

**PART A Minutes of the Corporation meeting held on 30 October 2018 at 4 pm
University Centre Board Room 4H01**

- Present** Gill Alton CEO, Tony Bramley (Vice-Chair) arr 5.10 pm, Roger Cannon, Robert Edwards, Philip Jackson, Liz Parry, Lucy Ottewell-Key, Wendy Spalding-Siracusa, Erika Stoddart (Chair)
- In Attendance** Susan Bailey, Clerk to the Corporation, Adrian Clarke Group Director Corporate Services.

Prior to the meeting the Chairs of each local board /Committees met to review operation of local boards and any issues arising. A summary of key action points were agreed / recorded in separate minutes (part B)

The Chair welcomed Wendy Spalding-Siracusa to her first meeting of the Corporation.

1. Apologies for absence

There were no apologies for absence.

2. Declarations of Interest

Philip Jackson declared an interest in minute 19 relating to the appointment of a co-opted member of the Audit Committee.

3. Minutes of the Corporation meeting held on 10 July 2018 and matters arising.

- 3.1 RESOLVED** the minutes of the Corporation meeting held on 10 July 2018 were approved as a correct record and signed by the Chair.

4. Matters arising: Action Schedule

- 4.1 The Chair reported that Ann-Marie Bathmaker and/or colleague was to attend the December meeting of the Corporation to begin the Governing in FE project. The Clerk confirmed that feedback would be provided throughout the process and meetings would be filmed as part of the research / review process.
- 4.2 It was agreed that an additional column be added to the action schedule to include the status of agreed actions.
- 4.3 Previous actions still to be progressed included:
- Explanation included within the accounts regarding reductions / increases in income and expenditure above or below 10%.
 - Determination as to whether a breakage clause within the Santander Loan agreement was necessary.

5. Area Based Review / National Leaders of FE / Institutes of Technology update - confidential

RESOLVED Minute 5 was classified as confidential in accordance with Clause 17 of the Instrument of Government.

6. Current initiatives update

RESOLVED Minute 6 was classified as confidential in accordance with Clause 17 of the Instrument of Government.

7. Strategic Plan RAG rated report

7.1 The CEO submitted the Group's Strategic Plan RAG rated report including latest attendance and retention KPIs (Key Performance Indicators) and details of the strategy for disposal of surplus major assets. The main points of the report were as follows:

7.2 The Data Position 2017-18 (almost final) showed exceptionally strong performance and if compared with previous year's data would place the TEC Partnership 6th nationally and GIFHE as a standalone 2nd in the Country. Latest data for comparison was expected in the Spring term 2019. Work was ongoing to support Scarborough TEC to improve apprenticeship data with a quality improvement plan also in place to be monitored by the Scarborough TEC Board throughout 2018-19.

7.3 The Financial position 2017-18 was positive with the potential of a £1.5m surplus anticipated.

7.4 Enrolments 2018-19 to date were positive based on current learner numbers and last year's funding rates, with management confident that targets would be achieved.

7.5 **SM1.2** Attendance continued to be actively monitored to ensure the 90% KPI was achieved during 2018-19.

7.6 **SM1.5** The process for collecting destination data involved using the services of the North East Lincolnshire Council's (NELC) Young Peoples Team to contact students in the year following completion and included a timeline of action to complete the process and now allowed a longer period of time for a positive destination to be recorded.

7.7 **RESOLVED** The Group's Strategic Plan update was noted.

8. Explanation of the Self-Assessment Report process for 2017-18

8.1 The CEO's report detailing the process for this year's SAR validation process was reviewed and noted. It was agreed that the process was thorough and provided the opportunity for governors to be involved and assist in the validation process at campus level (Scarborough TEC, GIFHE and Skegness TEC)

8.2 **RESOLVED** The report on the SAR 2017-18 validation process was noted.

9. Financial Health Status confirmation and finance dashboard statement

9.1 The ESFA letter confirming that the Financial Health Status of GIFHE for 2017-18 was good and predicted as good for 2018-19 was considered. Alongside the letter members also

considered the Finance Dashboard data October 2018 provided by the ESFA to assist governors in their role and inform discussion about GIFHE's financial resilience.

9.2 RESOLVED ESFA confirmation of the Financial Health Status of GIFHE was noted.

10. Management Accounts as at 31 July 2018

10.1 On behalf of the Group Director Finance the CEO submitted the Management Accounts period 12 confirming that the operating surplus had improved to £1.4m (forecast £1.265m). It was noted that further additional income from the Calderdale EFS contract of £200k was also likely to be received as was potential income of £100k from the adult education budget due to over delivery.

10.2 Members noted the ESFA Finance Dashboard as October 2018 which provided data relating to the ESFA's assessment of solvency using an adjusted current ratio between current assets and current liabilities.

10.3 The management accounts confirmed that if student number targets were achieved during 2018-19 the TEC Partnership's current financial health status would be maintained.

10.4 During questions and answers members requested a review of the report format for the accounts be undertaken and provision of an executive summary alongside the accounts for future submissions. The Chair offered to work with the Group Director Finance and CEO on the review of key ratios particularly in the advent of the insolvency regime and the requirement to meet cash days in hand and current ratio.

10.5 RESOLVED The Management Accounts as at 31 July 2018 were received.

11. Santander loan facility and loan covenants

11.1 On behalf of the Group Director Finance, the CEO presented the Santander Rolling Credit Facility document which included details of the fees and terms of the loan for final Corporation approval.

11.2 During questions and answers it was confirmed that in the event of a merger, the bank would re-price at a higher rate but not unreasonably so. The CEO confirmed that management were happy with the service provided by Santander and therefore had no reason to doubt their service going forward. The Chair warned of the possibility of potential fraud when changing back facilities.

11.3 Members approved the Chair to sign the loan facility agreement subject to clarification of the following prior to signing:

- The 'Clean Down' clause within the agreement and what this would entail in respect of full compliance.
- Availability for GIFHE to meet the covenants over 4 years and assurance to the Board of EMTs confidence to achieve this.

11.4 RESOLVED The Chair was authorised to sign the Santander Rolling Credit Facility agreement subject to clarification of the clean down clause and GIFHE's ability to meet covenants over 4 years.

12. Capital investment 2018-19 and Filey Road update

12.1 Group Director Corporate Services submitted a report providing the following updates:

- Capital out-turn 2017-18 at Scarborough TEC
- Capital out-turn 2017-18 at Grimsby Institute and Skegness TC
- Filey Road Construction and Engineering development (phase 2) update detailing work undertaken to date
- Capital investment 2018-19 update

12.2 During discussion it was confirmed that the application of the Corporation Seal would be required in respect of the lease of the Filey Road Sub-Station. The Chair stated that delays in finalising arrangements regarding sub-stations were common. Members were pleased to note the good progress with the Construction building works which were currently on time and budget.

12.3 The Group Director Corporate Services stated that capital spend at GIFHE and Skegness TEC was subject to regular review in order to reduce unnecessary expenditure wherever possible in order to improve cash flow.

12.4 RESOLVED The Capital investment 2018-19 and Filey Road update report was noted

13. Estuary TV Timeline and Cayley Halls update

13.1 The Group Director Corporate Services submitted an update report the main points of which were as follows:

- Following review Estuary TV closed on 31 August 2018 and the licence transferred to That's TV (TTV) including licence transfer and redundancy costs.
- The Accommodation blocks at Scarborough TEC Filey Road campus had now been in operation for over 14 months with substantially more activity than anticipated resulting in increased income a healthy surplus achieved.
- A second block of accommodation had now been leased to Scarborough College for 2018-19.
- Further use of Cayley Halls was predicted to accommodate miners working at the upcoming Sirius Minerals development.

13.2 RESOLVED The Estuary TV Timeline and Cayley Halls update report was noted

14. Office for Students (OfS) update

14.1 The Office for Students update report was received, the main points of which were as follows:

14.2 Following successful registration with the OfS GIFHE would be required to meet the following conditions / 'outcomes'

- Access and participation
- Quality and standards
- Management and governance
- Student contracts and protection
- Financial sustainability

14.3 GIFHE had yet to receive notification of successful registration.

14.4 The cost of yearly subscription to the OfS was to be released in April 2019. The TEC Partnership would need to make financial provision in the budget to accommodate the fees.

14.5 The OfS required the annual sign off by the Corporation of GIFHE's assurance of maintenance of quality and standards. The Clerk advised the Corporation delegate approval of the assurance statement to the GIFHE Board in order to meet the OfS return deadline of 3 December 2018. It was agreed that it would be appropriate for the GIFHE Board to review the OfS Assurance Statement in depth and give the necessary approval, subject to retrospective Corporation approval on 11 December 2018.

14.6 **RESOLVED** Consideration and approval of the OfS Assurance Statement was delegated to the GIFHE Board subject to retrospective Corporation approval on 11 December 2018.

15 **Audit Committee minutes 25 September 2018**

15.1 The Chair of the Audit Committee outlined the background to the minutes and recent recommendations of the Audit Committee. In respect of the letters of engagement for the newly appointed internal and external audit services it was agreed the letters should be issued to the next meeting of the Corporation for members' information.

15.2 **RESOLVED** the minutes of the Audit Committee meeting held on 25 September 2018 were received and the following recommendations contained within the minutes were approved:

- a) Data Protection Policy
- b) Freedom of Information Policy
- c) Public Interest Disclosure Policy
- d) Engagement letter 2018-19 Mazaars
- e) Engagement letter 2018-19 TIAA

16 **GIFHE Board minutes 2 October 2018**

16.1 The Chair of the GIFHE Board outlined the background to the minutes and reported the excellent performance of GIFHE currently. It was agreed that membership of the GIFHE Board was currently challenging. The Clerk confirmed that since submission of the membership report a prospective member of the GIFHE board had expressed an interest in becoming a member and was to be interviewed shortly and that the Vice PVC Education HE had offered to become a member of the Corporation from January 2019 onwards also.

16.2 **RESOLVED** the minutes of the GIFHE Board meeting held on 2 October 2018 were received.

17. **Scarborough TEC Board minutes 4 October 2018**

17.1 The Chair of the Scarborough TEC Board outlined the background to the minutes and provided a summary of key activities to date.

17.2 **RESOLVED** the minutes of the Scarborough TEC Board meeting held on 4 October 2018 winsertere received and a minor amendment in respect of minute 9.2 suggested.

18. **Modal Advisory Committee minutes 16 October 2018**

RESOLVED Minute 18 was classified as confidential in accordance with Clause 17 of the Instrument of Government.

19 **Corporation membership update**

19.1 The Clerk submitted a Corporation membership update report recommending the following:

- a) Re-appointment of Kai Adegbembo as a member of the Scarborough TEC Board
- b) Re-appointment of Erika Stoddart as a member of the Corporation
- c) Appointment of Mike Stopper as an external co-opted member of the Audit Committee
- d) President of the HE Student Senate to automatically become the Corporation's HE Student Governor
- e) Election of Vice-Chair of the Corporation to take place in December 2018

19.2 The Clerk confirmed that all recommendations had been made in line with the Corporation's Selection of Governors policy and procedures. The rationale behind the recommendation to automatically appoint the president of the HE Senate as the Corporation's HE Student Governor was explained and accepted by members. It was confirmed that elections for the Corporation's FE Student Governor across the whole Group would commence in 2019.

19.3 The Clerk also reported that elections for a staff and student member of the GIFHE Board were now underway and that since submission of the membership report a prospective member of the GIFHE board was to be interviewed shortly and the Vice PVC Education of the University of Hull had offered to become a member of the Corporation from January 2019 onwards. It was noted that as Tony Bramley was to step down as a member of the Corporation in March 2019 members of the GIFHE Board had been asked to consider taking on the role of Chair of the GIFHE Board themselves.

19.4 It was also noted that elections for the position of Vice-Chair of the Corporation would take place at the Corporation meeting to be held on 11 December 2018 in accordance with the Instrument of Government clause 5.

19.5 The Clerk reported that Brian Davidson, co-opted member of the Scarborough TEC Board had recently resigned as a governor, therefore the search for two additional members of the Scarborough TEC board was currently underway as were the elections for the Scarborough TEC Boards Student member vacancy.

19.6 RESOLVED

- a) That Kai Adegbembo is re-appointed as a member of the Scarborough TEC Board for a second term of office of four years from 30 October 2018.
- b) That Erika Stoddart is re-appointed as a member of the Corporation for a second term of office of four years from 31 December 2018.
- c) That Mike Stopper is appointed as an external co-opted member of the Audit Committee for a period of 4 years including a 12 month probationary period and subject to completion of all necessary governor documentation.
- d) That the President of the HE Student Senate automatically becomes the Corporation's HE Student Governor.

20. Governors attendance 2017-18

20.1 The Clerk submitted a report detailing governor attendance during 2017-18 (at individual, Committee / Local board and Corporation level). The main points of the report were as follows:

- The Corporation's attendance target was 80% for governors and co-opted external members.
- During 2017-18 overall attendance at Corporation, Committee and Local Board meetings was 85% representing a decrease of 5% from last year (90%)
- All Committees / Local Boards had achieved attendance of over 80% with the exception of the Remuneration Committee.
- 85% of governors achieved over 75% attendance during 2017-18.

- 62% of governors achieved over 80% and above attendance during 2017-18.
- Benchmarking data from the FE Clerks Network showed a mean governor attendance rate of 80.25% for 2017-18 for the 108 FE Colleges who took part in the survey.

20.2 The Chair thanked members for their continued good attendance throughout 2017-18. It was agreed that whilst governor attendance continued to be good a very high level of attendance should be maintained and expected of all members of the Corporation and local boards and committees.

20.3 RESOLVED The Governors Attendance report 2017-18 was received and noted.

21. Standing Orders annual review 2018-19

21.1 The Clerk submitted the Corporation's proposed Standing Orders 2018-19 for annual review. Members noted that minor amendments were proposed in respect of the new branding 'The TEC Partnership', the change in name of the ESFA (Education and Skills Funding Agency) and minor amendments to co-opted external membership requirements.

21.2 The Clerk proposed a further mid-year review of the Standing Orders (March 2019) in order to consider inclusion of a number of streamlined versions of existing governance policies which would then be subject to annual review thereafter via the Standing Orders review.

21.3 The addition of the Corporation's Scheme of Delegation to the Standing Orders as an appendices was also noted, amended to reflect the new governance structure and operation and the powers of local boards and advisory committees.

21.4 RESOLVED The Standing Orders 2018-19 were approved.

22. Insolvency Regime : Governor briefing

22.1 The Clerk submitted a briefing report on the forthcoming Insolvency Regime which provided the following:

- Summary of the Governments plans to introduce an insolvency regime and procedures to protect against those colleges facing future financial difficulties from becoming insolvent.
- Details / outcome of the Government's recent insolvency regime consultation process to gain the views of FE institutions.
- PowerPoint presentation slides from a recent RSM / Rollits governance briefing providing supplementary information relating to the Insolvency Regime.

22.2 Members noted the following advice from external agencies:

- The AoC currently advised that actions to disqualify governors were likely to be exceptionally rare amongst the 320 colleges in England currently.
- Eversheds guidance also suggested it was unlikely that the personal risk for individual governors would change under the insolvency regime unless governors did something seriously negligent, personally enriching (acting alone) or that the Corporation acted outside their powers (as is the case in law currently)

22.3 The Chair also provided a five minute overview of the importance of compliance with the Charities Act, Companies Act and fiduciary duties and advised governors to speak freely to express any concerns and be mindful of the requirements when considering information and proposals submitted to meetings particularly in relation to financial performance. The following points were collectively agreed:

- a) If governors became aware at any point in and/or outside meetings that the TEC Partnership or an associated site / subsidiary company was wrongfully and fraudulently trading the Corporation must ensure trading ceased immediately, subject to a balance sheet test to corroborate this, in order to protect all assets.
- b) Whilst the TEC Partnership was currently achieving a surplus the Corporation must closely and regularly monitor financial data.
- c) The Institution's External and Internal Audit Service providers would also play a part in alerting the Corporation to any instances of potentially wrongful trading via the statement regarding going concern.
- d) A cash flow and the liquidity test would provide the earliest indicators to alert the Corporation and Management to possible wrongful or fraudulent trading.
- e) It was agreed that the accounts submitted to the next meeting of the Corporation in December should be RAG rated.
- f) It was agreed the Clerk investigate governors liability indemnity insurance and provide this information for the next meeting.
- g) It was agreed that all governors if they had any doubt at all about the financial performance of the Group or local sites should say share this in meetings.
- h) The current exceptional circumstances of a new finance team in place from September 2018 was acknowledged. It was agreed that period 1 to 3 of the management accounts must be issued to the next meeting of the Corporation.

22.4 RESOLVED The governor briefing on the Insolvency was received.

23. Revised Instrument & Articles of Government

23.1 The Clerk submitted a report outlining proposed additions to the Instrument & Articles (Is & As) in respect of Article 13 Academic Freedom and the OfS expectation of this statement to be included within an FE College's Is & As and Instrument 7 Persons who are ineligible to be members and Instrument 10 Termination of membership in respect of the new requirements of the Charity Act (as recently amended by the Charity Commission)

23.2 RESOLVED The proposed amendment and addition to the Instrument & Articles of Government were approved.

24. Self-Assessment of Corporation performance 2017-18

24.1 The Clerk submitted a report outlining the process for the annual self-assessment of the Corporation and which included a questionnaire for completion and the statement on governance included in last year's Group Self-Assessment Report. Members completed the questionnaire collectively at the meeting and agreed the following:

- Members felt that the Corporation had been effective throughout the year in working within the terms of reference and in holding management to account at meetings.
- The 'critical friend' role and support and challenge provided at meetings was as important as decision making
- Vacancies within the Corporation had not affected the operation of the board.
- Members tried to ensure that every decision made and information received at meetings was centred on improving the experience of all learners throughout the Group.

24.2 It was agreed that the outcome of this year's Self-Assessment of Corporation performance had been effective.

25. Chairs update October 2018 – Confidential SEE Part B minutes

26 Date and time of next meeting

- | | | | |
|----|--|----------------------------|-----------------------------|
| a) | Tuesday 11 December 2018
(followed by Governors Christmas meal) | 4 pm – 6 pm
6 pm – 8 pm | GIFHE
Gallery Restaurant |
| b) | Extra Ordinary Corporation meeting
Thursday 15 November 2018 | 3pm – 4pm | GIFHE |

The meeting closed at 6.30 pm

Signed _____

Date _____

Chair of the Corporation

Action Schedule

No	Minute Title	Action by	Action required
4.2	Matters arising – Action Schedule	Clerk	Additional column added to action schedule to include the status of agreed actions.
10.2	Management Accounts as at 31 July 2018	GD Finance Chair / CEO	Review of report format for the accounts and provision of an executive summary alongside accounts for future submissions.
11	Santander Loan Facility agreement and loan covenants	GD Finance	Chair to sign the loan facility agreement subject to clarification of clean down clause and assurance re covenants.
19	Corporation membership update report	Clerk	FE Student Governor elections to commence 2019
22	Insolvency Regime – Governor Briefing	GD Finance Clerk	RAG rate Management Accounts for next Corporation meeting. Governors liability / indemnity insurance provided for next Corporation meeting

