

BOARD OF GOVERNORS



THURSDAY 4 JULY 2013

Report: Minutes of the meeting held on Wednesday 8 May 2013

GATESHEAD COLLEGE

Author: Clerk

Action: Approve

Status: Open

Present: Robin Mackie (Chair)
Rebecca Anderson
Keith Cann Evans
Emily Cox
Catherine Dennis
Sally Hancox
Darren Heathcote
Ivan Jepson
Chris Macklin
John McElroy
David Mitchell
Ian Renwick
Vivien Shipley
Allan Steele
Mark Taylor
Richard Thorold

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

1748 Welcome/Apologies

Robin Mackie welcomed everyone to the meeting. Apologies for absence were received from Chloe Barker and Kevin Fitzpatrick.

The Chair advised that the agenda had increased in length but said that he made no apologies for that. He introduced individuals who would be giving a presentation later in the meeting in relation to item 4 on the agenda.

The Chair invited members to declare any interests on any item on the agenda. The Chair himself reminded members of his ongoing interest in the Test Track and Barmston Court.

No other 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.

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1749 Minutes of the meeting held on Thursday 11 April 2013

The minutes of the meeting held on Thursday 11 April 2013 were accepted as a true record, save that Emily Cox was present at that meeting, but not listed. The Clerk apologised and would rectify.

1750 Matters Arising

1744 – Draft Strategic Plan 2013-2016

The Chair advised members that there would be a follow up on the Draft Strategic Plan 2013-2016 at today's meeting.

A member commented that on page 7 of the minutes Gateshead College had been described as 'Gateshead Council' so this would need to be amended.

1745 – Any Other Business

Update on Ofsted

The Chair advised that following the report on Ofsted preparations given at the April Board meeting (page 10), the Deputy Principal Curriculum and Quality would be giving an update on Learner Performance at today's meeting.

1751 Confidential Item

The report and the record of discussion on it are 'closed to public access' until such time as they are considered to be longer commercially sensitive.

Rebecca Anderson left the meeting at 1.25pm

John McElroy left the meeting at 1.55pm

1752 Strategic Plan

The Deputy Principal Curriculum and Quality introduced a video presentation on the Draft Strategic Plan 2013-2016 by the Leadership Team. She said that there had been a mixed response to the presentation at the April Board meeting as Governors did not think that it addressed the key strategic priorities and promoted the College. The College needed to say it was the best it was at what it did.

Copies of the Draft Strategic Plan 2013-2016 brochure 'Shaping employees, entrepreneurs and global citizens for a new economy' were distributed to Governors and then they were shown a promotional DVD about Gateshead College.

The Chair commented that it was excellent and so much better than it had been at the April Board meeting. Other members wholeheartedly concurred.

Nadine Hudspeth, Director of Marketing and Communications replied that it was good to hear that reaction. A member thought that all Board reports should be presented in the same way. Another member thought the DVD would get people enthused to look at what was in the brochure. The Chair said he liked the idea of being sold something and he was excited to see what the action plans to put this into practice would be. The brochure suggested a purpose as well as the College's Top 10 priorities. A member commented that both the DVD and brochure flow well and

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encapsulate the College. It is done in a way which is very engaging. Another member said the promotional video provided the history of the College but showed it was on a mission to achieve something massive. The College was learning from the past and building on it.

The Deputy Principal Curriculum and Quality said that the Leadership Team would like a clear mandate about what the Board would like to see next. A member commented that she liked the ambition underpinned by high expectations which was a positive move. Another member said she liked that the student was at the heart of it. A member enquired what was next and said that the College would need to ensure that it was not a case of 'style over substance'; action plans would need to be included underneath the top 10 priorities. Another member enquired whether the DVD was going to be included inside the brochure. Nadine Hudspeth, Director of Marketing and Communications replied that the DVD had been created for an internal communications purpose, there would be copyright issues if it was published externally. The member thought that the College should be 'fleet of foot' and be different.

A member enquired whether the College was still providing Higher Education and enquired whether a decision had been taken in relation to the provision of A and A/S levels as, although she very much enjoyed the DVD, it was very focused on the vocational side of things. The Deputy Principal Curriculum and Quality replied that the College had priorities with a range of destinations for learners including Higher Education and non-vocational courses. Nadine Hudspeth said that everything at the College had been looked at including the website and the brand.

The Chair concluded that members were prepared to grant a mandate to internalise the document and to turn the strategy into a series of action plans which would in turn achieve that strategy.

RESOLVED to approve the proposed strategic direction, priorities, mission and vision

1753 Transition Committee Update

The Chair advised that the College had appointed recruitment consultants, Munro, to assist with the process of appointing a new Principal/Chief Executive. A briefing session had been held with them and an advert had been approved. He mentioned that the College would also need to consider the HRD position as Su Breadner would be leaving at the end of June 2013. The selection process for the new Principal will start week commencing 10 June 2013. It was noted that the Principal will leave the College on 31 July 2013 and will be off during August. From September 2013 he will come back into College to support the new Principal appointed.

The Clerk said that a Selection Panel of five members would need to be established in accordance with the I & A, which required the Chair and/or the Vice Chair to be on it.

The Chair of Governance and Search Committee indicated that the Selection Panel should include people from the Transition Committee plus Ian Renwick and Vivien Shipley who had volunteered to be part of the Selection Committee.

RESOLVED to approve the membership of the Selection Committee

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1754 Confidential item

The report and the record of discussion on it are 'closed to public access' until such time as they are considered to be longer commercially sensitive.

Emily Cox, Nadine Hudspeth and Ian Renwick left the meeting at 2.40pm

1755 Fees Policy

The Director of Finance introduced a report on the College Fees Strategy and Policy to be adopted for 2013/2014.

The Skills Funding Agency has made a number of significant changes to the funding of 19+ learners. For 2013/14 onwards the funding of fee remission will be restricted to those learners receiving Job Seekers Allowance, Employment Support Allowance in the work related activity group, those undertaking maths and English qualifications and those undertaking a first full Level 2 or a first full Level 3 (age 19-23). All other learners including those on income support, pension credits and housing benefit will be expected to pay fees as the SFA will only fund them at 50% of the full rate (co-funded rate) unless they are unemployed, want to enter employment and believe skills training will help them to do so.

SFA funding for Level 3 and above will be removed for 24+ learners and replaced with loans as in Higher Education to cover the current SFA funding and tuition fees. Level 3 courses typically fall into two categories, those which recruit mainly 24+ learners and those which recruit mainly 23 and below where older learners are a small minority. For courses which are predominantly 24+ it is proposed that the loan amount be set at 90% of the SFA published funding rate for each qualification with the option of a cash price set at 80% of the SFA published funding rate where the full fee is paid in full at the point of enrolment. Where full time courses recruit predominantly 16-18 learners, it is proposed that an inflow loan rate of £1,195 per year be charged or a cash price of £995 per year in order to help maximise class size.

A member enquired what things would be covered by Promotions and Staff Discounts listed in the report and the Director of Finance replied that January recruitment was always difficult so there would be a 20% Staff Discount for staff enrolling on a college programme. This could be developed further by Staff Development. Another member wanted to know if there were any situations where students would be disadvantaged. The Director of Finance replied that few people had signed up for loans so far. The College did not want to lose marginal students. The Gateshead College Foundation can also help and Student Bursary Loans can step in.

RESOLVED to approve the Fees Policy for 2013/2014

1756 Management Accounts – March 2013

The Director of Finance introduced the Management Accounts for March 2013 and ran through the details.

- Revenue in March was just of over £4,022,000 against a budget of £3,850,000 taking the year to date total to £30,715,000 (budget £29,385,000). The College was on track to achieve £45.8m for the full year.
- SFA/EFA revenue was £235,000 over budget in the month as a result of a favourable variance on 19+ (£19,000) and the Unemployed Programme (£175,000).

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- The College is making good progress on achieving its full year adult contract reaching £12,789,000 against the target of £16,739,000.
- The Skills Support for the Unemployed Programme continues to perform well bringing in around £250,000 in the month.
- Higher Education revenue continues to be slightly ahead of the budget, however the projected full year total has been scaled back following receipt of the HEFCE funding reconciliation which indicates it will be £859,000 rather than £900,000 for the full year.
- Education Grants revenue from 14-16 and technical certificates for other apprenticeship providers remained significantly under budget in the month and the year to date.
- Full Cost Fees revenue was down in March at £126,000 against a target of £148,000 reducing the year to date favourable variance to £52,000 at £1,186,000.
- Other Grant Income revenue picked up in March as a result of the Plugged in Places Project which is nearing completion, together with the Regional Growth Fund Project.
- Tuition Fees remain under budget for the month and year to date and the full year total has been revised down by £60,000 as a provision against bad debts.
- Overall expenditure was £4,013,000 in March over budget by £443,000 however when you strip out the partner payments adverse variance of £531,000 other lines collectively were £88,000 under budget and £372,000 for the year to date.
- Pay expenditure continues to run under budget overall, with a monthly variance of £59,000 (£399,000 YTD), however it is higher than it should be as additional staff have been employed in the core college to improve the quality of teaching and learning and the monitoring of performance. The employment of further new staff over the remainder of the year needs to be minimised and leavers not replaced wherever possible. The forecast total for the full year is £21,739,000 (budget £22,232,000) includes allowance for further restructuring costs of £300,000 and FRS17 Pension Adjustments of £360,000.
- Overall Other Operating Expenses were £507,000 over budget with partner payments over by £531,000. Partner Payments remain high in the month and are over budget, but are on a downward trend which is anticipated to continue as the College switches from partner to direct delivery. The planned delivery mix over the remainder of the year has been revised with direct delivery increasing from £1.25m to £2m allowing the full year prediction to be revised down to £10,247,000.
- Depreciation charges fell again slightly in March to £231,000 reflecting assets becoming fully depreciated together with fewer additions.
- Interest Payable continues to fall reflecting very low interest costs on the Colleges debt.
- The College generated a small surplus of £9,000 in the month, but this hopefully will improve over the coming months as the impact of the planned switch from partner to direct delivery starts to filter through. Full year predicted outturn has been revised upwards to £210,000 from £76,000 as a result.

In terms of the Balance Sheet, the Director of Finance indicated that it remained strong. Overall Fixed Assets fell in value by £203,000, with additions of £26,000 and depreciation of £229,000. Current Assets fell in the month by £1,060,000 with cash increasing by £599,000 and debtors falling by £1,659,000. The increase in cash was the result of £1,000,000 of advanced project funding for RGF, with it otherwise being a month of low SFA/EFA/HEFCE receipts, which pushed the underlying position down. Cash will however bounce back in April with substantially higher funding

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receipts. Debtors fell in March as a result of a reduction in the RGF debt of £552,000, matched by a reduction in income held on account so no P&L impact; a reduction in trade debtors of £212,000 and a reduction in accrued income of £744,000. Current Liabilities fell in March by £681,000 despite the receipt of £1,000,000 of RGF funding held on account. The reduction is mainly the result of releasing income held on account of £1,612,000. Next month current liabilities should fall as a result of the paying down of trade creditors and further release of income held on account.

A member indicated that if the College was generating a small surplus it would have a knock on effect on the amount of money going to the Gateshead College Foundation. The situation gives the Foundation more impetus for fundraising activity and a post to support that.

Another member commented that she was not clear about the reasons for Partnership Provision. Academic Standards Committee had not seen a report about Partnership Provision against Direct Provision; the Chair thought this should be taken to the Committee and Mick Brophy agreed to prepare that document for that committee.

In response to a question on margin of error, the Director of Finance confirmed that £360,000 had been set aside for FRS 17 but it could vary widely. It was important for the College to make sure it delivers a surplus. If it went into deficit for one year it should not be a problem but two consecutive years would be from the perspective of the bank covenant. The Chair said that the Director of Finance had an action plan to make the surplus that the Board were looking for. It would come back to the Board from Finance and General Purposes Committee.

The Director of Finance highlighted that the SFA have removed the 3% tolerance on the achievement of the 19+ target which means that the College has to deliver an additional £500,000 of activity to receive the same funding at a cost of £351,000. Last month it was reported that the surplus would be lower at around £76,000; this was based on £1.25m of the remaining £4m of planned adult delivery being undertaken by College staff with the rest from partners. A lot of colleges had caused the SFA embarrassment by underperformance which costs a lot of money.

RESOLVED to note the contents of the report

1757 Learner Performance Report

The report and the record of discussion on it are 'closed to public access' until such time as they are considered to be longer commercially sensitive.

1758 Review of constitutional documents

The Clerk introduced the Summary of Amendments which she had produced as part of the Governance Review which has been undertaken to date. She explained that the rationale for the review was to remove the duplication and inconsistencies between the Instrument and Articles of Government, Standing Orders and Terms of Reference of Committees.

In all documents it was clear that the prevailing document is the Instrument and Articles of Government, followed by the Terms of Reference for each committee and then the Standing Orders.

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The Summary of Amendments had been looked at by the Governance and Search Committee on 2 May 2013.

Governance and Search Committee had looked at the Terms of Reference for each Committee. The Chairs' Forum would need decision making authority. Membership of the Forum would be composed of Chairs, Vice Chairs and the Principal. The Forum would have eight members and the quorum for meetings would be three.

The Chair explained that the Chairs' Forum was for getting decisions made – agility must be factored into it. It will consist of Chairs of Committees but ultimately material decisions would come back to the main Board.

The Principal said the most telling comments had been from Bob Bell, a co-optee on Governance Search Committee, who had said that Northumbria University already had that type of forum and accepted the way of doing it; the forum consisted of the Chair, Vice Chancellor and one other person.

The Clerk referred to the 'Terms of Reference' paragraph for the Chairs' Forum which referred to scope of authority. The Chair said there would need to be a financial limit on its authority; a financial structure and how it fits into the regulations. The Director of Finance could send the Clerk existing limits on authority as a guide.

A member referred to the first point made under 'outstanding queries' which read:

Principal: Additional amendments will be required to cover possible future changes. For example, do you want the Principal to remain as a member of the Corporation following his retirement? Will the responsibilities of the Principal change?

The Clerk indicated that she had not been able to include information relating to item 4 on the agenda as the paper had not been circulated in time so really wanted to know in due course how the Principal would be referred to in the I & A and what role a new CEO would have.

The Clerk referred to a question which had been raised at the Governance and Search Committee about being able to appoint 'proxies' to act on behalf of Governors. The general consensus was that this should be rejected.

The Clerk referred to another 'outstanding query' which related to releasing confidential information.

Releasing confidential information: Paragraph 4 of the Standing Orders require the Corporation to specify a point in the future when confidential information will be released into the public domain and for this to be kept under review. This will need to be considered further as in practice it is difficult to do.

There are two issues relating to confidential information. How quickly do the minutes of each meeting need to go on the College's website, bearing in mind the internal sign off process. The second issue is the College's policy in relation to reviewing confidential information that is withheld from the minutes and deciding when it ceases to be confidential.

The Principal said that the Governance and Search Committee had looked at a number of things including proxies, Chairs' Forum and confidential information. The Instrument and Articles of Government said that all confidential information would be kept under review and published when it was no longer confidential. This was a

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mammoth task for the Clerk and internal Clerk to undertake. It was also not clear when information was no longer confidential. There would need to be further thought given to this issue and a practical way of reviewing the information thought out.

The Chair concluded that comment, suggestions, thoughts or amendments on the Instrument and Articles of Government and associated documents should be sent to the Clerk.

RESOLVED to note the contents of the report with a view to the Clerk bringing back revised documents to the July meeting for approval

1759 Board Appointments/Appointment of Committee Members

The Clerk gave a verbal report on the Board Appointments and Appointment of Committee Members.

The Governance and Search Committee had agreed to recommend the appointment of Ivan Jepson as the second Vice Chair.

The Committee had also agreed to recommend the appointment of Ivan Jepson as Chair of Governance of Search Committee. The current Chair, Allan Steele would be resigning from the Board in July 2013.

Sally Hancox had volunteered to join the Gateshead College Foundation Board.

RESOLVED

- i) to approve the appointment of Ivan Jepson as the second Vice Chair**
- ii) to approve the appointment of Ivan Jepson as the Chair of Governance and Search Committee**
- iii) to approve the appointment of Sally Hancox to the membership of the Gateshead College Foundation Board**

1760 Minutes of Committees

The Board received the minutes of the following Committees:

Audit Committee held on 10 October 2012

Academic Standards Committee held on 16 January 2013

Academic Standards Committee held on 13 February 2013

Finance and General Purposes Committee held on 5 December 2012

Finance and General Purposes Committee held on 31 January 2013

Finance and General Purposes Committee held on 28 February 2013

Finance and General Purposes Committee held on 28 March 2013

Joint Finance & General Purposes and Audit Committees held on 5 December 2012

RESOLVED to note the contents of the report

1761 Any Other Business

The Chair advised that the format of agendas for future Board meetings would be changing. They would be restructured into Finance, Business and People.

The Deputy Principal Curriculum and Quality referred to a video by a student which had been shown at the Foundation Board meeting on 11 April 2013. At the last Board meeting she had suggested that the short video should be shown to the wider

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Board. This was not possible today but the video would be shown at a future Board meeting.

The Principal referred to the Pantrepreneur Competition which involved a team of students from Gateshead College who were taking part in a national competition.

1762 Date of Next Meeting

The next Board meeting will be held on Thursday 4 July 2013 commencing at 12.30pm

1763 Chair's Review of Business

The Chair commented that it was the best strategic presentation he had seen and it was up there with the best corporate presentations. He was proud of the Executive Team and proud of the College. He said well done to everybody involved and it was just the action plans which were needed now.

The meeting then closed