

BOARD OF GOVERNORS



THURSDAY 24 OCTOBER 2013

Report: Minutes of the meeting held on Thursday 4 July 2013
Author: Clerk
Action: Approve
Status: Open

GATESHEAD COLLEGE

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

In attendance: Mick Brophy
Judith Doyle
John Holt
Gwyneth Jones
Emma Moody

1771 Welcome/ Apologies

Robin Mackie welcomed everyone to the meeting. Apologies for absence were received from Rebecca Anderson, Chloe Barker, Keith Cann Evans, Kevin Fitzpatrick and Sally Hancox.

The Chair advised that he would be changing the running order of the agenda so that all the items which need approval would be dealt with first. He indicated that the Selection Panel Update and review of options would be the last item to be discussed after his Review of Business.

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 explained that his company were looking to do some work with the College at 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.

1772 Minutes of the meeting held on Thursday 8 May 2013

The minutes of the meeting held on Thursday 8 May 2013 were accepted as a true record.

1773 Matters Arising

1751 Strategic Discussion – A member asked for a brief update on collaboration discussions with Middlesbrough College. The Principal explained that it had been agreed for him to work with Mike Hopkins, the Principal at Middlesbrough College and Eversheds. Eversheds had been asked to produce a draft contract. A legal person and finance person from each Board along with Mike Hopkins and two Governors would be needed when the contract is ready. He suggested that Chris Macklin or Ian Renwick (financial) and Emily Cox (legal) should meet with him to talk it through. A report would be brought to the next Board meeting.

1752 Strategic Plan – The Principal said the Strategic Vision and Plan were item 6 on today's agenda.

1774 Minutes of the meeting held on Tuesday 11 June 2013

The minutes of the meeting held on Tuesday 11 June 2013 were accepted as a true record. Vivien Shipley said that the wording on page 2 relating to her doing some consultancy work for Middlesbrough College should be changed so that it read 'she had halted those discussions pending the outcomes of the whole process'.

1775 Matters Arising

1769 Appointment of interim Principal – It was noted that this would be discussed under item 9 on today's agenda.

1770 Any Other Business/Gazelle Update – The Director of Finance advised that negotiations continued. The College was now waiting for an updated set of drafts and there was some difficulty in signing it off over the Summer. The Chair commented that Gateshead College are driving this forward to make sure the appropriate documents are in place. The College was still in negotiation about the ability to opt out. The Director of Finance advised that the process was taking longer and the Principal commented that it was not as 'time critical' as first thought. The Chair indicated that having appropriate legal documents in place was a priority. He said that he and the Principal would talk about a broader plan at the next Board meeting. Following enquiry from a member, the Chair confirmed that Pearsons were still a party to the arrangements.

1776 Strategic Plan

The Director of Finance introduced a report on the Strategic Plan 2013/2016. He indicated that this was an ambitious set of priorities and he was now seeking formal approval from the Board. He advised that the Plan had been shared with staff at the Staff Conference on 28 June 2013.

The Deputy Principal Curriculum and Quality commented that they had written to members with a copy of the plan. The Plan had been discussed by staff at the Staff Conference and they understood the strategic priorities and how they can make a

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contribution. The conference had been split into strands: 1. Inspire – communicating what the plan is about; 2. Connection/Capture views from staff; 3. Reflections – engagement and action – putting the plan into place. It was now a case of moving from the vision to infiltration through the College. Feedback had been captured from staff and in the main it was positive; the College is moving in the right direction.

The Teaching Staff Governor agreed that there had been positive feedback from staff. She said that there were concerns that the College were going down the vocational route and this will take away from the HE route; taking away A Level and HE provision. The Deputy Principal Curriculum and Quality said it was a case of looking at what this means for staff and responding to particular concerns. The Support Staff Governor commented that there had been a positive session at the Staff Conference covering the Aspire process, the new performance management framework system at the College. This involved setting targets with a focus on employability and there was a good feeling in the room.

The Deputy Principal Curriculum and Quality said that staff welcomed clarity. The performance management system will be rolled out and will lead to a different way of reporting back to governors. The contribution made by staff would be appreciated at Board level.

The Principal explained that the Staff Conference had been a great day searching for the USP of the College, looking at quality issues, and creating an outstanding experience. Gateshead College wanted to ensure that it generates employability for students; which does not mean it will stop doing academic subjects. If appropriate, a further meeting could take place in late August/early September. It was a case of getting the plans together to see how they fit in with the bigger picture. The quadrants have been adopted and staff are seeing how they can make a contribution.

A member commented on the USP and said that he was encouraged to hear what the Principal had said. He thought it was hard to get the staff to engage in the Strategic Plan. He was grateful to the Principal and the Senior Management Team and applauded them for their work. Another member said that the College was still offering HE courses; it was simply offering a different route.

The Chair thought the timescales for the Strategic Plan were fine but he also wanted to see timescales for the action plans. A member commented that actions needed to be completed when they are planned to be done so in order to ensure the resources are in place – a point picked up by the Audit Committee.

RESOLVED to approve the Strategic Plan 2013-2016

1777 Budget & 3 Year Financial Forecast

The Director of Finance introduced a report which set out the draft budget for 2013/2014 and the three year financial forecast to 31 July 2016. The budget for the year to 31 July 2014 and the three year financial forecast had been recommended for approval by the Finance and General Purposes Committee. A table summarising the key changes to funding 2012/2013 to 2013/2014 was included in the paper. These key changes would result in a cash reduction of £1,830,123. In addition a number of additional costs have been identified for inclusion and these bring the total savings required to £3,500,000.

Overall revenue is expected to remain constant at £45.9m in 2013/2014 as a result of the Nissan Quick Charger Project which replaces the Plugged in Places Project and

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makes up the impact of the reduced level of EFA/SFA funding. The Nissan Project runs until December 2014, and, therefore, is phased out in year two of the forecast leading to a drop in projected revenue from £45.9m to £39.9m. The fall is also compounded by reduced 19+ SFA funding.

[Record of discussion redacted]

A member wanted to know where the subsidiary companies featured in the plans. The Director of Finance replied that everything was merged into this consolidated plan. The Chair said that the whole College was responsible for making savings not just the Senior Management Team. The Director of Finance said that expenditure was predicted to drop over the first three quarters and the College needed to continue to drive up savings.

The Director of Finance advised that there had been an increase in the size of programmes that students are undertaking and applications are strong in most areas particularly 16-18 Finance and General Purposes Committee had received detailed numbers. This report could be passed to other committees if useful.

The Principal referred to item 12 on today's agenda College Business Metrics and said this report included a graph of actual recruitment in year. He said applications meant nothing until the students are sat on a seat in the College. He assured members that this information will be coming to every Board meeting.

RESOLVED to approve the Budget for the year to 31 July 2014 and the 3 Year Financial Forecast to 31 July 2016

Capital Plan 2013/2014

The Budget and 3 Year Financial Forecast allow for capital expenditure of £500,000 for Equipment & Minor Works and £3,958,000 for Barmston Court in 2013/2014 and £500,000 for Equipment & Minor Works in both 2014/2015 and 2015/2016.

The Barmston Court development will be funded with £3,724,000 of funding from the Regional Growth Fund and European Regional Development Fund. The remaining £500,000 for 2013/2014 is to be utilised to support replacement of IT equipment, equipment for teaching and learning and minor building works. This includes revisions to the layout of the Student Services at the Baltic Campus to improve the interaction with learners (£15,000) and an allowance to support other curriculum developments such as Games Design, Sport etc with individual plans (£230,000) to be presented to Finance and General Purposes Committee.

RESOLVED

- i) to approve the overall capital expenditure plan of £4,458,000 in 2013/2014**
- ii) to note the provisional allocations of £500,000 for 2014/2015 and 2015/2016**

Risk Management Plan

The Director of Finance introduced a report on the Risk Management Plan. He advised that the Plan was looked at by the Audit Committee and approved at each of their four meetings. Each risk has been aligned to the Strategic Plan Priorities and is assessed in terms of potential impact and probability of occurrence to give a Gross Risk score. Against each risk, the mitigating controls are assessed to give a control

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score and the Net Risk calculated as Gross Risk divided by the control score. The Gross Risk and Net Risk are then each colour coded as red, amber or green.

A member queried why some areas were marked red, but overall scored amber. The Principal replied that the risk was calculated alongside the mitigating factors in order to produce the final score. The Director of Finance confirmed that some items would always be green.

The Principal indicated that what has been agreed is passed back to the relevant Committee. The Chair of Audit Committee indicated that the auditors had commented on whether the full Governing Body should have a debate about full appetite for risk; he said that more mature organisations do have discussions at Board level.

RESOLVED to note the contents of the report

1778 Instrument & Articles Changes

The Clerk introduced a report on the revisions to the Instrument and Articles of Government and the associated documentation. The suggested changes had been forwarded to the Corporation at the Board meeting on 8 May 2013 and members were asked to consider the documents in their own time and feedback any comments to the Clerk so that she could finalise the documents in readiness for approval at the July Board meeting.

The rationale for the changes was to make it clear that the Instrument and Articles are the prevailing governing document, followed by the Terms of Reference for each committee and followed by the Standing Orders. If there are any inconsistencies, the Instrument and Articles shall prevail. The Clerk advised that since the May Board meeting, references to the power of the CE of the SFA to appoint up to two governors had been removed as this power was repealed by the Education Act 2011. References to the YPLA had also been replaced with references to the EFA, which replaced that agency.

Some comments were received from Governors following the last meeting and certain minor changes have been to the documents to reflect the comments. In relation to the publication of minutes and the timing for that, it is recommended that this should be subject to a policy sitting outside the Instrument and Articles of Government. This policy may then be referred to for those persons making requests to the College for information, providing an expectation of when documents will become available for viewing and will guide members of staff internally as to when matters may no longer be considered or regarded as confidential.

It was noted that the Terms of Reference for the proposed Chairs' Forum had not been brought to the Board meeting for adoption as further work is required before they can be adopted.

The Clerk sought comments from members on whether governors should be able to vote by proxy or postal vote if they cannot attend a meeting. This would involve either sending out a form of proxy or alternatively they could nominate the Chair to vote on their behalf as directed by members. This system could be used by people travelling abroad or if people were away because of personal circumstances. The Chair commented that this system was pretty typical in the private sector. In response to a member who said it would be helpful to have things written down, the Clerk said there would need to be a standard form of proxy for each agenda item.

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The Chair suggested that the process to support this needed to be looked at by members of the Governance and Search Committee. He agreed about having the system but said that it would need to be developed further. A member enquired whether proxy votes would alter the quorum for a meeting and the Clerk confirmed that it was for the Governors to decide.

RESOLVED to approve that Governors should be able to vote by proxy or postal vote but that anyone attending by proxy would not count towards the quorum in an attempt to encourage physical attendance

Members were also asked to consider and approve the proposed changes which introduce the concept of the executive team. The Principal explained that this had been debated at Governance and Search Committee and related to the two Senior Post Holders, Director of Human Resources and Director of Marketing and Communications. The proposal was to remove the title of Senior Post Holder but retain their terms and conditions. They would become two further members of the Executive Team and they would all be employed by Gateshead College

A member established that this change would not affect the size of their role or result in a pay increase or promotion; just who they were accountable to and allows the Board to set the rationale for the people strategy. She thought there was no significant risk with changing the terminology.

Another member confirmed she was concerned about the proposed change. She thought that people in the sector understood what is meant by a Senior Post Holder in a College. She said that in this situation, most Governors are non-specialists in Further Education. The Director of Finance is appointed and remunerated by the Board and is responsible for example in the event that the Principal went AWOL with the funds or committed some fraud. She thought that having four Senior Post Holders was quite a large number and increasing the size of the "exec team" simply made the structure more complex. The change would mean this team was accountable to the Board instead of to the Principal. She thought this amounted to a promotion. The current responsibilities of members of the executive team were very different.

A member said that the Human Resources Director is a critical key post and the College is currently recruiting for the role. Another member indicated that he thought the change would lead to a richer debate at Board level as key posts within the College would be reporting to the Board. He thought the two posts concerned already functioned at the senior level and supported the Principal's view of putting them on a level playing field. Another member enquired about terms and conditions and wondered if becoming a member of the executive team would result in a case of equal pay. Another member said she felt the chance was no higher than at the moment.

The Principal advised that he had asked Emily Cox to sit on the interview panel for the appointment of the new Human Resources Director. The Clerk indicated that the process had started under the old Instrument and Articles of Government.

RESOLVED to approve the proposed changes which introduced the concept of the Executive Team

RESOLVED

i) to approve the revised Instrument and Articles of Government, and

- associated documents
- ii) to authorise the Clerk to make any minor amendments or modifications to ensure that the documents are grammatically correct following any changes approved

1779 Selection Panel Update and review of options

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

RESOLVED to approve re-engaging the Principal on a month by month basis until the new Principal was appointed

1780 Property Strategy

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

1781 Meeting Schedule

The Clerk introduced a draft calendar of Board and Committee meetings for 2013/2014. The draft follows the established pattern with some amendments and additions to reflect the timing of various things and the changing needs of the College.

Members noted that an additional meeting had been included in early February 2014 to accommodate a strategic planning/development session and an overnight stay. A member stated that he welcomed this two day strategy meeting. One member noted that she would be on holiday at this time.

The Director of Finance suggested that the final Finance and General Purposes Committee meeting should be moved forward a week to Thursday 26 June 2014. It was currently listed as Thursday 3 July 2014.

The Principal indicated that he wanted to get all the Governors together in early September 2013.

RESOLVED to approve the calendar of Board and Committee meetings for 2013/2014 with the addition of the comments made

1782 College Business Metrics

The Principal introduced a report on Business Metrics. Governors were aware that the Leadership Team and managers and staff have been working on the Strategic Plan for 2013/2016 and how it is to be delivered and how Governors are going to monitor that delivery. As part of the overall process a number of discussions had taken place with Governors both in and out of Committees around their key responsibilities especially those of oversight and monitoring of College activities and the effective and efficient use of resources. The Leadership Team had been working on the development of a number of Business Metrics that will be used as a means of enabling Governors to fulfil their monitoring responsibilities.

The Finance and General Purposes Committee and the Academic Standards Committee had begun to use visual representations of key performance metrics so as to enable them to monitor performance of the College in these areas. It is envisaged

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that visual metrics via the RAG rating system will be used to ensure that the College is achieving its targets and if areas of underperformance are identified then a more detailed analysis of this will be produced and then by the Committee or the Board.

To support the delivery of the new Strategic Plan and the development of the business metrics a common “quadrant” approach to College business has been developed so that the Board and Committees are able to focus more clearly on their key responsibilities and to allow a balanced scorecard view of the objectives with clear metrics. The quadrant splits the College business up into four key areas: Business, Students & Learning, Corporate Services and Finance & People. Each quadrant has an Executive member as the lead person and they will be responsible for ensuring that papers are presented to the Board. The Managing Director of Business, Innovation and Development and the new Director of Human Resources will be looking at metrics. The Principal indicated that the Executive Team would welcome comments and ideas from Governors as to how it might be improved and how it might be effectively delivered.

The move to a Quadrant model along with business metrics will enable Governors to monitor the College more effectively and ensure that at Board level all Governors are aware of progress against overall strategic objectives. It will provide clarity and strategic links which can be mirrored and translated up and down the organisation to ensure improved operational effectiveness, better reporting, buy in and focus by all College staff.

The Chair said he would encourage colleagues to pass their comments to the Principal.

RESOLVED to note the contents of the report and give comments and further ideas where appropriate

1783 Safeguarding report & policies

The Deputy Principal and Curriculum introduced a report which provided the Board with an annual monitoring report with regards to the Safeguarding Children and Child Protection Policy and the Safeguarding Vulnerable Adults Policy.

Both Policies had been revised and amended because of changes in legislation. The Independent Safeguarding Authority was replaced by the Disclosure and Barring Service (DBS) which was formed by merging together the functions of the Criminal Records Bureau (CRB) and the Independent Safeguarding Authority ((SA) under the Protection of Freedoms Act 2012. It starting functioning on 1 December 2012. The College procedures have been updated to reflect this change. The designated manager for safeguarding is John Gray: Strategy Manager; Learner and Customer Services and he reports directly to Judith Doyle, Deputy Principal Curriculum and Quality. She is the lead signatory for Disclosure and Barring Service checks. The designated Governor for Safeguarding, David Mitchell has termly meetings with John Gray and these continue to be highly beneficial. The College was judged to be outstanding in its approach to Safeguarding by Ofsted in May 2012.

A member of the Audit Committee commented that auditors had found 4 out of 10 staff had no evidence of training taking place for safeguarding (although it was not clear whether there was a complete absence of training or it had not been delivered in the appropriate timescales. David Mitchell, designated Governor for Safeguarding, explained that he had been asked by the Board to look at this area. He said that Muriel Callaghan, former Director of Student Services, had done an efficient job on

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this area until her retirement in June 2012 and John Gray was an effective successor.

RESOLVED to approve

- i) the revised Safeguarding Children and Child Protection Policy**
- ii) the revised Safeguarding Vulnerable Adults Policy**

1784 Minutes of Committees

The Board received the minutes of the following Committees:

Academic Standards Committee held on 17 April 2013

Finance and General Purposes Committee held on 25 April 2013

Finance and General Purposes Committee held on 23 May 2013

Governance and Search Committee held on 31 January 2013

RESOLVED to note the contents of the report

1785 Charge Your Car Ltd the Joint Venture with Elektromotive plc

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

1786 Management Accounts: May 2013

The Director of Finance introduced a report which updated the Board on the financial position of the College at the end of May 2013. The Management Accounts had already been discussed and noted by the Finance and General Purposes Committee.

The College generated revenue of £3,765,000 in the month with a small but improving surplus of £29,000, taking turnover for the year to date to £38,236,000 and reducing the loss to £151,000. A full year outturn of £45,963,000 is anticipated with a small surplus of £7,000. The Director of Finance explained that for the College to continue to progress towards a small surplus for the year will be dependent upon successfully increasing direct delivery over the remaining two months of the year. If the College returned a deficit for the year, the bank covenant does not allow for a deficit for two consecutive years, therefore the College must always seek to run at a surplus to allow it the flexibility to cope with an unforeseen event which could push it into deficit.

The main underlying issues remain the under recruitment of 19+ learners by the core College and the over reliance on franchised delivery rather than direct delivery by business development. In addition, the SFA have removed the 3% tolerance on the achievement of the 19+ target which has added £350,000 to College costs.

Whilst the College is on track to exceed its income targets, the very high level of franchised provision together with the change of the tolerance rules by the SFA have depressed the projected surplus. The College needs to improve the deployment of staff to ensure it delivers as much provision as possible itself.

The Principal commented that over the years, the College had weeded out those partners who did not deliver. The College would work with SFA and BIS to deliver what the region requires.

The Managing Director of Business, Innovation and Development thought the work of partners was undervalued possibly because people were unaware what they do.

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The Chair indicated that he would like to be kept up-to-date with the finance situation and advised the Director of Finance to reach out for support from colleagues if it was needed.

RESOLVED to note the Management Accounts for May 2013 and the action being taken to address the impact of the SFA rule change and higher use of franchised partners

1787 Any Other Business

Internal Audit Plan

The Chair of the Audit Committee asked whether Governors had a view on the Internal Audit Plans for next year. Core activities, day-to-day business would be covered but he wondered if the consequences of success rates and the ongoing talks with Middlesbrough College would need to be woven in. He suggested that if anyone had any ideas or thoughts they should send them to either the Director of Finance or himself to see if they could be woven into next year's Audit plan.

1788 Date of Next Meeting

The next Board meeting will be held on Thursday 24 October 2013 commencing at 12.30pm.

1789 Chair's Review of Business

The Chair congratulated the Executive Team and the staff on the Staff Conference and on the Strategic Plan.

The Chair advised that Allan Steele had retired from the Board of Governors on 3 June 2013. He wanted to record his own personal appreciation for his time and effort and advised that a dinner to celebrate Allan's retirement would be organised at some point in the future. He asked for a letter of thanks to be sent to Allan Steele.

The Chair expressed his disappointment that the College had yet to appoint a new CEO/Principal.