

- Present: Dr Adam Langman, Chair
Mrs Veena Soni (*until 1.50 pm*)
Ms Tracy Hush
Mr Jon Vincent, Principal (*withdrew 1.35 to 1.55 pm*)
- In attendance: Mrs Rosamund Moore, Clerk to the Corporation
Mrs Ann-Marie Crozier, Deputy Principal: Finance & Corporate Development
(*withdrew 1.35 to 1.55 pm*)
Mrs Audrey Kingham, Deputy Principal: Curriculum & Business Development
(*withdrew 1.35 to 1.55 pm*)
Mr Andrew Carr, Deputy Director: Finance & IT (*withdrew 1.35 to 1.55 pm*)
Mr Paul Smissen, Business & Commercial Development Manager (*until 12:55 pm*)

[The meeting started at 12.20 pm.]

ACTION

1. **Apologies for absence**
Apologies were received from Cllr Janet Hunter.
2. **Declarations of interest and possible resolutions**
See automatic declarations by staff and Governors at the end of the minutes. The Principal and Deputy Principals declared an interest in the restricted section of item 11.
3. **Minutes and Matters Arising from the Meeting held on 2 October 2014 (incl. confidential sections).**

The minutes of the meeting of 2 October 2014 were approved as a true record and duly signed by the Committee Chair.

All items were being, or had been, taken forwards as agreed.
4. **Economic Engagement Plan**
The Business & Commercial Development Manager presented his report to the Committee and a separate, confidential minute was taken of this item.

The Committee considered and noted the report presented by the Business & Commercial Development Manager.

The Business & Commercial Development Manager left the meeting at 12.55 pm.
5. **Human Resources and Workforce Development Report**
The Deputy Principal Finance and Corporate Development presented the HR & Workforce Development report to the Committee.

The report covered statistical information about staffing numbers both in terms of the headcount and full-time equivalents with comparative data provided for the same points the previous year. The reduction in staff compared with the end of October 2013 was a result of restructuring within the organisation, primarily following the TUPE transfer of staff from TTA Ltd.

With respect to the breakdown of staffing figures by type of staff, there had been an increase in teaching support staff through a conscious investment in learning mentors, performance and progression coaches and work placement coordinators. It was noted that while the Skills Funding Agency requirement was for a breakdown of staffing in the categories reported, the figures did not take account of the numbers of agency 'staff' or services that were contracted out, such as cleaning.

The headcount and FTE numbers had increased since 1 August 2014 due to the conclusion of recruitment drives related to the curriculum plan. Recruitment had been delayed during 2013/14, resulting in higher than average recruitment in early 2014/15.

Staff turnover figures, at 13.1% for the year to 31 October 2014, were below the Association of Colleges' comparator of 18.2% for 2012/13. It was noted that the AoC had not yet published the figure for 2013/14. The AoC figure was likely to be a reflection of the pressures on the FE sector as a consequence of funding cuts.

Statistical information was provided about the profile of staff and of College managers as at 31 October 2014. It was pleasing to report that at this point 3.25% of staff were from origins other than White British which meant that the College had achieved the target of 3.2% for the first time.

The report also covered comparative data about absence levels. The management of long-term sickness continued to be effective, although sickness absence levels were higher in this category due to the complexity of some cases carried over from the previous year. It was anticipated that these would be concluded by the New Year. The College worked closely with TU representatives on sickness absence and was trying to enhance monitoring and reporting by identifying planned long- and short-term absence separately.

Comparative information was provided on performance reviews. Despite an extension to the window for returning forms to the HR department, which in theory should have resulted in a greater level of response, there had been a dip in the percentage of returns and therefore the timescales would be revisited in due course.

Statistical information about the HR caseload was also highlighted and the Deputy Principal: Finance & Corporate Development indicated that there were no particular issues that needed drawing to Governors' attention.

The Deputy Principal: Finance & Corporate Development highlighted the results of the biennial staff survey which had been conducted through York College on this occasion. Fifty colleges had participated in this survey which had been free of charge. TyneMet's response rate was less than average although the College had used the recommended method of distribution which included anyone with a TyneMet email address. It was noted that the College had omitted some of the standard survey questions so some of the results were slightly skewed. For example, TyneMet's survey had excluded the question about job security as there had been a redundancy exercise underway at the time.

The Committee's attention was drawn to the responses with the most positive differentials against the benchmark as well as those with the most negative differentials. The staff's view of the improved standing of the College for the quality of its provision was pleasing and Governors were reminded that this had been a key driver in the previous Strategic Plan.

In the table with responses with the most negative differentials against benchmark, the opportunity for staff to progress was highlighted. While the College's structure was relatively flat, an analysis of opportunities to progress within the organisation had shown that staff had indeed been able to progress, for example from a pastoral tutor role to a teaching position upon attainment of a teaching qualification.

The survey outcomes had been considered by College managers and a number of focus groups were being planned for the New Year to identify ways of engaging with staff to bring about improvements.

The Committee considered and noted the HR and Workforce Development Report.

6. a. Draft Financial Statements and Letters of Representation for the Period 1/8/2013 to 31/7/2014 (confidential until Board approval on 17 December 2014)

The Deputy Principal: Finance & Corporate Development reminded the Committee that the format of the financial statements was prescribed by the Skills Funding Agency as published in the Accounts Direction. The accounts now contained a statement on 'public benefit' and the Principal was referred to as the Accounting Officer. The Audit Committee had considered the Statement of Corporate Governance & Internal Control on 27 November and attention was drawn to the explicit statement on regularity, propriety and compliance with funding body terms and conditions of funding which the Board was required to make. The financial statements showed that the College remained a going concern. The Deputy Principal: Finance & Corporate Development was pleased to report that the external auditors had issued an unqualified opinion.

The income and expenditure account for the year ended 31 July 2014 showed an operating surplus of £358,000, a slight adjustment to the July 2014 management accounts which had shown an operating surplus of £326,000.

The Deputy Principal: Finance & Corporate Development wished to record her thanks to the Deputy Director: Finance & IT and to Suzanne Laing, Senior Finance Officer for their hard work in respect of the financial statements' audit. The Committee Chair asked the Deputy Director to pass on the Committee's appreciation also.

Discussion followed regarding the revaluation of land and buildings which had entailed an interim desktop review at the three year point in accordance with the Financial Reporting Standard on the reporting of fixed assets. This review had identified a substantial increase in replacement costs due to a shortage of bricks and a consequent increase in the charge for depreciation (+£205k per year). This issue would be raised with the new external auditors, PwC, at an early stage and the College might consider a change in accounting policy as a result and, at the very least, would seek to alter the format of the Income & Expenditure Account so that the historic cost surplus was shown on the same page. The Deputy Principal: Finance & Corporate Development provided assurance that this matter did not affect the bank covenants or the College's financial health.

With respect to the cash flow statement on page 22, a correction would be made to show that there had been an 'increase' not a 'decrease' in cash in the year.

In response to Governors' questions regarding the slight variation between the College's year-end reconciliation to the management accounts and the external auditors' Management Report (page 12), the Deputy Principal: Finance & Corporate Development explained that Baker Tilly had wished to highlight the provisions that had been released and the consequent positive impact on the operating position. She explained that these releases had already been accounted for in the July management accounts. Further, she commented that the Audit Committee had found nothing in its consideration of the external auditors' Management Report that needed to be brought to the Finance & Personnel Committee's attention.

The Deputy Principal: Finance & Corporate Development drew attention to the standard letters of representation within the Management Report which would be placed on College letterhead for signature by the Chair of Governors and the Accounting Officer (i.e. the Principal) at the Board meeting on 17 December.

The Committee agreed to recommend for Corporation Board approval the Draft Financial Statements and Letters of Representation for the year ended 31 July 2014.

b. Reconciliation to Management Accounts 31 July 2014

This item had been covered in item 6.a above.

The Committee considered and commented on the reconciliation of the July 2014 management accounts to the outturn for the year ended 31 July 2014, as per the minute for item 6.a.

AMC

Agenda
Corp.
17 Dec.

The Principal, Deputy Principals and Deputy Director: Finance & IT Services left the meeting at 1.35 pm.

Item 11 was taken out of order

11. Committee's 2013/14 Draft Annual Self-Assessment, incl. Terms of Reference and Annual Report, incl. Restricted Item

The Committee considered its Annual Self-Assessment which included the Committee's terms of reference, and the Annual Report for 2013/14.

A separate, confidential/restricted minute was taken of the section in the Committee's Annual Report pertaining to the performance of the Principal and two Deputy Principals.

Governors agreed to recommend for Corporation Board approval the Committee's Annual Self-Assessment and the Annual Report for 2013/14 including the restricted section.

Mrs Soni left the meeting at 1.50 pm and the Principal, Deputy Principals and the Deputy Director: Finance & IT returned at 1.55 pm.

7. Management Accounts to 31 October 2014.

The Deputy Director: Finance & IT presented the management accounts and a separate, confidential minute was taken of this item.

The Committee agreed to recommend for Corporation Board approval the management accounts to 31 October 2014.

8. Performance of Business Partnerships (Subcontracts) against Contract Values for 2013/14 and 2014/15

The Committee received the Deputy Principals' report on the performance of Business Partnerships (subcontracts) against contract values for 2013/14 and 2014/15.

A separate, confidential minute was taken of this item.

The Committee considered the report on Performance of Business Partnerships (subcontracts) against Contract Values for 2013/14 and 2014/15 and noted that there were no variations to contracts or new contracts being requested for 2014/15.

As there were no new contracts or variations to existing contracts being requested, this report would be provided to the Corporation Board for information only.

9. Initial discussion of the 2014/15 Pay Award

The Principal presented a report which formed the basis of an initial discussion on a pay award for staff in 2014/15. Information was provided about the pay recommendation made by the Association of Colleges and its role as the employers' representative although the pay recommendation was not binding on any member of the AoC. Nevertheless, the College's budget for 2014/15 included a provision equal to the pay recommendation of 1%, although the Principal was not making any firm proposals for implementing a pay award at TyneMet at this stage.

Five of the six recognised trade unions of the National Joint Forum had accepted the pay recommendation for 2014/15. However, UCU had rejected it, declaring itself in dispute with any college that did not accept its claim for a 3% pay increase. Having discussed the matter with the Chair of Governors, the Principal had responded that the College was unable to meet this demand. A UCU ballot would take place between 28 November and 19 December on the question of whether or not UCU members were prepared to take strike action.

The Principal stressed that relations between College management and UCU at branch level remained positive.

The Committee considered the Principal's report and endorsed the position taken.

**Agenda
Corp.
17 Dec.**

**Agenda
Corp.
17 Dec.**

**Agenda
Corp.
17 Dec.**

10. Any Other Business

Financial Health of General Further Education (GFE) Colleges:

Information from the Skills Funding Agency was tabled showing the financial health of GFE colleges from 2009/10 onwards and that the financial health of the sector was deteriorating.

12. Assessment of Committee's Impact

To inform the Committee's annual report to the Corporation Board, it was noted that the Committee had, in accordance with its terms of reference:

- Agreed to recommend for Corporation Board approval the draft financial statements and letters of representation for the period 1/8/2013 to 31/7/2014
- Agreed to recommend for Corporation Board approval the management accounts to 31 October 2014
- Agreed to recommend for Corporation Board approval the Committee's Annual Report for 2013/14
- Endorsed the position taken regarding the 2014/15 pay award.

13. Any confidential items to be declared non-confidential or non-exempt following this meeting or conversely any items to be declared confidential or exempt

To remain confidential:

- Item 3 – Economic Engagement Report and Plan
- Item 4 - Confidential sections of minutes
- Item 7 – Management Accounts to 31 October 2014
- Item 8 – Performance of Business Partnerships (subcontracts) 2013/14 and 2014/15
- Item 9 – Initial Discussion of 2014/15 Pay Award – Annex 3: Email dated 10 November 2014 only
- Item 11 – Restricted section of Committee's Annual Report for 2013/14

To remain confidential until approved by Corporation Board:

- Item 6 - Draft Financial Statement and Letters of Representation for the Year ended 31 July 2014

Next scheduled meeting: Thursday, 5 March 2015, 12.15 pm, Hawkeys Conference Room, QA campus (*pending the outcome of the review of governance*)

The meeting closed at 2.30 pm.

Automatic Declarations of Interest by Governors and Staff present:

Cllr Janet Hunter	North Tyneside Council
Dr Adam Langman	John Spence Community High School
Ms Tracy Hush	Norham High School
Mrs Veena Soni	Gateshead Council
Mr Jon Vincent	John Spence Community High School
Mrs Ann-Marie Crozier	Marden High School
Mrs Audrey Kingham	Norham High School