



Special FE Corporation Minutes

Meeting held on Thursday 15th February 2024 at 5.30pm, via Teams

Governors: Rachel Beeken, Stuart Blackett (Corporation Chair), Subhash Chaudhary, Liz Dixon (Staff Governor), Aiden Flynn (Student Governor), Grant Glendinning (Chief Executive and Group Principal), Himeetijiua Kajau (Student Governor), Relon Mfunda (Student Governor), Hamish Rutherford, Dot Smith, David Watson, Mark Wilson and Gary Wright

Co-opted member: Alfie Mearman (student)

Apologies: Fabienne Bailey, Louise Davies, Amanda Olvanhill and Lorraine Preston
(Subsequently also received from Andrea Tomlinson)

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), Fiona Sharp (Chief Financial Officer), Sarah Thompson (Clerk to the Corporation) and Sam Young (Governance Support Officer)

24/01 Agenda Item 1 – Welcome, apologies for absence, declarations of interest, notification of other items of business

The Corporation Chair welcomed attendees to the meeting.

Apologies for absence had been received and were accepted from Fabienne Bailey, Louise Davies, Amanda Olvanhill and Lorraine Preston. Following the meeting, an apology was also received from Andrea Tomlinson.

No attendees declared a personal or pecuniary interest in any matters arising from the agenda of this meeting.

Two additional items of business had been notified for consideration at the end of the agenda: update on safeguarding incident at Stockton Riverside College and update on Ofsted inspection of Initial Teacher Education (as part of an inspection of Teesside University's provision).

A quorum was present and the required meeting notice of seven calendar days had been given.

24/02 Agenda Item 2 – Subcontracting

The Executive Principal, Redcar and Cleveland College, presented his circulated report outlining a proposed increase in subcontracting contract values and an associated increase in subcontractor payments. He clarified that the group used subcontracting to support achievement of its strategic priorities, and subcontracted provision complemented, enhanced and extended existing curriculum, allowing the group to provide a 'one-stop shop' for employers and learners. Subcontracting partners were chosen very carefully, on the basis of alignment with Etc.'s values and in order to develop

transformational relationships for both partners.

The Executive Principal clarified that, in respect of Adult Education Budget-funded programmes, the Tees Valley Combined Authority had applied a 20% uplift to the funding rate, effectively reducing the number of learners that subcontractors were able to recruit within their allocation. As subcontractors were now approaching their contract values, it was timely to increase allocations to allow continuing delivery. He confirmed that the Tees Valley Combined Authority had agreed to payment for over-delivery.

In response to a query regarding capacity for monitoring of subcontractors, the Executive Principal confirmed that the group was confident that the subcontracting team had sufficient capacity and capability to undertake appropriate initial due diligence and ongoing monitoring of additional subcontractors. He reminded members that recent internal audits in respect of subcontracting had received judgements of 'substantial' assurance with no recommendations. In addition, subcontractors were delivering only short programmes (Bespoke Employer Led Programmes), thereby mitigating risks in respect of both quality and solvency.

Governors commended the proposal and approved:

- i) the increase in subcontracting contract values by [REDACTED] with the majority increase in Bootcamp subcontracting;
- ii) the associated increase in subcontractor payments by [REDACTED];
- iii) the award of subcontracts to new subcontractors [REDACTED]; and increases in subcontracting values for [REDACTED].

24/03 Agenda Item 3 – Department for Education loan (NETA relocation)

The Chief Financial Officer presented her circulated report asking governors to review draft terms of a loan from the Department for Education to support relocation of the NETA facilities to the Stockton Riverside College site. Governors were reminded that a new building for NETA was the group's highest capital priority, with the aim of ensuring NETA premises were of an appropriate quality and provided a welcoming and comfortable environment for all learners.

The Chief Financial Officer advised governors that they should ensure they were satisfied that the loan was necessary, that the loan terms were reasonable and that the group was able to make the repayments. She confirmed that a robust process had been undertaken to ensure affordability of repayments, with support from Robert Griffiths, financial consultant, and this had been discussed in detail with the Capital Group, including long-term financial forecasts.

Legal advice in respect of the loan terms and conditions had also been sought from the group's legal advisors, Stone King. All suggested changes to the terms were minor in nature, related either to housekeeping or to change requests of benefit to the Etc.; if not granted, this would not be a material issue. She highlighted the following proposed changes in particular:

- [REDACTED]

Governors queried the position in respect of the lease on NETA's current premises. The Chief Operating Officer reported that the rental costs for the remaining period of the lease were included in the financial forecasts for the project [REDACTED].

Governors were pleased to note that a high level of due diligence had been applied throughout this process and it was **RESOLVED**:

- (a) To affirm the resolution to proceed with the proposed funding package for the relocation of NETA to Stockton Riverside College, including the group's application for [REDACTED] loan funding from the Department for Education;
- (b) To approve, in principle, the acceptance of the term loan [REDACTED] from The Secretary of State for Education (**DfE**) and the entering into of a term loan facility agreement (**Facility Agreement**) to be entered into with DfE subject to finalisation and approval (under the delegated authority given below) of it and all required or appropriate documentation to effect the Facility and drawdowns pursuant to it;
- (c) The Chair of the Corporation Board or failing the Chair, any other Governor (other than a staff or student governor) (each an **Authorised Officer**) be and is hereby authorised on behalf of the Corporation, in each case in accordance with the Corporation's principles including (amongst other things) taking into account all independent and other professional advice:
 - (i) To progress, to negotiate, to approve and to execute the Facility Agreement and all other deeds and documents relating to it and ancillary to the Facility as they see fit, including, without limitation any officer's certificate;
 - (ii) To affix the Corporation's seal and to execute all documentation relating or ancillary to the Facility, required or desirable to be executed by deed and any two Authorised Officers be authorised to authenticate the fixing of the Corporation's seal to such documents; and
 - (iii) To represent the Corporation and to execute and do and authorise all such things and acts relating to or ancillary to the Facility and/or otherwise howsoever relating to it as they see fit; such actions and decisions to be reported to Corporation members at the next scheduled meeting.
- (d) The approval of an Authorised Officer in respect of any deed or document to be conclusively determined by their signing of such documents.

The Chief Financial Officer presented a supplementary report requesting approval of a letter of variation from Barclays Bank in respect of the covenants applicable to the existing bank loan held by Etc. She confirmed that Barclays Bank had agreed to flex the covenant requirements to allow additional borrowing. Financial forecasting had not identified any issues with the higher debt service cover level. She further confirmed that the required DfE approval for the covenant change had been received in advance of this meeting.

A governor queried whether the group was able to satisfy paragraph 5 of the letter of variation, to 'make the representations and warranties set out in the Facility Agreement on the Effective Date, as if each representation and warranty was referring to this Letter of Variation'. The Chief Financial Officer agreed to clarify this requirement with Barclays.

Subject to confirmation that the Corporation was able to 'make the representations and warranties set out in the Facility Agreement on the Effective Date, as if each representation and warranty was referring to this Letter of Variation', it was **RESOLVED**:

- i) That the amendments set out in the Letter of Variation are in the interests of and for the benefit of the Borrower and are most likely to promote the success of the Borrower for the benefit of

the members as a whole and that such terms and conditions of the Letter of Variation be and are approved and accepted;

- ii) That Stuart Blackett, Corporation Chair, and Grant Glendinning, Chief Executive and Group Principal, are authorised to sign the Letter of Variation on behalf of the Borrower to indicate acceptance of the terms and conditions;
- iii) That the Bank is authorised to act in all matters concerning the Facility as amended by the Letter of Variation upon instruction from the Borrower, in its capacity as Borrower of the Facility, signed in accordance with the Bank's mandate for any of the accounts of the Borrower held with the Bank current from time to time.

24/04 Agenda Item 4 – Capital Programme Procurement

The Chief Operating Officer presented his circulated report outlining recommendations in respect of planned procurement routes for relocation of the main NETA delivery to the Stockton Riverside College site and relocation of the NETA scaffolding provision to the new All Access Academy at Redcar and Cleveland College. He asked governors to note, in particular, the circulated advice from Hall and Partners, construction and property consultants working with Etc. as project managers and quantity surveyors. He confirmed that any contract arising from the procurement process would be subject to agreement by governors.

In response to a governor's query, he clarified that all contractors included on the Procure North East Framework had gone through a competitive process in order to be included on the list and, as detailed in the Hall and Partners report, overheads and profit percentages identified by contractors within this framework were very competitive. In response to a further query, he confirmed that the intention had been to seek a fixed price contract but agreed to explore options for a more collaborative approach (pain/gain sharing) and consider utilising this approach if appropriate.

Governors **agreed**, subject to the further agreement of members prior to the letting of a contract:

- i) The use of a two-stage tender through the Procure North East Framework for the procurement of the main NETA contract.
- ii) The use of a direct award process, via the Procure North East Framework, [REDACTED] for the NETA enabling works.
- iii) The use of a direct award process, via the Procure North East Framework, [REDACTED] for the All Access Academy works.

24/05 Agenda Item 5 – Any Other Business

Safeguarding incident

The Chief Executive reported that an incident had taken place at the Stockton Riverside College site [REDACTED] Following the incident and in collaboration with the police, a knife detection event and student talks in relation to knife crime were being arranged. [REDACTED]

In response to queries, it was confirmed that knife crime sessions would run as a pilot at Stockton Riverside College in the first instance, utilising specific funding to support the initiative. However, it was hoped to roll this out further and create a cross-group approach. [REDACTED] Governors also requested that opportunities for benchmarking and best practice be explored, that the student risk assessment process be considered as part of the future audit programme and that consideration be given to taking forward completion of the 'knife tree', which had been delayed due to COVID-19. It

was clarified that an amnesty bin would be available prior to the police knife detection event and highlighted that the police had been very responsive and were including the Stockton Riverside College site during patrols.

Ofsted inspection of Initial Teacher Education (as part of Teesside University inspection)

The Executive Principal, Stockton Riverside College and Higher Education, reported that an Ofsted inspection of Initial Teacher Education provision at Teesside University had been undertaken during the week beginning 5 February. As all Initial Teacher Education provision delivered at the Etc. was validated by Teesside University, the group's provision had also been in scope for inspection and an Ofsted inspector had visited the Stockton Riverside College, Redcar and Cleveland College and Bede Sixth Form sites. The focus had been on support provided for staff, particularly in the areas of health, engineering and support for special educational needs. Verbal feedback had been very positive, commending the ambitious, rigorous and well-sequenced curriculum, as well as the strong focus on inclusion, excellent progress and clear impact. The overall grade for Teesside University provision had been confirmed as 'Good' (Grade 2).

Governors congratulated and thanked all staff involved during the inspection, recognising, in particular, the contributions of the Assistant Principal, Stockton Riverside College and the course leader for Initial Teacher Education.

24/06 Agenda Item 6 – Dates, times and venues of upcoming meetings

- FE Corporation meeting - Thursday 7 March, 5.30 pm, Redcar and Cleveland College
- Governor Workshop - Thursday 18 April, 5.30 pm, Stockton Riverside College
- Governors' Strategic Conference – Friday 26 April and Saturday 27 April, Hardwick Hall Hotel

24/07 Agenda Item 7 – Approval of Documents for Public Inspection

It was **agreed** that the agenda for the current meeting be made available for public inspection. All submitted reports were deemed to be confidential for business sensitivity reasons. Minutes of the meeting would be made available following approval and consideration at the next meeting.

(The meeting ended at 6.35 pm)

Approved at a meeting held on 7 March 2024