

FE Corporation Minutes

Meeting held on Thursday 6th July 2023 at 5.30pm, Room H202, Redcar & Cleveland College

Governors: Fabienne Bailey (Chair of Search and Governance Committee), Rachel Beeken, Stuart Blackett (Corporation Chair, Chair of Capital Group and Special Committee), Subhash Chaudhary (Chair of Audit Committee), Louise Davies (Chair of Finance and Employment Committee and Tees Valley Catering Board), Liz Dixon (Staff Governor), Grant Glendinning (Chief Executive and Group Principal), Vanessa Housley, Amanda Olvanhill, Lorraine Preston (Staff Governor; Student Support & Wellbeing Manager), Dot Smith (Chair of Standards Improvement Committee), Hope Ubertalli (Student Governor), Anne Vickers, Mark Wilson and Gary Wright (Chair of Remuneration Committee, Safeguarding Link Governor)

Apologies: Hamish Rutherford

Officials: Jason Faulkner (Executive Principal, Redcar & Cleveland College and NETA), Lesley Graham (Executive Principal, Stockton Riverside College and Higher Education), Phil Hastie (Chief Operating Officer), Sean Johnston (Managing Director NETA), Patrick Jordan (College Principal Bede), Erika Marshall (Group Director of Marketing), Fiona Sharp (Chief Financial Officer), Kay Taylor (Group Director of HR and People Development), Peter Wood (Group Director of Quality) and Sarah Thompson (Clerk to the Corporation)

In attendance: Rachel Robson (external governance reviewer, Stone King)

Fabienne Bailey, Mark Wilson, Jason Faulkner, Lesley Graham, Sean Johnston, Patrick Jordan and Erika Marshall joined the meeting via Teams.

23/45 Agenda Item 1 – Welcome, apologies for absence, declarations of interest, notification of other items of business

The Corporation Chair welcomed governors and officials to the meeting, with a particular welcome to Rachel Robson, external governance reviewer. Governors **agreed** to accept an apology for absence from Hamish Rutherford. There were no declarations of interest in items on the agenda and no notifications of other items of business. A quorum was present and the required meeting notice of seven calendar days had been given.

23/46 Agenda Item 2 – Governing Body Membership

The Clerk presented her circulated report and the addendum which outlined recommendations from the Search and Governance Committee.

Members were supportive of the proposals to trial a new appointment period for student governors, from January to January, and to increase Board membership to 19 governors. It was suggested that, with a larger Board size, it could be helpful to circulate reports at an earlier stage and encourage governors to ask questions in advance of meetings, in order to ensure meetings ran as effectively as possible.

Members discussed the applications received from David Watson and Andrea Tomlinson and recognised that both candidates had a strong financial specialism but also wider skills and interests. Specifically, David Watson would bring knowledge and understanding of governance and higher education; and Andrea had a background in the school sector and a passion for teaching and learning. Governors thanked Peridot for support in identifying two very high quality candidates.

Governors:

- i) **agreed** to trial an appointment period for student governors from January to January in each year;
- ii) **agreed** to increase Board composition to 19 and review the membership position in July 2024;
- iii) **agreed** to appoint David Watson as a governor for a term of office of four years and as a member of the Audit Committee, subject to satisfactory pre-appointment checks;
- iv) **agreed** to appoint Andrea Tomlinson as a governor for a term of office of four years, subject to satisfactory pre-appointment checks. A further discussion would take place with Andrea in relation to committee membership.

Decision Items

23/47 Agenda Item 3 – Minutes / notes of previous meetings

Governors:

- i) **approved** the circulated minutes of a Corporation meeting held on 18 May 2023 as an accurate record of the meeting;
- ii) **noted** progress against previously agreed actions as detailed in the action log. It was confirmed that Hope Ubertalli, student governor, had now submitted her DBS application.

23/48 Agenda Item 4 – Etc. Strategic Plan 2023-26

The Chief Executive presented the draft Etc. Strategic Plan 2023-26 and confirmed that the evidence base report had now been received and would be shared with members.

Governors commended the document, confirming that this reflected governors' input at various stages of development. The following suggestions were made:

[REDACTED]

In response to a query relating to implementation of the Strategic Plan, the Chief Executive confirmed the intention to develop an annual operational plan detailing five to six SMART (specific, measurable, achievable, realistic, time-bound) objectives for each strategic objective, which would be reported regularly to governors. In response to a query relating to final formatting of the document, the Chief Executive confirmed that this would follow the style of the Etc. Accountability Statement; the artwork developed during the Strategic Conference would not be used in the document as it was not felt to be a good fit at this stage.

Governors **agreed** to approve the Etc. Strategic Plan 2023-26 subject to amendments as above.

Agenda Item 5 – Finance

23/49 5.1 – Finance Update

The Chief Financial Officer presented her circulated report and highlighted the requirement to submit the College Financial Forecasting Return by 31 July 2023, following approval by the Corporation. [REDACTED]

The update in relation to restructuring fund monitoring was noted and governors **approved** the submission of the College Financial Forecasts Return (CFFR) on the basis of the financial forecasts provided at Agenda Item 5.2.

23/50 5.2 – Financial Forecasts and 2023-24 budget

The Chief Financial Officer presented her circulated report outlining the proposed revenue and capital budgets for 2023-24, proposed subcontracting in 2023-24 and a financial forecast for 2024-25. She confirmed that no changes had been made to the proposed budgets that had been reviewed in detail by the Finance and Employment Committee.

A governor queried the rationale for the forecast uplift in 16-18 programme funding by £[REDACTED] per learner. The Chief Operating Officer clarified that this was based on a prudent approach to modelling, taking into account the uplift previously applied for T Level allocations. Governors recognised staffing as an area of concern and acknowledged the tension between seeking to achieve an Outstanding Ofsted grade and lowering the staff cost to income ratio. The Chief Financial Officer confirmed the aim to achieve a staff cost to income ratio below 68%.

Governors commented that the key risks section was not fully reflective of the risk position. The Chief Financial Officer clarified that risks were covered within the assumptions section but agreed to take this comment into account for future reports.

Governors **approved** the proposed revenue and capital budgets for 2023-24, proposed subcontracting in 2023-24 and the financial forecast for 2024-25.

23/51 Agenda Item 6 – Innersummit Acquisition

Subhash Chaudhary reported a business relationship with Chris Andreou, Innersummit, via his employment with FujiFilm and withdrew from the meeting for this item.

Governors were asked to consider and, if thought fit, approve:

- i) the proposed acquisition of the entire issued share capital in Innersummit Ltd (Target) by Etc. (Acquisition) from Chris Andreou (Seller);
- ii) the latest drafts of a share purchase agreement, revised articles of association of the Target and other ancillary documents (Completion Documents) relating to the Acquisition (Completion); and
- iii) various other matters in connection with the Acquisition.

The Chair confirmed that governors were being asked to approve the proposed Acquisition on the basis that:

- i) it was in the best interests of the Etc. and would deliver its objectives to its beneficiaries as a whole; and
- ii) it was in the best interests of the Etc. from a financial perspective such that it represented a sustainable business model going forward.

In support of this, governors had received an overview of the Acquisition proposal from the Chief Executive and Group Principal with the Completion Documents and all governors confirmed they had received and had regard to the same.

The terms of the Completion Documents were carefully considered. In connection with the share purchase agreement, it was noted in particular that:

[REDACTED]

The Chief Executive and Group Principal explained that the benefit of the acquisition was to expand Etc. provision in a market area that Etc. had struggled to penetrate, and could also offer opportunities for cross-selling and / or upselling other education provision. The Innersummit owner/director viewed the acquisition as an opportunity to scale up the business. Members noted that, following previous discussion of and support for the acquisition by the FE Corporation, additional review of the proposal had been undertaken by the Chair of the FE Corporation, the Vice Chair of the Corporation / Chair of Standards Improvement Committee, the Chair of the Finance & Employment Committee and the Chair of the Audit Committee, including a meeting with the Innersummit owner/director on 5 July 2023.

Due diligence had now been completed and most queries had been closed, although a number of queries and actions were still to be resolved. It was hoped to achieve completion on 1 August 2023 provided that conditions were met. In light of the outcomes of due diligence, the proposed terms for the acquisition had been changed; specifically, there had been a reduction in the purchase price to £[REDACTED]; and there was now an intention to appoint the current owner/director to the vacant role of Etc. Director of Business Development & Innovation. [REDACTED]

[REDACTED]

In summary, it was noted that reputational risks had been mitigated, financial risks were limited [REDACTED] and the Innersummit owner/director could bring additional skills and qualities to support Etc.'s future progress.

Having carefully considered each of the documents, IT WAS **RESOLVED** to:

- i) approve the terms of each Completion Document subject to any further amendments to the same which the Chief Executive and Group Principal, acting on the advice of the Etc.'s solicitors, may approve;
- ii) authorise any governor and, in the case of any Completion Document requiring execution as a deed, any two governors or any one governor and the Clerk or any governor in the presence of a witness who attests their signature, to execute the Completion Documents for and on behalf of the Etc. (subject to such amendments, modifications, variations and alterations as the Chief Executive or those executing the same on behalf of the Etc. think fit), and to deliver the Completion Documents to the Seller at Completion;
- iii) pay on Completion the cash consideration due by electronic transfer to the Seller's bank accounts; and
- iv) send the letter from the Etc. to the Target on Completion, confirming that the Etc. is a registrable relevant legal entity in relation to the Target.

The Chair instructed the Clerk or Stone King to make all necessary and appropriate entries in the books and registers of the College and to arrange for the necessary forms and documents to be filed.

Later in the meeting, it was **agreed** that the Chief Executive should sign the Share Price Agreement on behalf of the FE Corporation, subject to completion of all required activity.

23/52 Agenda Item 7 – Transfer of TVC staff and activity to Etc.

Subhash Chaudhary returned to the meeting.

A report had been circulated outlining a request for members to consider and, if deemed fit, approve the acquisition (Acquisition) by the Etc. of the business and assets (Business and Assets respectively) of Tees Valley Catering Limited (CRN: 09662548 (TVC) as part of an internal reorganisation. Members were reminded that Tees Valley Catering (TVC) was a wholly owned subsidiary of the Etc. and the proposed transfer had been previously discussed and supported by the FE Corporation and Finance and Employment Committee, as well as the TVC Board. The rationale for the proposed transfer was to: support the One Etc. vision and improve staff morale and engagement; support staff recruitment and retention; improve supplier terms; and reduce administrative requirements in relation to financial accounting, governance and payroll. No changes to service delivery or locations would be needed and all existing TVC staff would transfer across, subject to Transfer of Undertakings (Protection of Employment) Regs 2006 (TUPE). Consultation with TVC staff members in relation to the transfer had now commenced and had been well-received. An engrossed copy of an asset transfer agreement (Agreement) to be entered into between the Etc. and TVC for the transfer of the Business and Assets, the consideration for which shall be the assumption by the Etc. of the Assumed Liabilities (as defined in the Agreement), was produced to the meeting.

After careful consideration of the Agreement and the Acquisition, it was **RESOLVED** to:

- i) approve the Agreement in the form produced to the meeting and authorise the Chair or Vice Chair of the Etc. to execute the Agreement on behalf of the Etc. (subject to such amendments as they think fit) as a deed by affixing the common seal of the Corporation (in line with the Corporation's Instrument and Articles of Government); and
- ii) authorise the Chair or Vice Chair of Etc. to do all such other acts and things and agree on behalf of the Etc. all such other documents to which the Etc. is a party and all other documents as may be required to implement the Acquisition which may in their opinion be necessary or desirable in connection with the Acquisition, and to authorise any authorised signatory of the Etc. (or, in the case of a document requiring execution as a deed, any two governors) to execute any such documents on behalf of the Etc. (subject in each case to such amendments as they think fit).

Discussion Items

23/53 Agenda Item 8 – Apprenticeships Update

The Chief Operating Officer presented his circulated report and advised that the Apprenticeship Council was continuing to work well. In response to a governor's query, it was confirmed that the FE Corporation would continue to receive regular updates in relation to apprenticeships.

Governors **noted** the report.

23/54 Agenda Item 9 – Great Place to Work Annual Update

The Group Director HR and People Development presented her annual update against the Great Place to Work strategy and confirmed that employment issues were regularly discussed by the Finance and Employment Committee. She highlighted that, as part of the Etc. Strategic Plan 2023-

26, a People Strategy was in development and this would incorporate the Great Place to Work Strategy.

A governor commented that staff development spend appeared low and the Group Director HR and People Development clarified that the corporate and centrally managed staff development budget was used for opportunities such as the Leadership Development Programme. Individual departments also held devolved professional development budgets with spend monitored through the Business Planning and Performance Review processes. Staff also accessed significant learning and development activity free of charge and more work was needed to ensure this was fully recorded.

[REDACTED]

A governor asked whether data was available to benchmark the number of employee relation cases. The Group Director HR and People Development clarified that this data had been requested via the Association of Colleges (AoC) but was not currently available. However, other potential routes for comparative data would be explored, for example, the College Collective initiative. She was pleased to note a trend of a falling number of cases.

Governors queried whether industrial action by staff remained likely. The Group Director HR and People Development confirmed that the dispute with the University and College Union (UCU) in relation to the 2022-23 pay award was continuing and the UCU had indicated that they intended to ballot members for industrial action. If the threshold for action was met, the group would be given 14 days' notice. Training had been delivered to the HR Team and Senior Management Team. The number of union members within the staff body was relatively low but the likelihood of action remained high.

[REDACTED]

The update was **noted**.

Agenda Item 10 – Governance Issues

23/55 Agenda Item 10.1 – Governance documentation

The Clerk presented her circulated report detailing proposed changes to a range of governance documents.

Governors:

- i) **agreed** the proposed amendment to the Instrument and Articles of Government to permit a minimum of one student governor to be appointed;
- ii) **agreed** the proposed changes to the Standing Orders to reflect governors' role in self assessment and external governance reviews;
- iii) **re-confirmed** their commitment to the Governors' Code of Conduct and noted that no changes to the Code of Conduct were proposed at present;
- iv) **agreed** the revised Governor role description, which now reflected governors' role in reviewing how well provision met local skills needs and governors' role in self assessment and external governance review;
- v) **noted** the updates to governor data collection.

23/56 Agenda Item 10.2 – Governance Update

The Clerk presented her circulated report and the Corporation Chair advised governors of the intention to introduce a governors' suggestions and ideas e-mail box. This would ensure governors' comments and proposals, and responses from the Senior Management, could be logged, reviewed and managed in a constructive and coherent way.

The Clerk thanked governors for their continuing support to the group and high levels of attendance at meetings, governor development events and college activities:

- The Corporation Chair reported on his attendance at a recent Army Engagement event and the Group Director of HR and People Development confirmed that the group worked closely with the Armed Forces and had signed up to the Armed Forces Covenant.
- Rachel Beeken reported on her attendance at the AoC Governance Summit, specifically a session considering elements of a high performing board. She had been pleased to note that this had highlighted the importance of governors' alignment with group culture and succession planning, which the Etc. Board was able to evidence.
- Subhash Chaudhary and Louise Davies reported on their attendance at an AoC network meeting for Audit and Finance Chairs, which had focussed on requirements within the government's 'Managing Public Money' document. Colleges had also discussed experiences of recruiting new auditors, and other colleges had reported similar issues to Etc. in attracting only a small number of applicants.
- Dot Smith reported on her attendance at a Question and Answer session for Chairs and Vice Chairs, which had focussed on the political landscape and AoC's new manifesto. It was confirmed that the Etc. had recently written to local MPs outlining the potentially catastrophic impact of de-funding Level 3 qualifications.

Governors:

- i) **noted** governors' involvement in a range of training and development opportunities and college group events and the request to notify the Clerk of any specific training needs;
- ii) **noted** the update on national governance matters.

Committee feedback and recommendations

Agenda Item 11 – Committees and subsidiary companies

23/57 Key themes from the following meetings had been included in the circulated report:

11.1.1 – Tees Valley Catering board – meeting held on 20 June 2023

11.1.2 – Audit Committee – meeting held on 6 June 2023

The Audit Committee Chair reported that the final report following an audit review of Subcontracting had recently been issued to Audit members. Outcomes had been very positive.

11.1.3 – Capital Group – meeting held on 7 June 2023

11.1.4 – Special Committee – meeting held on 7 June 2023

11.1.5 – Standards Improvement Committee – meeting held on 15 June 2023

The Chair of the Standards Improvement Committee highlighted an excellent presentation from the lead for 14-16 provision and the committee's detailed discussion in respect of the potential risks around de-funding of Level 3 qualifications. Group achievement rates were positive and good progress had been achieved against Group Improvement Plans and Areas for Improvement. Throughout 2023-24, the committee would monitor, in particular, attendance and retention at NETA and ongoing improvements within the Construction, Professional and Service Industries department at Stockton Riverside College.

11.1.6 – Finance and Employment Committee – meeting held on 20 June 2023

11.1.7 – Search and Governance Committee – meetings held on 22 June and 5 July 2023

The Chair of the Search and Governance Committee highlighted that equality and diversity data indicated a well-balanced Board composition. Updates to the governor data collection would allow the committee to monitor wider diversity characteristics as well as protected characteristics. The committee had been very pleased at the effectiveness of Peridot's recruitment process and was commencing succession planning for governors with forthcoming end of office dates.

23/58 11.2 – Recommendations:

Governors **agreed:**

- i) the recommendation of the Audit Committee to approve the external audit strategy for audit of the 2022-23 year end accounts;
- ii) the recommendation of the Audit Committee to approve the updated Risk Management Strategy;
- iii) the recommendation of the Finance and Employment Committee to approve the updated Financial Regulations

Information Items

23/59 Agenda Item 12 – Chief Executive's Update

The Chief Executive presented his circulated report and highlighted the following:

- A formal letter confirming very positive outcomes from the Strategic Conversation with representatives of the Education and Skills Funding Agency and FE Commissioner's Office had now been received and would be shared with governors.
- A draft memorandum had now been agreed to support the collaboration with Education Partnership North East.
- No further information had been received from the University and College Union (UCU) in respect of a ballot for members.

Governors **noted** the report.

23/60 Agenda Item 13 – Safeguarding, Prevent and Welfare Update

The Group Director of Quality presented the circulated report and responded to a query raised by the Audit Committee in relation to the increased risk score for Prevent; he clarified that the increased risk score was not reflective of specific local data or intelligence but mirrored national concerns about the impact of the cost of living crisis and the increasing online presence of misogynistic influencers. Tutorial resources would be developed to support staff in exploring this further with students in the autumn term. A governor agreed to share a You Tube video link relating to the impact of misogyny on young people.

A member noted the high number of learners with high needs at the Skills Academy. It was clarified that the Skills Academy cohort was very small and the data reflected the nature of the provision, catering for students close to exclusion or that had previously been home educated.

The Safeguarding Link Governor reported on his attendance at Safeguarding Group meetings and his close working relationship with the Group Director of Quality and Etc.'s safeguarding leads. He commended their commitment and dedication to ensuring the safety of learners.

Governors **noted** the update.

23/61 Agenda Item 14 – Quality Update

The Group Director of Quality presented his circulated report and highlighted, in particular, a decline in Key Performance Indicators at NETA Training, reflecting some disruption to staffing. An improvement plan was being developed.

Governors **noted** the update, including progress on the Group Improvement Plans.

23/62 Agenda Item 15 – Learner and Employer Feedback

The Group Director of Quality presented his circulated report outlining outcomes to Learner Survey 2, Higher Education Student Survey 2 and the Employer Survey. Contact with employers was in progress to better understand responses to the question, 'I would recommend the College/Training Provider to others' [REDACTED]

A governor noted lower satisfaction rates in both the learner survey and the HE Student Survey in relation to toilet facilities and asked about action taken in relation to this. The Group Director Quality confirmed that survey results were shared with relevant managers who would pick up identified issues.

Governors **noted** the update.

Concluding Items

23/63 Agenda Item 16 – Annual Review of Chair and Vice Chair appointments

Stuart Blackett and Dot Smith left the meeting.

The Clerk reminded members that Stu Blackett and Dot Smith had been appointed as Corporation Chair and Vice Chair respectively from 1 August 2022 to 31 July 2026, subject to an annual review of the appointments. As an external governance review was in progress, governors had agreed that no formal review of the Corporation Chair should be undertaken in 2023 but governors had had an opportunity to submit comments. Three highly positive comments were included in the report and governors were invited to make further comments. The following were highlighted:

- The Chair and Vice Chair were very approachable, welcoming, accessible and supportive
- The differing backgrounds of the Chair and Vice Chair worked in a very complementary way; with the Vice Chair challenging around teaching and learning and the Chair focussing on finance
- The pace of progress had continued and the leadership of the Chair and Vice Chair was appropriate for Etc.'s current phase
- The Chair was visible and clearly dedicating significant time to the role
- The Vice Chair's knowledge and understanding of the further education sector was second to none
- Meetings felt purposeful and very inclusive

Governors **agreed** to reconfirm the appointments of Stuart Blackett as Corporation Chair and Dot Smith as Corporation Vice Chair for the period 1 August 2023 to 31 July 31 July 2026.

Stuart Blackett and Dot Smith returned to the meeting and were notified of governors' decision.

23/64 Agenda Item 17 – Any Other Business

A member highlighted some issues with sound quality for attendees that had joined the meeting remotely. The Chief Operating Officer confirmed that all Teams meeting room technology was being reviewed.

23/65 Agenda Item 18 – Dates, times and venues of upcoming meetings

The following meeting dates, times and venues were **agreed**:

FE Corporation meetings:

Thursday 19 October 2023, 5.30 pm, Bede Sixth Form

Thursday 14 December 2023, 5.30 pm, Stockton Riverside College

Thursday 7 March 2024, 5.30 pm, Redcar and Cleveland College

Thursday 16 May 2024, 5.30 pm, Stockton Riverside College

Thursday 4 July 2024, 5.30 pm, Redcar and Cleveland College

Governor Workshops

Thursday 21 September 2023, 5.30 pm, Teams (*subsequently changed to Stockton Riverside College*)

Thursday 18 January 2024, 5.30 pm, Teams

Governors' Strategic Conference:

Friday 26 April 2024 (full day) to Saturday 27 April (half day), venue to be confirmed

23/66 Agenda Item 19 – Approval of Documents for Public Inspection

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

- CVs provided under Agenda Item 2, which included personal information;
- Etc. draft Strategic Plan provided under Agenda Item 4, which would be published in final form;
- reports to Items 5.1 and 5.2, Finance; 6, Innersummit acquisition; 8, Apprenticeships Update; 9, Great Place to Work Update; 12, Chief Executive's Update; 14, Quality Update; and 15, Learner and Employer feedback; which all included business sensitive information.

23/67 Agenda Item 20 – Meeting Effectiveness and Key Themes

Meeting participants discussed the effectiveness and impact of the meeting and highlighted the following:

- Governors had been rigorous in questioning the proposal to purchase Innersummit
- The agenda order had worked well, with decision items early on the agenda
- Meeting structure worked well with discussion as needed and items taken as read where no detailed discussion was needed
- The Etc. Governors' SharePoint site was working well

Key themes to highlight to absent governors:

- Appointment of new governors, David Watson and Andrea Tomlinson
- Approval of Etc. Strategic Plan 2023-26, outlining the Etc. journey for coming years
- Balanced budget agreed and approved for 2023-24
- Agreement to purchase Innersummit, subject to completion of outstanding actions arising from due diligence

- Helpful overview of progress against Great Place to Work Strategy and actions taken to support staffing recruitment and retention

(The meeting ended at 8.10 pm)

Approved at a meeting held on 19 October 2023