

Present: Mr Bill Midgley (Chair)  
Mrs Sheila Alexander  
Mrs Sarah Bartlett (*until 6.57 pm*)  
Mr Mick Burton (*until 6.57 pm*)  
Prof Mary Dunning  
Mr Bernard Garner  
Ms Charlotte Hamilton (*until 6.57 pm*)  
Ms Beverly Held (*until 6.56 pm*)  
Prof Gary Holmes (*until 6.55 pm*)  
Cllr Janet Hunter  
Dr Adam Langman  
Mr Colin Seccombe  
Ms Vivien Shipley  
Mrs Veena Soni (*from 4.50 pm*)

In attendance: Mrs Rosamund Moore, Company Secretary (*until 7.20 pm*)  
Mrs Ann-Marie Crozier, Deputy Principal: Finance & Corp. Development (*until 7.05 pm*)  
Mrs Audrey Kingham, Deputy Principal: Curriculum & Bus. Development (*until 7.05 pm*)  
Mr Anthony Evans, Partner, Muckle LLP (*from 5.00 until 5.50 pm*)  
Mr Jill Donachie, Muckle LLP (*from 5.00 until 5.50 pm*)  
Ms Angela Toner, Partner, RSM (*from 5.00 until 5.50 pm*)  
Mr Peter Lynch, RMS (*from 5.00 until 5.50 pm*)

*[The meeting commenced at 4.30 pm.]*

The Chair of Governors welcomed Ms Hamilton and Ms Held to the meeting as the Student Governor nominees for 2016/17.

## **ACTION**

The Chair of Governors introduced the meeting by reminding Governors that today's discussions should focus on the main objective of developing a merger proposal with South Tyneside College, which was to ensure that further education continued on North Tyneside in the best form possible for the sake of the learners wishing to study in the borough.

### **1. Apologies for Absence**

Apologies had been received from Dr Graeme Cruickshank.

### **2. Declaration of Interest and Withdrawals**

Governors and staff were asked to make any declarations of interest under this item or at any point during the meeting if they considered that there was an interest to declare.

**Item 3.e – Declaration of interest: Deputy Principals. Staff Governors and Student Governors only to withdraw.**

**Item 6.d – Declaration of interest: Deputy Principal: Curriculum & Business Development – Staff and Student Governors and Deputy Principals to withdraw.**

**Item 8.a – Declaration of Interest: Deputy Principals in restricted section of Audit Committee's 2015/16 Annual Report.**

**Item 12.a – Staff and Student Governors to withdraw for this item**

**Item 12.b – Declaration of interest: Deputy Principals and Company Secretary for part of item. All three Senior Post Holders to withdraw.**

*For automatic declarations of interest of all Governors and staff at each meeting see addendum.*

3. **Chair of Governance, Performance & Search Committee's Report and Recommendations: Minutes of Meeting of 11 October 2016 and Verbal Report of Meeting of 14 October 2016**

The Chair of Governors provided feedback on yesterday's Committee meeting as follows:

a. ***Size, Composition and Quorum of Corporation Board:***

The Committee had considered the composition of the Corporation Board and concluded that it was best to reduce the size of the Board following the resignation of the Principal given the planned merger with South Tyneside College. This also meant that the number of Governors to form a quorum was now six rather than seven.

**Governors approved the recommendation of the Governance, Performance & Search Committee to reduce the size of the Corporation Board by one to 15 Members.**

b. ***Size, Composition of Governance, Performance & Search Committee:***

On behalf of the Committee, the Chair of Governors was recommending a reduction in the size of the Governance, Performance & Search Committee to four Members following the resignation of the Principal. Depending on what items were being considered, the Deputy Principals would be invited to attend Committee meetings.

**Governors agreed to reduce the size of the Governance, Performance & Search Committee to four Members.**

The Company Secretary would amend the Committee's Standing Orders accordingly.

RMM

c. ***Appointment of Student Governors:***

The Chair of Governors reported that nominations for the two Student Governor vacancies had been received from the two branches of the Student Council and it was recommended that the two students join the Corporation Board. **Governors agreed to the appointment of Ms Charlotte Hamilton and Ms Beverly Held from 14 December 2016 to 31 July 2017.**

d. ***QASFC Committee Vice Chair and Membership***

It was noted that Mr Matthew Snape, Head Teacher of Marden High School and Mrs Delia Sloan, Governor of Marden High School, had joined the Committee in November. There was a vacancy for one further Governor from the school.

The Chair of Governors asked the Board to endorse the appointment of Mr David Bavaird as the Vice Chair of the Queen Alexandra Sixth Form College Committee for 2016/17; Mr Steve Watts from the University of Sunderland and Ms Lydia Wysocki from Newcastle University as HE Associate Members from 1 November 2016 until 31 July 2018; and Mr Jason Nixon as the QA Sixth Form Associate Member from 1 November 2016 until 31 July 2017.

**Governors endorsed the appointments of the QASFC Committee Vice Chair and of the three Associate Members as set out above.**

It was noted that Northumbria University still had to submit a nomination for an HE Associate Member.

***Item taken at end of meeting***

e. ***Revised Board Objectives 2016/17 for Senior Post Holders:***

*A separate, confidential/restricted minute was taken of this item.*

**Governors approved the revised Board Objectives 2016/17 for Senior Post Holders.**

***Information only items:***

f. ***Governance Quality Improvement Plan 2016/17 Update:***

Governors received for information the Governance Quality Improvement Plan 2017/17 Update.

- g. **Governor Development and Activity 2016/17 to date:**  
Governors received for information the Governor Development and Activity update for 2016/17.

**4. Corporation Board Minutes and Matters Arising of the Meeting of 5 October 2016 (restricted) and 12 October 2016 including confidential and restricted Minutes**

**The restricted minutes of the meeting of 5 October 2016 were approved as a true record and duly signed by the Chair of Governors.**

**The minutes (including confidential and restricted sections) of the meeting of 12 October 2016 were approved as a true record and duly signed by the Chair of Governors.**

Matters Arising from non-confidential Minutes of 12 October 2016:

Under *Matters Arising, item 4*, the Company Secretary confirmed that she had given the designated Safeguarding Governor, Cllr Hunter, the date of the webinar, but she had not been available on this occasion.

Under *Matters Arising, item 3*, the Chair of Governors indicated that the Principal had not made contact with the proposed Honorary Associate and therefore it was agreed that this matter would be dropped at this point in time.

All other actions were being, or had been, taken forward as agreed or were reported under other items on the agenda.

**5. Chair's Action (ref. Due Diligence) and Report (verbal)**

The Chair of Governors reported that he had taken Chair's Action, as agreed by the Board, in relation to the appointment of RSM and Muckle LLP to undertake due diligence on South Tyneside College.

The Chair of Governors reported that the Deputy Principal: Curriculum & Business Development and he had held a very positive meeting with the three QA Sixth Form head teachers.

*Mrs Soni joined the meeting at 4.50 pm.*

In addition, the Deputy Principal: Curriculum & Business Development and he had met with Managing Director of Owen Pugh and also with Michael Needham of Tyne North Training. The Chair of Governors and both Deputy Principals had also given a presentation on the proposed merger to North Tyneside's full Council. Cllr Hunter confirmed that this had been very well received by the Council.

The Chair of Governors provided an overview of yesterday's meeting with Deputy FE Commissioner John Hogg and the North East Chairs. There was concern that the only substantial proposal being developed as part of the Area Review process was the one between TyneMet and South Tyneside College. There was a £22m gap between the colleges' cumulative growth projections and the funds available. The fourth Area Review Steering Group meeting scheduled for 16 January when final proposals were to be presented would be used to challenge these growth projections. Questions were also being raised about whether some colleges were sufficiently addressing the skills needs of their locality.

The Chair of Governors highlighted the £750m restructuring fund which the government was making available in the form of loans for colleges implementing Area Review recommendations. The Treasury would manage the funds and any loans would be at commercial rates. However, it was important to note that the government would be the lender of last resort, colleges having first applied to the banks for a loan.

6. **Developments with South Tyneside college, including confidential and restricted Minutes of Merger Committee Meetings of 10 October 2016 (approved) and of 21 November 2016 (draft)**

*Separate confidential and restricted minutes were taken of this item.*

*Angela Toner, Partner, and Peter Lynch of RSM and Anthony Evans, Partner and Jill Donabie of Muckle LLP joined the meeting at 5.00 pm and left the meeting at 5.50 pm.*

The agenda item concluded with the following resolutions:

- a. **Governors received and considered Due Diligence Reports on South Tyneside College from RSM and Muckle LLP.**
  - b. **Governors noted the Due Diligence Reports on Tyne Metropolitan College which were being considered by South Tyneside College's Board today.**
  - c. **Governors noted South Tyneside College's Self-Assessment Report 2015/16 and qualification achievement rate data on South Tyneside College and TyneMet which South Tyneside College had commissioned as part of due diligence.**
  - d. **Governors confirmed the Executive Team members designate of the proposed merged College.**
  - e. **Governors approved the joint Retention Strategy.**
  - f. **Having given careful consideration to the due diligence reports on South Tyneside College, the Corporation Board of Tyne Metropolitan College agreed in principle to merge with South Tyneside College subject to the outcome of consultation and any Secretary of State approvals.**
7. **Executive Team Report**

The Deputy Principals presented the non-confidential and confidential sections of the Executive Team Report to the Corporation Board.

**5. Health & Safety Executive Reportable Incidents & Accidents**

It was reported that there had been no HSE reportable incidents since the incident in March 2016 which had been reported to the Corporation Board on 23 March 2016.

**6. Prevent**

It was reported that there had been no Prevent incidents requiring a multi-agency meeting to be convened since that reported to the Board in October 2015.

**8. Key Curriculum & Business Developments**

**8.1 Higher Education Self Evaluation 2015/16 (Appendix 1):** The Deputy Principal: Curriculum & Business Development drew attention to the Self-Evaluation Document for the academic year 2015/16 which assessed all areas of the College's Higher Education provision. Key areas of focus were retention, personal support, resources, recruitment for new Foundation Degree programmes and professional development for staff teaching on HE programmes. In addition, there were three main areas of work in 2016/17 related to regulatory matters: 1) Preparation for the Annual Provider Review; 2) Teaching Excellence Framework submission; and 3) University of Sunderland Periodic Review week commencing 20 March 2017.

The College was working with South Tyneside College's Marine School Principal, Gary Hindmarch, to merge data on student destinations and the National Student Survey results.

The Deputy Principal: Curriculum & Business Development drew attention to the PowerPoint slides (**Appendix 2**) on Quality Assurance in Higher Education. There would be three levels of quality assurance via: 1) Programme/Self-Evaluation Document; 2) Operational and strategy groups; and 3) Governor oversight.

**Governors considered and approved the College's Higher Education Self-Evaluation Document 2015/16.**

**8.2 Governor Learning Walks:** This term's Governor Learning Walk had focussed on Hair and Beauty, ESOL and Foundation Learning English and maths functional skills classes where the College had identified a decline in performance, although improvements were now visible in Hair and Beauty. The report outlined strengths and areas for development. Governors who had participated in this activity had witnessed good learning opportunities for learners but felt that some areas would benefit from refurbishment.

**8.3 Equality & Diversity Annual Report 2015/16 and Objectives 2016/17(Appendix 3):** The Deputy Principal: Curriculum & Business Development highlighted performance against published equality and diversity objectives for 2015/16, with two objectives fully achieved and four objectives not achieved. A decline in ESOL performance and retention (female) in the Access to HE programme had affected achievement of these objectives in particular. Governors' attention was drawn to changes made since the June Ofsted inspection.

Included in the report were proposed equality and diversity objectives for 2016/17. These would be published on the College's website once approved, monitored by the College's Safeguarding and Inclusion Committee each term and duly reported to the Corporation Board.

In response to one Governor's question, the Deputy Principal confirmed that TyneMet would share best practice with South Tyneside College on merger.

**Governors approved the Equality and Diversity Annual Report 2015/16 and Objectives for 2016/17.**

**8.4 Summary Self-Assessment Report 2015/16 (Appendix 4):** The Deputy Principal: Curriculum & Business Development presented the summary Self-Assessment Report for consideration. It was noted that the Lead Governor for Quality, Mrs Shipley, had reviewed all departmental Self-Assessment Reports, attended three SAR validation meetings and reviewed the summary SAR in advance of the Board meeting. An update to the Quality Improvement Plan with staff presentations on the impact of the work to date was scheduled for the February Board meeting.

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8 Feb.**

The Self-Assessment grading system mirrored the Ofsted Common Inspection Framework. The Deputy Principal: Curriculum & Business Development asked Governors to consider and approve the proposed grades, explaining the reason for the lower grade in this year's SAR for *Outcomes for Learners*. The report clearly highlighted the key areas of concern which had been reported to Governors during 2015/16 and explored with Ofsted during the June inspection. Mrs Shipley concurred with the grade 3 for *Outcomes for Learners*, commenting that not all areas had improved as they might have done, but that she was confident in the Overall Effectiveness grade 2 due to the strategies in place which Ofsted had endorsed during the June inspection.

The Chair of Governors thanked the Deputy Principal: Curriculum & Business Development for drafting the Self-Assessment Report over the weekend at short notice in order to bring it forward to the December Board meeting.

**Governors approved the Self-Assessment Report 2015/16 and agreed that the February Board meeting would focus on monitoring progress against the 2016/17 Quality Improvement Plan.**

**8.5 Performance Targets 2016/17 (Appendix 5):** Governors received proposed performance targets for 2016/17 for consideration. In the large majority of cases the targets proposed a return to at least the National Rate for achievement outturn.

Exceptions to this were ESOL where performance was being closely managed and Access to HE where a year two programme had the potential to improve to the National Rate.

**Governors approved the performance targets for 2016/17.**

**9. Subcontracting in 2016/17 (Appendix 6)**

The Deputy Principal: Curriculum & Business Development presented the update on subcontracting in 2016/17.

*A separate, confidential minute was taken of this item.*

**Governors considered and noted the report on subcontracting in 2016/17.**

**10. Balanced Scorecard (Appendix 7)**

The Deputy Principal: Finance & Corporate Development presented the KPI Balanced Scorecard for the end of October 2016.

*A separate, confidential minute was taken of this item.*

**Governors approved the KPI Balanced Scorecard for October 2016.**

**11. Financial Reporting: Management Accounts to 31 October 2016 (Appendix 8)**

The Deputy Principal: Finance & Corporate Development presented the Management Accounts to the end of October 2016.

*A separate, confidential minute was taken of this item.*

**Governors approved the Management Accounts to 31 October 2016.**

**Governors considered and noted the non-confidential and confidential sections of the Executive Team Report.**

**8. Chair of Audit Committee's Report and Recommendations: Minutes of meeting of 1 December 2016 including confidential and restricted Minutes and Committee Chair's Summary**

**Governors noted the minutes of the Audit Committee meeting of the 1 December 2016 and the Committee Chair's summary.**

The Chair of the Audit Committee highlighted the following:

- a. **Committee's 2015/16 Annual Self-Assessment and Annual Report, incl. restricted section as per restricted minutes:** The Committee Chair drew attention to the opinion set out in paragraph 11 of the Audit Committee's Annual Report, observing that the Board was able to place reliance on the assurance provided by the work of the internal and external auditors.

**Governors approved the Committee's 2015/16 Annual Self-Assessment and Annual Report with the Audit Committee's expressed opinion.**

- b. *Financial Statements for the year ended 31 July 2016:*** The Committee Chair reported that PwC had issued an unqualified opinion on both the Financial Statements and the Regularity audit. The Financial Statements had been prepared for the first time in accordance with FRS 102. The main differences were presentational. PwC had expressly confirmed that the College's accounting policies were appropriate and in accordance with recommended practice. The final accounts included only a £1k difference to the pre-pension operating surplus shown in the July management accounts.

Pension costs were in two main elements. 1) The annual FRS 17 charge was £200k, causing the operating surplus to slip into a £176k deficit for the year. 2) Regarding FRS 102, the increase in net pension's liability was £3,310k, thereby taking it to £9.6m. This was shown separately on the Statement of Comprehensive Income (SCI). By extension the total unrestricted reserves had fallen to just under £3.5m (from £6.8m last year). The principal cause was the reduction in gilt yields, with the discount rate for scheme liabilities moving from 3.6% to 2.4%. The adoption of FRS102 gave the impression of a large deficit, however this was a very long term liability.

PwC was satisfied that the College was a going concern (the pension liability would fall in over many years) based on cash flow forecasts and that adequate bank overdraft facilities were in place.

PwC had raised one internal control observation stemming from the absence through illness at the same time of both the Payroll Officer and cover.

**Governors approved the Financial Statements, including Letter of Representation and PwC Management Report for the year ended 31 July 2016.**

- c. *Increase in External Auditor's Fee for 2015/16:*** The Committee Chair reported that PwC had requested an additional fee of £750 for their extra time and work resulting from the control issue mentioned above. This had resulted in PwC having to return to the College to complete the Teachers' pension return. College Management had confirmed that the extra charge was warranted and therefore the Committee was recommending approval of this additional fee.

**Governors approved the additional fee of £750 for PwC's additional time and work resulting from the control issue outlined above.**

- d. *Confirmation of Reappointment of Internal and External Auditors for 2016/17 (third year of contract):*** The Committee had considered the performance of the internal (KPMG) and external auditors (PwC) against set criteria and the Committee Chair provided feedback on the Committee's conclusions and recommendation.

**Governors agreed to confirm the continued appointment of the Internal Auditors (KPMG) and External Auditors (PwC) for the financial year 2016/17.**

- e. *Reconciliation to July 2016 Management Accounts:***

**Governors received for information the reconciliation to the July 2016 Management Accounts.**

- f. *Extract from November Updates to Risk Management Plan 2016/17:***

**Governors received for information the extract from the November Updates to the Risk Management Plan 2016/17 and noted the Committee Chair's confidential summary on this matter.**

*At 6.55 pm Prof Holmes left the meeting.*

**9. Queen Alexandra Sixth Form College Committee's Minutes of Meeting of 1 November 2016**

Prof Dunning highlighted the A level results as reported to the Committee in November which had been a very positive meeting.

**Governors noted the Committee Chair's report and the minutes of the meeting of 1 November 2016.**

*Ms Held left the meeting at 6.56 pm.*

*At 6.57 pm the two Staff Governors and Student Governor Ms Hamilton left the meeting.*

**10. Any Other Business**

Confidential item taken at end of meeting.

**11. Any items to be designated as non-confidential or no longer restricted following this meeting and conversely any items to be designated as restricted/confidential**

To remain confidential:

- All confidential/restricted minutes of meetings and one summary of Audit Committee meeting of 1 December 2016
- Item 3.e, Revised 2016/17 Board Objectives for Senior Post Holders
- Item 4.a and b, Restricted Minutes of Corporation Board meetings of 5 and 12 October 2016 ref. Senior Post Holders
- Item 6, Restricted Merger Committee Minutes of 10 October and 21 November 2016 and Due Diligence reports
- Item 6.d Confirmation of Executive Team members designate for proposed merged College and Communications
- Item 8, Restricted Audit Committee section of Audit Committee's Annual Report of 2015/16
- Item 8.d, November Updates to Risk Management Plan 2016/17
- Item 12.a and 12.b

To be made non-confidential following the meeting:

- Item 6.a, 6.d and 6.f - Outcome of due diligence and related resolutions regarding confirmation of Executive Team members designate and agreement to merge in principle subject to public consultation (staff announcement on 4 January 2016)
- Item 8.b, Financial Statements approved at the Board meeting

**12. Restricted items of business**

**a. TyneMet Retention Proposal**

*A separate, restricted minute was taken of item 12.a.*

*At 7.05 pm the Deputy Principal: Finance & Corporate Development and Deputy Principal: Curriculum & Business Development left the meeting.*

**b. Chair of Governors' Report related to Senior Post Holders and Update on Merger Discussions (verbal)**

*A separate, restricted minute was taken of item 12.b.*

*At 7.20 pm the Company Secretary left the meeting. The Chair of Governors took a separate minute of this part of the meeting.*



**Next Corporation Board meeting:**

**Corporation Board Meetings:**

- **Wednesday, 8 February 2017, at 6.00 pm, Conference Room, Coast Road Campus**

**Strategic Planning Event, Wednesday, 8 March 2017, 4pm, Coast Road campus**

*The meeting closed at 7.30 pm.*

**Automatic Declarations of Interest by Governors and Staff**

Prof Gary Holmes	University of Sunderland
Cllr Janet Hunter	North Tyneside Council
Dr Adam Langman	John Spence Community High School
Mrs Veena Soni	Gateshead Council
Mrs Audrey Kingham	Norham High School