



GOVERNORS' MEETING

Minutes of the meeting
19th March 2009

Present: Mr Neil Arlett, Mrs Carol Clapham, Mr Rob Doran, Mrs Pat Gaze, Dr Jonathan Godfrey, Mr Denis Holly, Dr Ken Hopkins (Chair), Mr Bob Ing, Mrs Heidi Maccougall, Mr Andrew McDonagh, Mr James Miller (for items 3 – 12), Mrs Helen Powers, Mr John Pratt, Mr Ravi Tandon, Miss Christine Wright

In attendance: Dr Ruth Brinton (Deputy Principal), Mr Philip Eyles (Clerk)
Mrs Ruth Jones (Finance Director)

1. APOLOGIES FOR ABSENCE

Michelle Balcombe, Charles Davies, Emily Marshall, Sam Tyler

2. ELECTION AND RE-ELECTION OF GOVERNORS

Having considered the recommendations of the 12.3.09 Search Committee, the Board **AGREED** to

- appoint James Miller as an Independent Governor forthwith
- re-appoint Michelle Balcombe as an Independent Governor when her current term of office expires on 13.7.2009

3. DECLARATION OF INTERESTS AND GIFTS

None

4. MINUTES OF THE MEETING HELD ON 7 FEBRUARY 2009

The Minutes were **APPROVED** as an accurate record and signed

5. MATTERS ARISING FROM THE MINUTES

None

6. CLERK'S REPORT

A letter had been written to all parents, with a view to filling the Parent Governor vacancy on the Board

The Clerk will attend the national Governance Conference on 24 March

7. PRINCIPAL'S REPORT

The Principal explained the nature of several new appointments, including the College Counsellor and the Learning Support Officer. More than 10% of all students need educational, medical or social support, with implied risks that are assessed and managed as part of the latter post. The Board considered data on student retention and attendance. The former is very good and the latter is good. The College's final funding allocation for 2009/10 has not yet been received but is expected to be around £100 000 less than the provisional amount owing to changes to the methodology. The Apprenticeships, Skills, Children and Learning Bill, that was introduced to Parliament in February, contains important changes to the machinery of government of sixth form colleges. It covers the colleges' role, their designation, their new duty to 'promote the economic and social well-being of the local area', the local education authorities' (LEAs) powers of intervention, and the role of the new Young People's Learning Agency (YPLA). The Learning & Skills Council will disappear and its work will be divided between the LEAs and the YPLA. There is some uncertainty over the implementation of the MoG changes given the possibility of a change in Government in 2010.

8. OPERATIONAL PLAN MONITORING

392 of the 404 intended objectives (ie 97%) have been achieved so far in this year's plan. The Board discussed the twelve objectives that have been deferred: all relate to Equality Action Plans and the delay often relates to problems in obtaining data, either from the College or 'benchmark' data. The Board **NOTED** the monitoring report

9. REVIEW OF GOVERNORS' CONFERENCE

Governors had graded the dinner as 'good' and the Governors' Meeting as 'useful'. Most considered the session on Curriculum Developments 14-19 to be very useful and there was unanimous acclaim for the sessions on Measuring Quality and Machinery of Government. There was disappointment that no Local Authority Officers had attended the dinner and a request that consideration be given to a conference later in the year when the weather may be better.

10. COMMITTEE REPORTS

i. Audit Committee on 3 March

The Board considered the various reports from the Internal Audit Service. The report on Key Financial Controls had concluded that the Board can take substantial assurance that the College's controls are effective. The Further Education Benchmarking Report showed the College's grading as better than those at Further Education colleges generally.

In the Risk Management Report, the auditors had graded the College as 'managed' which is a grade below the top grade of 'enabled'. The only identified governance risk issue concerned the need to provide additional information to accompany governors' papers: information on strategic objectives, any associated risks and financial implications. The Committee had endorsed the importance of these issues but was wary of additional paperwork.

The Board **AGREED** that proposals to deal with this issue should be prepared by the Clerk and Principal

The Board also **AGREED TO APPROVE** the Internal Audit Service's reports on

- i. Key Financial Controls
- ii. Further Education Benchmarking
- iii. Risk Management (Risk Maturity)

The Board noted the Committee's review of the performance of the Financial Statements Auditors and commended the useful paper on the 'Funding Gap'. The concept of having a substantial Governors' Training session on legal and financial issues was supported and the Clerk and Finance Director were asked to prepare detailed proposals on what issues would be covered and the time required. This substantial training could occur on an evening without other Governor commitments or, alternatively, at next year's Governors' Conference

The Board **AGREED TO APPROVE**

- the updating and minor changes to the Governance Procedures
- that no changes be made to the terms of reference of the Audit Committee

The Committee's minutes were considered and **APPROVED** as a correct record, subject to inserting in Minute 6 a reference to 'the Chair of Governors' wish not *to be required* to be a member of the Curriculum Committee'

ii. Finance & Premises Committee on 12 March

The Board considered the Committee's comments and then **AGREED TO APPROVE** the Monthly Management Accounts for January. The Board also **APPROVED** the Committee's recommendation that no changes be made to its terms of reference.

The Board then reconsidered in detail the latest version of the Capital Project for a new building and improved sports facilities at the north end of the College site. The

Committee had re-examined the urgently needed project carefully in the light of the national moratorium on capital grants from the Learning & Skills Council (LSC). It had formulated two options for the College to proceed and had set out the risks of each:

- A: Await the emergence of the LSC's new strategy and then apply for a LSC grant for the Capital Project
- B: Seek LSC's permission to proceed as soon as possible *without a LSC capital grant*

Although the College desperately needs the new building, the Committee was aware that there are serious risks associated with either option:

Option A's risks:

- The new building would be unlikely to be completed by the September 2010 intake of new students
- The aforementioned delay would necessitate the hiring of further temporary buildings at a cost of £80 000 for the temporary buildings alone, plus erection costs. The total costs would exceed £100 000
- Risk that the current contractor would withdraw, or change his price
- Risk of damaging the educational experience of those students who would use the temporary accommodation and risk to the College's reputation by causing this damage
- Risk that, after suffering the delay whilst the LSC formulates its new strategy and considers the College's case for a capital grant, *the LSC may still decide to give the College no grant* at all, because of the huge demands for LSC capital grants at other colleges

Option B's risks:

- Risk of missing out on a *possible* LSC capital grant of £200 000
- Risks associated with borrowing an extra £200 000 to compensate for the lack of a LSC grant:
 - a larger loan will mean that there is more to repay, hence longer to repay it
 - a larger loan will mean that there is more interest, hence longer to repay the loan
- Risk that if general LSC funding drops, for whatever reason, then cuts will have to be made. These cuts could be made to the sports aspect of this capital project, or to other parts of the College's general expenditure

Theoretically there was a third option: the College could ask for permission to proceed on the basis of a retrospective application for a LSC grant after the LSC has developed its new strategy but the chance of receiving a grant was indicated by the LSC's Area Director to be very slim.

In purely financial terms, there was little difference between the options, provided the College were to eventually receive a grant under Option A. However, the last risk listed above for Option A was especially worrying, because under that scenario there would be extra costs and delay but still no capital grant

Comparisons were made with the submission of the same scheme by the Board on 10.7.08 (Minute 12iii of that meeting refers). At that time a low grant from LSC had been assumed, whereas now the Board was contemplating proceeding with no grant at all. The explanation of why the College could now proceed with no grant, if necessary, is that its reserves are now stronger than a year ago. Stronger reserves largely outweigh the extra £200 000 that the College would need to borrow under Option B.

As the Board moved closer to Option B, its associated risks were reconsidered. It would undoubtedly lead to a lower financial category, probably category C for a couple of years, but the projected forecast showed that the proposed loan of £750K would be repaid within seven years, assuming existing parameters. The Board considered two further risks under Option B: the risk of a significant loss of income and the risk of a large increase in expenditure. Both were assessed as low.

In conclusion, the Board was clear that the extra accommodation is needed and can be afforded. It was reiterated that if unforeseen problems do arise, then the sports aspects of the scheme can be delayed for a while.

The following motion was proposed by Ravi Tandon and seconded by Denis Holly. The Board of Governors then **AGREED** unanimously to give its **informed consent** to Option B, which is to seek LSC's permission to **proceed with the Capital Project** for a new building and improved sports facilities at the north end of the College site as soon as possible and **without an LSC capital grant**. The informed consent is to be given on the basis that the cost of the Capital Project will be up to £2 million and that the College will have to take out a loan facility of up to £750 000 to cover it

The Committee's minutes were then considered and **APPROVED** as a correct record, subject to changing September 2011 to September 2010 and 'ponds' to 'pounds' on Page 2.

- iii. Search Committee on 12 March
The Search Committee's recommendations had already been considered and approved – Minute 2 refers.

The Committee's minutes were then considered and **APPROVED** as a correct record

11. ANY OTHER BUSINESS

None

12. DATE OF NEXT MEETING

Thursday 21 May at 7.30pm