louise Kennedy entered the meeting during this discussion.

With regard to local updates, the CE announced the hiring and start date for the new VP of Quality and Curriculum, Paul Graham.

The CE provided an update on curriculum planning assuring governors that the new EIF has a key focus on quality of education which is subdivided into three areas: curriculum intent, implementation and impact. Governors were advised that they need to ensure:

1. There is a robust curriculum planning process that engages in labour intelligence, destination data of students, and granular detail at each curriculum area
2. Curriculum planning is taking into account disadvantaged students

The CE shared the curriculum planning process with the Board stating that this was introduced at a launch event that included curriculum and support staff from across the Group. A new step introduced was engagement with employers in the design of the curriculum.

The process starts in November with approval in March. This is a massive change for NC and a really important step to improving the college.

The Chair of the Northumberland Local Governing Board stated that this highlights the challenge that board faces at NC stating that the impact may not be realised for another year.

The CE stated that the Group is in the middle of the review by the Quality Assurance Agency (QAA) who are in doing a 3-4 day review. The CE thanked the Interim Deputy Principal and all who have been involved in the review stating that the results will not be known until the new year.

AGREED: to note the contents of the report

Bd/19-20/27 Audited Annual Report and Financial Statements

The Chief Operating Officer delivered the report stating that parts have been to the Audit Committee and to the Finance, Resources and Projects Committee highlighting the following:

- The Group has a £15m surplus (not deficit as stated in the Executive Summary) though it is not in any sense a real figure as the TU Grant has artificially created this
- Appendices 3 and 4 give a more realistic look at the figures and provide the Educational EBITDA of £3.7m or 8.83%
- There are two key accounting issues ongoing:
 - Treatment of the TU Grant funding
 - Pensions valuation for SC
- The fair value of NC assets brought to SC is £7.339m as reflected in the SC accounts
- The accounts were done in compliance with the Statement of Recommended Practice, specifically Financial Reporting Standard 102 noting that doing it in this manner aligns with sector guidance
- The Group funding returns have been made to the ESFA and there is no clawback from adult skills funding
- Typos will be addressed in the final version of the annual report

The Board asked what we aim for with the EBITDA. The COO stated between 8-10%.

With regard to the pensions issue, the COO stated that the Group is expecting the final figures back by Thursday of this week, however, they should not impact financial health.

The External Auditors Management Letter was originally to be a combined letter but the Audit Committee asked for two separate letters though the COO noted that as part of the audit the auditor did not find any issues with the NC accounts, making no comments of regularity audit and found no material or significant issues.

Governor McEldon as Chair of the Finance, Resources and Projects Committee stated that the report and statements are distorted by the two items mentioned by the COO but the Board has to trust the auditors. He also stated that it needs to be recognised that we are trading well and cash is okay.

Governor Blyth as Chair of the Audit Committee stated that the issue for the Audit Committee was the opinion it must give annually which is one of the reasons having two letters from auditors was requested. As a consequence of that the Audit Committee discussed what NC has done with regard to the previous audit and those recommendations. He stated that the College has new internal auditors looking at outstanding issues. He concluded by stating that the Audit Committee were happy to give a clean opinion.

The Board asked when the deadline for submission is and are we at risk not having the pension information to which the COO stated the deadline is 31 December so we should be able to make that deadline.

The COO stated that with regard to the subsidiary companies, the auditors are still working on those noting that of the five subsidiary companies there is only one still trading (Kirkley Hall Ltd). Each company was introduced with an explanation of their purpose. The Board asked if Kirkley Hall Ltd was solvent to which the COO stated no, reminding the Board that all NC commercial activities were conducted through the subsidiary.

AGREED to:

- Approve the Sunderland College Report and Financial Statements for 2018/19
- Approve the Northumberland College Closure Report and Financial Statements for 2018/19
- Approve the continued financial and other support to Blue Square Trading Limited, City of Sunderland College Supplies and Sunderland College Enterprises Limited to allow them to continue to trade
- Provide KPMG with a management representations letter confirming general and specific matters in line with International Standards on Auditing
- Note and accept the Report on the Risk Assurance and Controls
- Note and accept the Audit Committee Annual Report

Bd/19-20/28 Management Accounts

The COO presented the accounts stating that there were two sets included: the end of July and the end of September. Both sets have been to the Finance, Resources and Projects Committee.

With regard to the July management accounts, the COO noted the actual result of end of year exceed the financial target with the EBITDA at £3.7m (7.19%). Total 16-18 learners is at 3850, lower than target which does not result in a clawback but lower funding next year due to lag funding. Adult education is at £5.3m or 98.2% for target so there will be no clawback.

With regard to the September management accounts, the COO stated that it is too early in the financial year to make any judgments but the Group is on track to meet forecast. It is very early in the adult education provision to draw a conclusion though there is nothing to suggest the Group will have a shortage. 16-18 provision was reported as 4780 learners (having risen from the time the report was drafted) noting that it is below target and due to lag funding, impact will be felt next year.

The COO stated that some significant changes have been made to the forecast to bring forward credit payments as a result of transformation issues. We may need to request £1m in overdraft in March to recover it in July. The COO stated that he has discussed this with the bank who have indicated that an overdraft will be received.

EBITDA was reported to be at 6% with the Group's financial health score at 130. It was noted that the Finance, Resources and Projects Committee had discussed the financial health score in detail at its last meeting. The COO reminded the Board that NC was losing £275K per month at the time of the merger, and quick steps had to be taken with the natural consequence having an effect on financial health.

The Board asked if the capital from the Institute of Technology proposal can be used to reduce cash flow pressure and the COO responded that it could.

AGREED: to note the contents of the report

Bd/19-20/29 Self-Assessment of Governance Report

The Head of Corporate Governance & Policy (Head CG&P) delivered the report stating that a small group of Governors met to discuss and identify strengths and weaknesses within governance. The

CE and the Head CG&P provided additional drafting support. The Head CG&P noted special thanks for Governor June Cramman for all of the work she had put into the report.

Stating that the rating would be 'Good' the Head CG&P asked the Board to approve the 2018-19 Governance Self-Assessment Report and instruct the self-assessment team to use the report as the basis for a quality improvement plan.

The Board discussed the information contained in the SAR, and agreed on all areas for improvement.

AGREED: to

- Approve the 2018-19 Governance Self-Assessment Report
- Instruct the self-assessment team to use the report as the basis for a quality improvement plan

Bd/19-20/30 Self-Assessment (EPNE) Annual Report & QIP

The Interim Deputy Principal Curriculum delivered this report for the Group stating that a validation panel was held with Governor attendance and, for an external perspective, there was a member of NC staff and a member of SC staff.

The Interim Deputy Principal Curriculum stated that the key areas for improvement support an overall grade of 2 or 'Good'. She also stated that the SAR itself was not included in Board papers as, after the validation panel some changes need to be made. The Governors are asked, based on all of the information they have received in last year and the recommendation of the validation panel to assess the Group at a Grade 2.

The CE made special thanks to Louise Doyle for attending and providing positive challenge to the assessment. The Board questioned how it the Group could be assessed a Grade 2 with the issues at NC to which the Interim Deputy Principal Curriculum reminded the Board that NC is a small part of the whole Group.

AGREED: to approve the Group SAR Grade of Good

Bd/19-20/31 English & Maths – Performance Summary

The Interim Deputy Principal Curriculum delivered this report providing a summary of achievement and key areas for improvement for the Group. The Interim Deputy Principal stated that the focus for this report will be on average progress measures noting that with English and maths it is not just about high grades, but it is also about the progress made as learners come to the College with a 2 and we check to see progress from 2 to 3 and then from 3 to 4.

The data in the curriculum area of English are showing some average progress, however maths is not. During the next year, it was stated, further analysis will be done to understand better why learners in maths are not progressing.

The Interim Deputy Principal Curriculum highlighted the following immediate actions being undertaken to improve English and maths:

- The formation of a Maths Improvement Committee, chaired by the Principal and SLT to bring about full Group ownership and responsibility of the required improvements
- Innovation through a community connected learning project, with Edge Future Learning, in partnership with NE LEP, Ford NGL and Academies of Nashville

- Appointment of a new VP Quality and Curriculum, to provide additional capacity to focus on English and maths improvements
- Internal review of all maths provision has now taken place across the Group, to highlight and provide clear recommendations on how to improve, particularly around teaching, learning and assessment

The Board asked if this has been discussed at Curriculum and Quality Committee to which the Interim Deputy Principal stated that it has been discussed at both college's committees.

The Board agreed that it was good to see the immediate actions were happening, with innovation potentially being the key. The Board challenged senior leaders that what might be needed is some reflection and undertaking of a big innovation to make some big changes noting that having new leadership in place will allow for new ideas.

The Interim Deputy Principal Curriculum stated that one of the innovations being considered is blended learning which includes a combination of face-to-face and digital. The CE stated that the new Vice Principal Quality and Curriculum has one initial area of focus with English and maths.

The Chair stated that at the AOC Annual Conference it was clear that English and maths is a problem for all colleges.

AGREED: to note the content of the report

Bd/19-20/32 Financial Health Assessment

The Staff Governor was asked to leave for this item

This item was determined confidential with minutes recorded separately.

The Staff Governor returned (NOTE: need separate minutes for her)

Bd/19-20/33 Capital Development Programme Update

This item was determined confidential with minutes recorded separately.

Bd/19-20/34 Transformation Programme Savings Progress

This item was determined confidential with minutes recorded separately.

Bd/19-20/35 Group Market Share and Student Motivation Report

This item was determined confidential with minutes recorded separately.

Bd/19-20/36 Approvals of the Following Recommendations from Finance, Resources and Projects Committee

This item was determined confidential with minutes recorded separately.

Bd/19-20/37 Potential Hartlepool Sixth Form College Land Disposal

This item was determined confidential with minutes recorded separately.

Bd/19-20/38 Institute of Technology

This item was determined confidential with minutes recorded separately.

Bd/19-20/39 Confidential minutes of the previous meeting held 1 October 2019

This item was determined confidential with minutes recorded separately.

Bd/19-20/40 Informational Papers from Committees

The Board noted receipt of the papers.

Bd/19-20/41 Health Safety and Welfare Annual Report

The Board noted receipt of the paper.

Bd/19-20/42 Public Interest Disclosure Act (Whistleblowing) Annual Report

The Board noted receipt of the paper.

Bd/19-20/43 Any Other Business

The first item of AOB was deemed confidential with the Staff Governor asked to exist the meeting.

Minutes for this portion of AOB are recorded separately.

Additional items under AOB:

- The Chair announced he will be conducting 1:1s with members prior to Christmas and asked that they look out for an email from the Clerk
- The Chair announced there will be a dinner in the new year for governors across all boards
- The Chair noted that student lunches were scheduled for mid-December and encouraged members to attend

Bd/19-20/44 Date, time and venue of next meeting

4 February 2020, 6:00pm, Kirkley Hall

There being no further business, the meeting closed at 20:26