



Minutes of a Meeting of the Board of the Corporation

held in the Conference Room of the College
on 25th March 2014 at 5.30pm.

Present:

Mr T Edwards (Chairman)
Ms K Redhead, Mr G Marshall, Mr D Temperley, Mr J Davies, Mr J Lyle, Mrs S Nicholson, Mrs G Granath, Ms N Dixon, Mr O Temple (Observer).

Apologies:

Mr G Gibson, Mr K Temperley, Mr D Waugh.

In attendance:

Mr C Todd Director of Finance and Resources, Mr C Todd Director of Curriculum and Quality, Mrs S Errington Director of Business Development, Mr M Sowerby, (Clerk to the Corporation).

1. Introduction

1.1. The Chairman welcomed everyone to the meeting especially, Officers who were attending the meeting for the first time in their new roles, Ms Dixon who was attending the meeting for the first time as Student Member and Mr O Temple who was attending the meeting as an Observer. Everyone present then introduced themselves.

2. Declarations of Interest

2.1. There were no declarations of interest.

3. Minutes of a meeting of the Board of the Corporation held on Tuesday 28th January 2014.

Matters arising:

3.1. Matters arising all featured in later reports.

3.2. **THAT the Board receive the minutes as a true record.**

4. Draft Minutes of the meeting of the Audit Committee held on Monday 10th March 2014

4.1. The Chair of the Audit Committee confirmed that the minutes were an accurate record of the meeting. Item 7 of the draft minutes featured in the Director of Finance and Resources report later in the meeting.

Agreed:

4.2. THAT the Board note the minutes.

5. *Chairman's verbal report*

5.1. The Chairman's report consisted of the following items:

5.1.1. Meetings

The Chairman reported that since the last meeting of the Board he had met with the Principal, the new Director of Finance and Resources, the Director of Curriculum and Quality. All of the meetings had been extremely fruitful.

The Chairman informed Members that he had also met with the Clerk on a number of occasions and a virtual meeting of the Remuneration Committee had taken place. The recommendation of the Committee will be reported to the Board at the end of the meeting.

Finally the Chairman and the Clerk had met informally with Mr Temple to discuss the role of the Board, the requirements of Board membership and the possibility of his joining the Board.

5.1.2. Seminars

The Chairman informed Members that he and the Principal were going to attend an AoC Governance Summit in London later in the week and he, the Principal and the Clerk were going to attend an AoC regional event, at New College Durham on the 13 May.

The Chairman informed Members that the Regional Director of the AoC, Alan Dixon, is retiring and his successor is to be Gillian Miller, formerly Regional Director of the Skills Funding Agency (SFA). Ms Miller has been very supportive of Derwentside College in the past.

5.1.3. Important Dates.

The Chairman informed Members that the Strategic Review day is to be held the 18 June. All Members were encouraged to attend. Mr Davies informed the Chairman that he would unfortunately be unable to attend.

The Chairman informed Members that two informal lunches had been arranged. The dates were 23 April and 1 July. A short presentation is to take place prior to each lunch.

Agreed:

5.2. THAT the Board receive the Chairman's report.

6. *Principal's report*

6.1 The Principal presented her report which included the following:

- Performance against recruitment targets as at 13 March 2014
- Skills Funding Statement
- Funding Cuts 2014-15
- Langley Park update
- Meetings with stakeholders

6.2. Performance against recruitment targets as at 13 March 2014

6.2.1. The Principal presented her report which had a number of slight changes from previous reports. Members were then given an explanation of the various funding strands and advised that at the time of writing this report we were 63% through the academic year. Members were informed that:

- Education Funding Agency (EFA) 16-18 performance is good at 84% and is on track to achieve the planned target of £3.36m. Following lobbying by the Principal the EFA had agreed to give the College in year growth funding of £407k:
- 16 – 18 Apprenticeship performance is also good at 79%:
- Skills Funding Agency (SFA) Adult Skills Budget is also on track at 62%. The Principal reminded Members of the growth funding received late last year and informed Members of the issues resulting from the changes in legislation which removed the requirement for Level 3 apprentices aged 24+ to take out loans. The College is currently processing 250 enrolments from apprentices who were waiting for the removal of the loan requirement:

6.2.2. The Principal provided Members with further details of each of the SFA Adult Skills Budget partners who appeared to be under performing. Members were advised that this was due to some new contracts recently being awarded and some contracts being increased. The Principal assured Members that in all cases creditable delivery plans have been put in place. Performance will be closely examined however next month, prior to the SFA reporting period, and targets will be adjusted if necessary.

6.2.3. Following a question from the Chairman, the Principal confirmed that the College is not directly linked to Yodel but one of our partners is still providing customer service training.

Agreed:

6.2.4. THAT the Board note the position.

6.3. Skills Funding Statement

6.3.1. The Principal informed Members that the Skills funding Statement was finally published on the 10 February 2014. The statement reaffirmed the relevance of the direction of travel that the College has embarked upon.

6.3.2. The Principal then outlined the priorities identified in the statement. Following a question regarding taking advantage of extended flexibility to the FE Sector, the Principal advised Members that despite extending flexibility being mentioned as a priority, it is arguable how much flexibility the sector will have when funding is being cut.

6.3.3. Following a question from a Member about the impact of the proposed Super Council on education and training, the Principal informed Members that she and the Director of Business Development had met with Mr Andrew Hodgson, Vice Chair of

the North East Local Enterprise Partnership (LEP) on Friday. Members were provided with details of the LEP and informed that skills development is very much one of their priorities. The LEP is very keen to work with the FE sector, Anne Isherwood, Principal at Sunderland is a member of the LEP and the priorities of the LEP are aligned to those of the College. Mr Hodgson had been intrigued by the College and its success and we were privileged that he paid us a visit.

6.3.4. A Member still expressed his concern that the College could lose its independence and everything could be centred in Newcastle or Tyne and Wear. The Chairman reminded Members that the Board had a decided some time ago, that the College would remain independent and not be involved in a merger unless it was advantageous to the College. The Chairman thanked the Member for raising this matter with the Board.

6.3.5. The Principal informed Members that we operate in a different era now. The Principal had recently met with Caroline O'Neil from the Durham County Council and the meeting had been very positive. The College had been recognised for meeting the needs of the local area.

Agreed:

6.3.6. THAT the Board note the position.

6.4. Funding Cuts 2014-15

6.4.1. The Principal informed Members that both the EFA and SFA have announced funding cuts for 2014-15. The EFA are planning to cut the funding rate to 18 year olds by 17.5%. Following lobbying by colleges and local MPs the Minister has stated that no college will lose more than 2% of their EFA funding over twelve months. This would result in a cut of around £60k for the College.

6.4.2. The Principal informed Members that the SFA are cutting the funding rate by 15%. Due to staff reductions at the SFA a crude national allocation process has been put in place. This has resulted in a £3.4m cut for the College. This will be recalculated throughout the year but could ultimately result in a cut of over £400k. A detailed letter outlining our unique position has been sent to Nick Wilson, Regional Director SFA. Members will be kept informed as further information becomes available.

6.4.3. The Principal then advised Members that the draft budget is currently being looked at and despite the cuts we should still be able to meet our priorities although some provision to subcontractors will have to be reduced.

Agreed:

6.4.4. THAT the Board note the position.

6.5. Langley Park update

6.5.1. The Principal reminded Members that at the last meeting it had been proposed that outline planning permission for redevelopment of the site could be obtained and this could increase the interest in the site and its value. Further enquiries have since

been made and because the foot print of the site is too small for any significant development, obtaining planning permission would have a cost implication and the site value is unlikely to be increased, it has been decided not to proceed with this course of action.

6.5.2. The Principal informed Members that the existing prospective purchaser has been contacted and is still interested in proceeding with the sale. The prospective purchaser is to seek consent from the County Council for the removal of the restrictive covenant on the property. There will be no cost to the College for the removal of the covenant.

Agreed:

6.5.3. THAT the Board note the position.

6.6. Meetings with stakeholders

6.6.1. The Principal informed Members that she had met with a number of stakeholders since being appointed. Following a question the Principal confirmed that she had met with the Principal of St Bede's and was arranging to meet with the Principals of Consett and North Durham Academies.

Finally the Principal informed Members that the College had received an anonymous letter accusing one of the College partners of malpractice. The Principal explained the Public Interest Disclosure procedure. Members were informed that the Principal had notified the SFA and the Director of Finance and Resources had commenced an investigation. The Chairman will be advised of the outcome of the investigation and the Board will be briefed at the next meeting.

7. *Director of Finance and Resources Reports*

7.1. Finance Report for the period to 28th February 2014.

7.1.1. The Director of Finance and Resources informed Members that since being appointed he had changed a number of reporting procedures and this report has been restructured to hopefully provide Members with more useful and relevant information.

7.1.2. The Director of Finance and Resources informed Members that the College is in a really strong position and he is confident that the College will achieve the forecasted target. Members were advised that the figures in the report would now, following the increase in the EFA funding, require amending.

7.1.3. The Director of Finance and Resources then outlined each aspect of the report. Following a question from the Chairman the Director of Finance and Resources confirmed that although up to £50k can be vired between budgets this is not normally carried out and accurate budget setting is very important. The Director of Finance and Resources advised Members that the financial health of the College is graded as "good" but a small improvement in performance in any of the key ratios would move the College into the "outstanding" category. The Director of Finance and Resources then outlined the capital expenditure to date.

7.1.4. The Director of Finance and Resources provided Members with details of the internal and external audit tendering process, the budget setting process and finally the finance system review.

7.1.5. Following questions the Director of Finance and Resources advised Members that investment options for the cash balances were being looked at and the disadvantages of paying off loans was explained.

7.1.6. Following further questions from the Chairman the Director of Finance and Resources advised Members of the following:

- Catering has always been subsidised but catering income is under performing against budget. Remedial measures are being taken but it is too early to see any improvement. Contracting out the service would not benefit the situation:
- The full cost course budget in schedule 2 of the report shows a variance of £34k because budgets have recently been split up, no amount was placed in this budget and £34k of provision has been delivered to date. The Director of Finance and Resources assured Members that the forecast is accurate and the budget situation will be resolved in future.

7.1.7. The Chairman commended the Director of Finance and Resources for his report.

Agreed:

7.1.8. THAT the Board note the content of the report and the financial position as at 28th February 2014.

7.2. Risk Register update

7.2.1. The Director of Finance and Resources presented the report and informed Members that the report had recently been reported in detail to the Audit Committee. The Director of Finance and Resources described how the heat map provided a clear visual representation of the risk situation and then explained residual and target risks. Members were informed that clear criteria for risk grading and scoring is to be developed and more work is to be done in advance of the Strategic Review.

Agreed:

7.2.2. THAT the Board note the position.

8. *Director of Curriculum and Quality Reports*

8.1. Equality and Diversity Report

8.1.1. The Director of Curriculum and Quality presented the report and highlighted the public sector duties contained within the introduction before outlining several sections of the report. Each of the four Equality Objectives were highlighted and Members were advised of the progress made by the College in achieving each objective. Members were informed that two new objectives had been agreed for 2014. The new objectives are;

- To take steps to increase the recruitment of individuals from Black and Minority Ethnic (BME) groups:
- To increase participation of learners from BME groups on apprenticeship programmes.

8.1.2. Following questions the Principal informed Members that;

- staff vacancies have been advertised through Equality North East but no interest has been forthcoming;
- the BME percentage (2.3%) shown in table 1 of the report could be used as a target for staff and Board membership but the Board numbers are too small;
- Stonewall had been contacted for advice last year but their costs were too high, so Equality North East was used instead;
- the staff ratios are moving all the time, last year the staff profile was completely different but has changed due to recent appointments;
- there is a predominance of females in the Health and Social Care curriculum area which sways the staff profile;
- SMT and half of the managers were female last year, female junior managers and team leaders have more than doubled more recently. Mentoring and management development training is in place to help staff seeking promotion to management positions.

8.1.3. Following a question regarding the composition of the Board the Chairman explained the difficulties the Board had experienced with recruitment over the last few years. A Member commented that she was delighted that the College was well on the way to achieving the Equality Standard.

Agreed:

8.1.4. THAT the Board note the report.

8.2. Quality Improvement Plan Update

8.2.1. The Director of Curriculum and Quality informed Members that this report shows the progress made in implementing the actions set out in the Quality Improvement Plan (QIP) which had been approved by the Board in December 2013.

8.2.2. Members were informed that of the 34 actions which should have been progressed to date, 28 had been completed but minor slippage had taken place in the remaining 6. Slippage in 3 actions was a result of issues relating to the implementation of a new computerised system. These issues have been resolved and the actions are almost complete. The remaining 3 actions should be complete next month.

8.2.3. The Principal informed Members that an update of the QIP is to be undertaken and a former Ofsted inspector is assisting the College by providing advice and support to staff.

8.2.4. Following a question from the Chairman the Principal confirmed that the Self Assessment (SAR) process is still required and although it is no longer mandatory to produce the SAR report, Ofsted still use the report.

Agreed:

8.2.5. THAT the Board note the progress made on implementing the actions in the Quality Improvement Plan.

9 Board Matters

9.1. Board Meeting Schedule

9.1.1. The Clerk presented a meeting schedule for 2014/2015. Members were advised that the schedule had been compiled using the meeting dates from last year.

9.1.2. The Chairman had informed the Clerk that he would be unable to attend the meetings on the 20 May and 27 January 2015 and requested that the May date be changed to the 13th May 2014. Members present agreed with the date change.

Agreed:

9.1.3. THAT the Board approve the amended meeting schedule for 2014/15.

9.2. Confidential Item Review

9.2.1. The Clerk informed Members that he had reviewed the confidential file and there were no items for public disclosure.

9.3. Training and awareness

9.3.1. The Clerk informed Members that with the exception of the seminars mentioned by the Chairman earlier in the meeting he was not aware of any other regional or national training or seminars taking place between now and the next meeting of the Board.

10. Next Meeting Agenda

10.1. Items for the next meeting include:

- Minutes of the previous meeting
- Draft Minutes of the Audit Committee held on the 28 April 2014
- Chairs verbal report
- Principal's report
- Finance report.
- Health and Safety (half year report)

11. Any Other Business

11.1. The Chairman circulated copies of photographs taken at Albert Croneys retirement presentation. Members were asked to contact the Director of Business Development if they required any copies of the photographs.

Officers, Staff and Student Members and the Clerk left the meeting at this point.

12. Report from the Remuneration Task Group (Confidential Item)

12.1. The Chairman reported that the Remuneration Task Group had a virtual meeting on the 4th March 2013 to review the remuneration of the Clerk. Members were informed that the Task Group had considered the Clerks remuneration proposal for 2014 and agreed that the proposal fell within the AoC remuneration pay scale. Details of the proposal and the minutes of the Remuneration Task Group are held in the Confidential File.

Agreed:

That the recommendation of the Remuneration Task Group is approved and the Clerks remuneration is increased from the 1st April 2014.

13. Date of next meeting

13.1. The date of the next meeting is Tuesday 13th May at 5.30pm.

The meeting closed at 7.35pm.