

BOARD OF GOVERNORS

THURSDAY 7 FEBRUARY 2013



GATESHEAD COLLEGE

Report: Minutes of the meeting held on Thursday 13
December 2012

Author: Clerk

Action: Approve

Status: Open

Present: Keith Cann Evans (Chair)
Emily Cox
Catherine Dennis
Kevin Fitzpatrick
Sally Hancox
Ivan Jepson
Robin Mackie (via video link)
Chris Macklin
John McElroy
David Mitchell
Ian Renwick
Vivien Shipley
Mark Taylor
Richard Thorold

In attendance: Su Breadner
Mick Brophy
Judith Doyle
Rowan Ferguson
John Holt
Nadine Hudspeth
Gwyneth Jones
Emma Moody

1705 Welcome/Apologies

Keith Cann Evans welcomed everyone to the meeting. Apologies for absence were received from Rebecca Anderson.

The Chair invited members to declare any interests on any item on the agenda. No interests were declared at this stage in the meeting; however, members noted that should the direction of debate on any item on the agenda result in a potential conflict of interest, this should be indicated during the meeting. Members were also reminded to advise the Clerk of any changes to be made to the declaration of interests.

1706 Minutes of the meeting held on Thursday 18 October 2012

The minutes of the meeting held on Thursday 18 October 2012 were accepted as a correct record, subject to the comments below in relation to matters arising.

1707 Matters Arising

The Teaching Staff Governor referred to the update on staff relations recorded under

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Any Other Business and indicated that the information was incorrect. It read that 143 members of staff had signed new contracts whilst a number were still pending. It stated that the cut off point for signing contracts would be 11 November 2012 and if staff did not they would be 'statutorily redundant'. She advised that most staff had not received their letter by 11 November 2012, contracts had simply started going out on that date and to date 74 staff had signed their contracts. The Principal commented that this was the information reported at the last Board meeting so these minutes would need to clarify the position and the Clerk would ensure that a note be made in the minutes of this meeting to this effect.

The Director of Finance referred to the acquisition of Barmston Court and advised that contracts had been exchanged.

1708 Modernisation of Governance

The report and the record of discussion on it are 'closed to public access' until such time as they are considered to be no longer commercially sensitive.

Emily Cox left the meeting at 7.10pm

1709 Internal Audit Annual Report 2011/2012

The Director of Finance introduced a report which sought approval for the Internal Audit Annual Report 2011/2012. It was noted that Price Waterhouse Coopers, the College's Internal Audit Service providers had prepared an annual report on their work in accordance with the College's internal audit plan, which is designed to allow them to make a statement on the adequacy and effectiveness of the College's risk management, control and governance processes. Price Waterhouse Coopers were able to give the required assurance to the Board that the College has adequate and effective risk management, controls and governance processes to manage its achievement of the College's objectives. A copy of the Internal Audit Annual Report 2011/2012 was appended to the report. The Board was advised that the Annual Report had been considered and approved by Audit Committee at a meeting on 10 October 2012.

RESOLVED to approve the Internal Audit Annual Report 2011/2012

1710 Audit Findings and Financial Statements Management Letter for the year ended 31 July 2012

The Director of Finance introduced a report prepared by Baker Tilly, the External Auditors on the Statutory Financial Statements Audit for the year to 31 July 2012. The Audit Findings and Financial Statements Management Letter for the year ended 31 July 2012 was considered at the joint meeting of the Audit and Finance and General Purposes Committees on 5 December 2012. The joint meeting recommended to the Board that they approve the audit findings for the year to 31 July 2012 and the letters of representation for signature by the Chair and the Principal.

The Financial Statements Auditors had concluded that an unqualified audit opinion would be issued for the College's Financial Statements for the year ended 31 July 2012 and for the Regularity Audit. The audit was completed in the timescales agreed with auditors with the process going smoothly.

RESOLVED

i) to approve the Audit Findings for the year ended 31 July 2012

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- ii) **to approve the Letters of Representation in respect of the Audit of the Financial Statements and Regularity Audit for the year ended 31 July 2012 for signature by the Chair and the Principal**

1711 Report and Financial Statements for the year ended 31 July 2012

The Director of Finance introduced a report which presented the final audited financial statements for the year to 31 July 2012 for Gateshead College which had been approved by a joint meeting of Finance and General Purposes Committee and Audit Committee on 5 December 2012. The Financial Statements will be submitted to the SFA prior to the deadline of 31 December 2012.

Members noted that the statements were in line with the July Management Accounts. They showed a turnover last year of £42,239,000 and a surplus of £394,000. The balance sheet remained strong with net assets of £48,544,000 after taking into an account an increase in the provision for Local Government Pensions liabilities from £6,880,000 to £11,180,000. The year was marked by significant investment in both fixed assets (new Construction Centre), curriculum development and international developments. The College finished the year with cash of £9,874,000 compared to £15,217,000 the year before.

A member commented about the Student Success Rates in 2011/2012 remaining high and above national benchmarks, but it was noted that this was the position overall, and not all courses were above the national average. Another member suggested that this would be a good marketing tool for the College to use as it showed the College in a positive light despite the disappointing OFSTED report.

RESOLVED to approve the College Financial Statements for the year ended 31 July 2012

1712 Annual Report of Audit Committee 2011/2012

The Chair of Audit Committee introduced the Annual Report of Audit Committee for the period 1 August 2011 to 31 July 2012. In accordance with the requirements of the Audit Code of Practice, the report is addressed to both the Board of the Corporation and to the Principal in his role as the Accounting Officer for the College. The report provides advice on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes and securing economy, efficiency and effectiveness (value for money).

The report included details of the Committee's consideration of reviews conducted by the College's Internal Audit Service. It also included information on the consideration of the Audit Findings at a joint meeting of Audit Committee and Finance and General Purposes Committee on 5 December 2012.

A member enquired whether all audits were planned for or if they were identified part way through the year. The Director of Finance replied that audits were planned for and that only one internal audit on the Quality Cycle had been cancelled because of the Ofsted inspection; this was replaced by an audit on Capital Projects instead. The Chair of Audit Committee commented that a plan was prepared which was 'risk based' but there was ability and scope to change the plan re: additional work if it was warranted.

RESOLVED to approve the contents of the report

1713 Financial Management and Control Evaluation

The Director of Finance introduced a report which presented the completed Financial Management and Control Evaluation annual return for approval. He explained that the SFA had discontinued the mandatory return however, the Audit Committee had decided to continue to complete it each year as it helped ensure effective controls were in place. Any future SFA audit of financial management would expect to see it completed. The document had been reviewed by the joint meeting of Audit and Finance and General Purposes Committee on 5 December which recommended approval of the gradings to the Board.

RESOLVED to approve the Financial Management and Controls Document

1714 Internal Audit Strategy and Annual Plan 2012/2013

The Director of Finance introduced a report which sought approval for the Internal Audit Strategy and Annual Plan 31 July 2016 prepared by PriceWaterhouseCoopers, the College's Internal Audit Service providers following an audit needs assessment. It was noted that the Internal Audit Strategy and Annual Plan for 2012/2013, a copy of which was appended to the report, had been considered and approved by Audit Committee on 10 October 2012.

RESOLVED to approve the Internal Audit Strategy and Annual Plan for 2012/2013 and to 31 July 2016

1715 College Self Assessment Report 2011/2012

The Deputy Principal Curriculum and Quality introduced a report accompanying the Self Assessment Report and outlined the process by which the full report was completed and the outcomes of the moderation process. She explained that the report format had been revised this year to mirror the revised Common Inspection Framework which was operational from 1 September 2012. This is the Framework under which the College will be likely inspected in 2013/2014.

The initial analysis of provision took place by course teams at the end of June/beginning of July 2012. Each team completed a Course Review and Evaluation (CRE) document that had also been redesigned to reflect the new Common Inspection Framework. The revised report format also reflected the comments made by Ofsted in terms of format and content.

The completed CREs then formed the basis of 15 Subject Sector Area Reports which were authored by a Head of Group (Senior Curriculum Manager). In addition, other cross college reports were produced to reflect the diverse nature of the College's curriculum provision. These included: Work Based Learning, Apprentices, 14-16 provision and 'A' Level programmes. Supplementary, separate reports were also produced to cover Safeguarding and Equality & Diversity. Each author of the completed draft reports presented their evidence and judgements to a moderation panel. The Self Assessment Report was written by the Deputy Principal Curriculum and Quality and overseen by the Principal. The entire document, summary and subject sector area reports were presented to the Academic Standards Committee on 14 November 2012.

The Chair of Academic Standards Committee advised that the Committee had spent three hours on the task and commented that it was good news that success rates had

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improved. He referred to the Ofsted comments of a 'lack of rigour' and 'overgrading' and explained that Governors had wanted to be sure of rigour and therefore some grades were downgraded at that meeting. Ofsted would return to Gateshead College so there was a need to get everything secure.

The 19+ Student Governor, who is a member of Academic Standards Committee, commented that from a student perspective he commended the discussion which had taken place. The main outcome was that all staff had clearly got the students at heart and he thought managers had handled it well when their areas were downgraded. However, he felt there was a need to convey to students why the College had gone from outstanding to where it was now.

A member indicated that there was still a lot of work to be done to get the College back to being outstanding. More information was needed on students and how they are prepared for the future. Significant further work on the report is required before it can be published.

A member expressed concern about the lack of rigour applied by the College in making judgements through self-assessment.

John McElroy left the meeting

Another member advised that Governors had had to go far beyond what they thought they would have to do at the last meeting of Academic Standards Committee and he did not think that the report should be published. The Principal indicated that he did not think that the report should be uploaded to the Provider Gateway.

It was noted that the Quality Improvement Plan will be brought to the Academic Standards Committee and key actions will be brought to the Board as well.

Kevin Fitzpatrick left the meeting

RESOLVED

- i) to approve the grading awarded in the Self Assessment Report**
- ii) to confirm that the report should not be published as more work needed to be done in relation to it**

1716 International Strategy Update and Proposal

The report and the record of discussion on it are 'closed to public access' until such time as they are considered to be no longer commercially sensitive

1717 Management Accounts: October 2012

The Director of Finance introduced a report which updated the Board on the Management Accounts for the first three months of 2012/2013. He explained that the accounts had previously been reviewed by the Finance and General Purposes Committee.

- Revenue was down against target by £1,069,000 at £9,414,000.
- Reduced recruitment to 19 Learner Responsiveness programmes and 16-18 Apprenticeships.
- Recruitment to 16-18 Learner Responsiveness and HE are both slightly up on this time last year.
- Expenditure over the same period is £846,000 below budget, costs are fixed wherever possible in relation to income levels

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- Pay is £152,000 under budget, whilst non-pay is £719,000 under, with the largest reduction on payments to partners. In order to make up the shortfall the College will need to deliver additional programmes to the unemployed and to employers.
- A deficit of £200,000 has been incurred for the year to date rather than a small surplus target of £23,000, this reflects a shortfall of income at this point in the year, this can be recovered over the remainder of the year provided resources associated with the shortfall can be released to deliver replacement activity.
- The Balance Sheet continued to remain strong; Cash Flow improved in October and will grow further in November.

RESOLVED to note the contents of the report

THE MEETING CONCLUDED AT 7.55PM AFTER THE ITEMS FOR APPROVAL AND SO THE ITEMS TO NOTE WERE NOT ABLE TO BE DISCUSSED BUT WHERE APPROPRIATE WOULD BE DEFERRED UNTIL THE NEXT MEETING.

1718 Any Other Business

There were no items for discussion.

1719 Date of Next Meeting

The next Board meeting would be on Thursday 7 February 2013 commencing at 12.30pm.