**Meeting of the Corporation Board**

**Friday 4th December 2020 at 1330hrs**

**Boardroom, Hartlepool and Via Zoom Conference Call**

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| **Members present:**  Mr P Smith  Dr M Raby  Mr T Bailey  Mrs S Fawcett  Professor R Simmons  Mr I Swain  Mr I Butchart  Mr K Goldsborough  Mr D Hughes  Mrs E Hardwick  Mr R Kane  Ms G Miller | | PS  MR  TB  SF  RS  IS  IB  KG  DH  EH  RK  GM | Chair  Principal  Independent Member  Independent Member (Zoom)  Independent Member (Zoom)  Independent Member (Zoom)  Independent Member (Zoom)  Independent Member (Zoom)  Independent Member  Staff Member  Staff Member  Independent Member | |
| **In Attendance:** | |  |  | |
| Mr P Trotter  Mr S Slorach  Mr P Chapman  Mr M Wheaton  Mr J Waddington  Mrs L McLaren  Ms L Robson | | PT  SS  PC  MW  JW  LM  LR | Co-opted Member (Zoom)  Vice Principal Resources  VP Employability & External Relations  Vice Principal Higher Education  Vice Principal Student Experience  Head of Governance  RSM Auditors | |
| **Apologies:** | |  |  | |
| Professor J Rapley  Mrs A Snow  Ms J Havakin  Miss G Blake | | JR  IS  JH  GB | Independent Member  Independent Member  Staff Member  HE Student Member | |
|  |  | | | **Action** | |
| 1. | The Chair opened the meeting at 1333.  Mr Smith welcomed everyone to the meeting and introduced Ms Miller to the meeting. Ms Miller had been invited to join the Corporation Board following the Governance and Search Meeting on Friday 27 November. | | |  | |
| 2. | **Apologies for absence**  Apologies were received from Professor Rapley, Mrs Snow, Ms Havakin and Miss Blake.  It was noted that Professor Simmons would join the meeting late due to work commitments. | | |  | |
| 3. | **Group 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.” | | |  | |
| 4. | **Declaration of Interests**  The Declaration of Interests was noted. | | |  | |
| 11. | **RSM Final Audit Finding & Management Regularity Letter**  The Chair welcomed Ms Robson to the meeting and advised that agenda items 11 and 12 would be the first matters discussed at today’s meeting.  Ms Robson presented the Report to the Board and advised that there had been in-depth discussions with the Audit Committee on the findings.  Ms Robson noted one area of concern was around Going Concern, and specifically the delivery and timing of capital projects. There had been significant challenge on the assumptions and discussion with management.  Covenants had also been reviewed and again the responses from management had satisfied Auditors that this area would be monitored.  The Management Regularity Letters were standard letters for signature.  The Chair asked for any comments/questions.  Mrs Fawcett asked about the partial redundancy payments sign-off. Ms Robson noted that there was a recommendation to have the Principal approve these.  Mrs Fawcett also asked if a more appropriate cover picture could be used on the document produced by RSM rather than one of a Primary School. Ms Robson noted that this was a common comment from clients. Unfortunately there is a limited number of pictures available but would look into it.  The Board **Approved** the Letters and Accounts for signature. | | |  | |
| 12. | **Financial Statements for the year ended 31 July 2020 and Bank Covenant compliance**  Mr Slorach updated the Board on the Statutory Accounts, noting:   * No changes have been made * Group cash balance is currently £3.1m, partly relating to the Middlesbrough DEVCO operations * Pension contributions will increase * “Outstanding” Financial Health   The Chair asked for any comments/questions.  Mr Bailey asked about the depreciation policy relating to the new building in Middlesbrough on completion, Mr Slorach noted that buildings are depreciated over a 40-year life as stated in our accounting policies. Repayments to the Tees Valley Combined Authority for the contingent repayable grant element will start in 2026/27 which is 5 years after the practical completion of the building as stated in the funding agreement  Mr Trotter asked what impact this would have on the accounts with an increased depreciation charge going forwards. Mr Slorach noted that there would be a c.£365k depreciation charge in the accounts for the building but that the funding that has been received from the Tees Valley Combined Authority is amortised and that is released over the same period of the depreciation charge. This offsets the depreciation charge. Mr Slorach also noted that depreciation is not included in the ESFA Financial Health calculations or the banking covenants that are in place relating to the loan from Barclays Bank so this will not cause any issues on that front.  Mr Butchart gave his personal thanks to Ms Robson for her work on this and her good-natured demeanour at meetings. | | |  | |
|  | **Ms Robson left the meeting at 1359** | | |  | |
| 5. | **Confirmation of minutes from the previous meeting**  The Minutes from the previous meeting held on Friday 13 November, 2020 were **CONFIRMED** by all with a few minor amendments. | | |  | |
| 6. | **Matters Arising**  There were no matters arising. | | |  | |
| 7. | **Member’s Update**  Mr Goldsborough noted that following his meeting with Dr Raby, he would have a further meeting in January to discuss Marketing. | | |  | |
| 8. | **Confidential Item** | | |  | |
| 9. | **SUSTAINABILITY**  **Management Accounts**  Mr Slorach presented the Management Accounts to the Board. We currently have good, strong financials. We will be setting up a meeting with the Bank soon as standard procedure.  Mrs Fawcett asked if there would have been an issue if we had not have been able to capitalise some of the staffing costs.  Mr Slorach noted that it helps in the short term, however we will not be able to capitalise any of the costs next year.  RSM had done a lot of testing around this area.  Dr Raby noted that this has been raised for the 2021/22 financial planning and will be addressed.  Mrs Fawcett also asked about the cashflow graph and whether we will breach cashflow in December 2021?  Mr Slorach advised that we do not fall below 30 cash days.  We do come close but payments will be received before this happens.  Dr Raby noted that as we are out of early intervention, the ESFA do not require to see our management accounts on a regular basis.  Mr Swain asked what the value of capitalised salaries was. Mr Slorach noted it was £270k for both years.  Mr Butchart advised the Board that RSM had raised these issues with the Audit Committee and it had been agreed to add them to the risk register.  The Board noted the paper.  The Chair thanked Mr Slorach for the report. | | |  | |
|  | **Professor Simmons joined the meeting at 1435** | | |  | |
| 10. | **KPI’s**  Mr Slorach presented the update on KPI’s to the Board.  The Board noted the information.  The Chair thanked Mr Slorach for the update. | | |  | |
| 13. | **Update on Risk Management & Risk Register**  Mr Slorach presented the Risk Management and Risk Register update to the Board.  It was noted there were no real changes to the risk levels at present. The NSS survey would commence in January wish is an area of opportunity for the School. We are operating better than a number of institutions at present.  Construction is showing no financial risks at present and the Middlesbrough project is progressing well.  Mr Bailey noted that the only risk for the Middlesbrough project was an early completion, which would mean the School takes ownership of the building earlier than planned.  Mrs Fawcett noted that the hoardings at the Middlesbrough site were good. She also noted that there were discrepancies in the figures on the risk register. Mr Slorach noted this point.  Mr Hughes asked if there was a similar risk to be noted in the ISQ2 project being completed earlier than expected. Dr Raby advised that we were currently looking to recruit a Studio Manager to get the Studios up and running. Mr Chapman advised we were working with Tees Valley Screen to find a suitable candidate.  The Board of the new Studios was being established and we would need to find an Independent member of the Board.  The Chair thanked Mr Slorach for the update. | | |  | |
| 14. | **EXCELLENT STUDENT EXPERIENCE**  **Self-Assessment Report (SAR) and Quality Improvement Plan (QuIP)**  Mr Waddington and Mr Kane presented the Self-Assessment Report and Quality Improvement Plan to the Board. It was noted that the report had been discussed by the new Academic sub-committee at its meeting prior to the Corporation Board. Professor Simmons noted this and agreed a good discussion took place at the sub-committee.  The report provides a summary setting out the School’s FE academic performance for the year, together with the School’s formal judgement of grades which we would believe to be applied if an Ofsted inspection were to take place. This year’s assessment believe that an “Outstanding” grading would be applied.  The Quality Improvement Plan details actions that should be undertaken by the School to address any issues identified in the Self-Assessment Report.  The Board **Approved** the Report.  Mr Bailey noted that this was a good piece of work.  The Chair thanked Mr Waddington and Mr Kane for the Report. | | |  | |
| 15. | **GOVERNANCE AND COMPLIANCE**  **Annual Report by Academic Board**  Dr Raby presented the Academic Board Annual Report. The report is very similar to the Annual Overview Report produced for AUB and has been reviewed by both the Academic Board at its meeting on November 11th and also the new Academic sub-committee at its first meeting prior to this Board meeting.  The Chair asked where this annual report went and what it was used for. Dr Raby noted that it is purely for the School’s information. The Overview report is submitted to AUB. We are trying to produce a more informative report which will meet AUB’s needs and also the School’s needs to help us progress towards a Degree Awarding Powers application.  Mrs Fawcett asked for further information on the bullet point on page 16, “*There were concerns raised around student accommodation that had been reported to Thirteen Group”.* Dr Raby advised that this was around a leaking shower / silver fish. Concern around broadband issues were being dealt with by the School.  The Board **Approved** the Academic Board Annual Report.  The Chair thanked Dr Raby for the Report. | | |  | |
| 16. | **Annual Report from the Remuneration Committee**  **[Independent Members only]**  Dr Raby presented the Remuneration Committee Annual Report. It was noted that the report was similar to the previous year with an update on the numbers.  Professor Simmons advised that the report had been discussed by the sub-committee on November 27th.  The Board **Approved** the Remuneration Committee Annual Report.  The Chair thanked Professor Simmons and Dr Raby for the Report. | | |  | |
| 17. | **Annual Report from the Audit Committee**  Mr Swain presented the Audit Committee Annual Report. This report had been reviewed at the sub-committee on November 13th. It was noted that the sub-committee were happy with the assurances which had been given relating to audit. Some frustration was noted around Internal Audit; however, this was being addressed and changes being made to make the internal audit process more relevant to what we as a School do. Going forward, there would be a focus on the Risk Register with regular reviews.  The Board **Approved** the Audit Committee Annual Report  The Chair thanked Mr Swain for the Report. | | |  | |
| 18. | **Annual Report from the Governance and Search Committee**  Dr Raby presented the Governance & Search Annual Report to the Board. It was noted that the report had been reviewed by the sub-committee at its meeting on November 27th. The report reviews the AoC and CUC codes and notes that the School continues to be compliant.  The Board **Approved** the Governance & Search Annual Report  The Chair thanked Dr Raby for the Report. | | |  | |
| 19. | **Annual Report**  Dr Raby presented the 2019/20 Annual Report to the Board. It was noted that a number of smaller reports had been merged to establish one main annual report. This report gives assurance to the Board on items such as HR, Safeguarding, Health & Safety and Equality & Diversity. It was noted that a further Equality & Diversity report would be presented to the Board in February.  The Board **Approved** the Annual Report.  The Chair thanked Dr Raby for the Report. | | |  | |
| 20. | **Minutes of Sub-Committees**  The minutes of the sub-committees for Audit, Finance and Capital Programmes Group were presented to the Corporation Board for information.  The minutes were **NOTED** by the Board. | | |  | |
| 21. | **OFS Reportable Events**  None. | | |  | |
| 22. | **Confidential Items**  Item 8 | | |  | |
| 23. | **Any Other Competent Business**  The Chair advised that today was Mr Butchart’s last meeting and thanked him for his service to both the Corporation Board and the Audit Committee. His knowledge would be sadly missed by both committees. Restrictions depending, we would look forward to seeing Mr Butchart at the Graduation ceremonies in 2021.  Dr Raby concurred and advised that following discussions with Mr Butchart a prize would be established at FE, for the student who has best made use of library/resources. We hope that Mr Butchart will come and award the prize for this.  Mr Butchart thanked the everyone for their kind words. With 32 years involvement he had found working with the School most enjoyable because of the students and staff. Creativity and risk taking to make things work. | | |  | |
| 24. | **Review of Meeting**  Everyone viewed the meeting as satisfactory. | | |  | |
| 25. | **Date and time of next meeting**  The next meeting of the Corporation Board will take place on Friday 5th February, 2021 at 1330hrs. If possible, this meeting will go ahead in person depending on guidelines, in the Boardroom, Hartlepool and via Zoom Conference Call. | | |  | |
|  | The Chair thanked the Corporation Board members for their useful discussions.  The meeting closed at 1511. | | |  | |

**Confirmation of the minutes of the**

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| Signed: | |
| Chair of the | Date: |