

**MINUTES of the meeting of the BOARD OF GOVERNORS held at BICTON COLLEGE on Monday 13 July 2009**

<b>Present:</b>	Mr J A T Lee	- Chairman
	Dr F Harper	- Vice Chairman
	Sir John Cave	(agenda items 1-4 and 8)
	Ms J Bashford	
	Mrs C Bourne	
	Mr C Harvey	
	Cllr A Liverton	(agenda items 1-14)
	Mrs J Yung	
	Mr D Henley	- Principal
	Mr J Lowe	- Staff Governor
Mr D Watson	- Student Governor	
<b>In Attendance:</b>	Miss R King	- Director of Finance
	Miss J Townsend	- Assistant Principal Learner Responsiveness
	Mr K Bond	- Head of Skills and Employer Responsiveness
	Mr G R Copper	- Clerk to the Board of Governors
	Mr N Holmes	- Devon and Cornwall LSC
<b>Apologies:</b>	Cllr E J Berry	
	Mr M Ellingham	
	Mrs J Wymer	
	Miss C Hogan	
	Mrs A Pearson	

**SUMMARY OF RESOLUTIONS**

- Approved the budget for 2009-10.
- Approved the three year financial plan for 2009-12.
- Approved the re-appointment of Price Waterhouse Cooper as internal auditors for 2009-10.
- Approved, subject to confirmation of a new partner, the re-appointment of Bishop Fleming as financial statements audits for the 2008-9 statements.
- Approved the internal audit needs assessment, strategic plan and annual plan for 2009-10.
- Approved the updated risk policy.
- Approved the updated risk register.
- Agreed to extend the term of office of the current Staff Governor to 31 March 2010.
- Agreed to maintain the rate for travel expenses reimbursement unchanged.

- Agreed that the College continued to operate within the statutory powers conferred by the Further and Higher education act 1992.
- Elected Mr John Lee as Chairman of Governors for 2009-10.
- Elected Dr Fred Harper as Vice Chairman of Governors for 2009-10
- Agreed that Grant Thornton prepare the initial outline proposal for federation with Exeter College

The Chairman reported that Ralph Budge, the first member of staff appointed to the College in 1947 had died. Ralph had attended all but the last two Awards Ceremonies held at Bicton. A period of silence was observed as a mark of respect.

The Chairman commented on the Awards Ceremony and Open Day held in June and thanked the Governors who had attended. Overall they had been excellent events.

## **1. MINUTES**

- 1.1** The Minutes of the meeting held on 30 March 2009 were confirmed and signed by the Chairman.

### **1.2** Matters arising

There were no matters arising from the Minutes.

- 1.3** The Minutes of the meeting held on 5 May 2009 were confirmed and signed by the Chairman.

### **1.4** Matters arising

There were no matters arising from the Minutes.

- 1.5** The Minutes of the special meeting held on 23 June 2009 were confirmed and signed by the Chairman.

### **1.6** Matters arising

There were no matters arising from the Minutes.

## **2. REPORT OF THE EDUCATION AND STANDARDS COMMITTEE**

- 2.1** Dr Harper reported on the meeting held on 16 June 2009, it had been noted that there had been no increase in the marketing budget, but the College still needed to recruit more learners from across the whole of Devon. The lesson observations report had been received and the Committee was concerned that while progress had been made, the College was not improving quickly enough towards the target for good or outstanding lessons. The Ofsted inspection report had been received and was very encouraging, but there were areas for improvement identified in the report. The issue of financial governance had been referred to the Finance and

Policy Committee. The Committee continued to regularly monitor retention and achievement. It was noted that a new child protection Governor would be required when Carolyn Bourne stepped down from the Board.

- 2.2 The Chairman referred to the mid year learner survey and was concerned to ensure that learners who had indicated that they would not recommend Bicton were asked more detailed questions to establish the reasons. The Assistant Principal Learner Responsiveness would follow up.
- 2.3 A Governor enquired about learner applications for September 2009. The Assistant Principal Learner Responsiveness reported that from the data available up to 1 June, full time FE applications were generally satisfactory. The Principal added that the SMT was receiving applications data on a regular basis and had highlighted courses at risk of not running due to low enrolments which had been communicated to staff concerned. College recruitment activities during the summer were explained. The Vice Chairman wished to ensure that all efforts were made to hit learner number targets, particularly as university places were limited and there were less employment opportunities due to the economic climate. The Chairman emphasised the importance of hitting recruitment targets as under recruitment of learners had been a significant factor in the College's poor financial performance. Governors were keen to promote the College in schools and the Principal reported on a bid for up to £250k to provide facilities for construction and motor vehicle workshops to expand school provision. Also reported was a proposal from the Exeter Chiefs to base a rugby academy at Bicton from 2010. Governors requested a development item on the learner recruitment process for a future meeting.

### **3. REPORT OF THE FINANCE AND POLICY COMMITTEE**

- 3.1 Mr Harvey reported on the meeting held on 20 April 2009. It was noted that the proposal by Clinton Devon Estates to site an anaerobic waste digester at Home Farm was no longer being actively pursued. The Principal had reported on the improved quality and efficiency of Saplings nursery and the refurbishment of the residential accommodation.
- 3.2 Mr Harvey also reported on the meeting held on 23 June 2009. The Committee had received the draft budget for 2009-10 which had been examined in detail and recommended to the Board for approval. The three year financial forecast for 2009-12 was being presented directly to the Board. The comments and recommendations in the Ofsted inspection report on financial governance had been discussed and referred to the Search Committee to consider in conjunction with the annual Review of Governance and make recommendations to the Board. The Principal spoke about developing the College business and was anxious not to raise expectations with external customers which were above the College's current ability to deliver. The College was not yet ready to deliver to commercial customers, but he was anxious to put the building blocks in place. The HR report for May/June had been circulated following the meeting and it was stated that since 1 April 2008, there had been a net reduction of 35 staff posts.

- 3.3 The Director of Finance presented a report detailing the College's forecast outturn position against the LSC funding allocation and learner numbers targets for 2008-9. The College had fallen short of the 16-18 learner responsive target learner numbers but would receive the full funding allocation as Plan Led Funding was operating in 2008-9. The College was already within the tolerance range to receive the full 19+ learner responsive funding allocation. A reduced allocation for 16-18 apprenticeships under employer responsive funding had been agreed, but was expected to achieve the forecast of £353,419. It was also expected to over achieve the 19-24 and 25+ apprenticeship funding allocations and was in negotiation with the LSC to secure additional funding. The Train to Gain contract with Exeter College would generate £81,000 of activity. The Bicton contract was now expected to slightly exceed the revised maximum contract value of £25,008.
- 3.4 The Committee had considered a request from East Devon District Council for the release of part of the land at Woodbury Salterton for development of affordable housing. There were a number of issues involved, particularly the protection of access to the remainder of the site for future development. It had been agreed to authorise the Principal to enter into initial discussion with the Council and report back via the Estate Advisory Committee.

#### **4. FINANCIAL REPORT**

- 4.1 The Director of Finance presented the management accounts for the period ending 31 May 2009. These showed a forecast operating loss of £844k, which was expected to reduce slightly to £835k in the June accounts. The variances from budget had been considered by the Finance and Policy Committee but were mainly shortfalls in income and increased staff costs. The University of Plymouth HE income was down by £49k following the reconciliation of student numbers, but some of the long course premium funding, previously considered to be at risk, would now be retained. Noted the risk of additional costs arising from the HMRC issue concerning self employed lecturers. This had not been included in the accounts.
- 4.2 The Chairman of the Finance and Policy Committee noted that some costs had been reallocated within the expenditure budget and also highlighted the FRS 17 pension liabilities in the balance sheet. The Chairman remarked that it was a very poor outturn for 2008-9 and that the actions in the updated Recovery Plan must be implemented to return the College to a stable financial position as soon as possible.

#### **5. REPORT OF THE REMUNERATION COMMITTEE**

- 5.1 The Chairman reported on the meeting held on 20 April 2009. The Principal had been appointed on 1 April 2009 and therefore his remuneration was not reviewed at the meeting.
- 5.2 The remuneration of the Clerk to the Governors was discussed and it was agreed that the any increase the Clerk would receive would be in line with any pay award

for 2009-10 to College staff.

## **6. BUDGET 2009-10**

- 6.1 The Director of Finance presented the budget for 2009-10. Public sector funding was becoming tighter due to the economic situation and this was reflected in LSC funding allocations to colleges. The key risks to the budget were learner recruitment and staff cost savings, as restructuring was taking longer than anticipated. It was confirmed that the budget was in line with the updated Recovery Plan submitted to the LSC and included £500k of restructuring costs in anticipation of shared services in collaboration with Exeter College, and also £100k of professional fees for federation. The key assumptions were highlighted. The outturn for the 2009-10 was forecast as a deficit of £841,726. The Principal highlighted that it was not proposed to offer a cost of living pay award to staff in 2009-10.
- 6.2 The budget details were discussed and the Chairman commented that it was a cautious budget. The recommendation of the Finance and Policy Committee to approve the budget was noted and it was resolved that the budget for 2009-10 be approved.
- 6.3 Received the three year financial plan for 2009-12. The Director of Finance reported that the financial plan was in the LSC required format. The first year of the plan was based on the 2009-10 budget and the second and third years on assumptions which included federation with Exeter College and savings arising from shared services. It was also assumed that the objectives in the updated Recovery Plan would be achieved. The learner numbers in 2009-10 were based on actual numbers in 2008-9 and assumed no increase in 2010-11, but a 3% growth had been assumed for 2011-12. The base plan achieved a position of modest surpluses by 2012-13, and the risks to the plan not being achieved were explained.
- 6.4 The financial health scores remained inadequate for the life of the plan and were affected by the advances of funding from the LSC being shown as a creditor. After discussion, the three year financial plan for 2009-10 to 2011-12 was approved.

## **7. REPORT OF THE AUDIT COMMITTEE**

- 7.1 Sir John Cave reported on the meeting held on 1 July 2009. The internal audit report on payroll had been deferred pending completion of the management responses. This would now be received at an additional meeting on 7 October. The management responses to the LSC Financial Management and Control Evaluation visit report in February had been received and approved.
- 7.2 The Committee had recommended the re-appointment of Price Waterhouse Coopers as internal auditors for 2009-10. This was approved. The Committee also recommended that Bishop Fleming be re-appointed as financial statements auditors for the 2008-9 financial statements. This was approved subject to confirmation of the replacement for Mr Borton as the partner responsible for the

audit work.

- 7.3 The internal audit needs assessment, strategic plan and annual plan for 2009-10 had been received and considered in detail It was recommended to the Board for approval which was agreed. It was resolved to approve the audit plan for 2009-10.
- 7.4 The revised College risk policy and risk register had been received and were recommended for approval by the Board.

## **8. RISK MANAGEMENT**

- 8.1 The Director of Finance presented the updated risk policy which had been recommended for approval by the Audit Committee. The original version had been prepared by a specialist risk consultant. The policy was approved.
- 8.2 The updated risk register was received, which had been recommended for approval by the Audit Committee. The risk register was examined in detail. The Director of Finance explained the risk scores and colour coding of the plan. The SMT were currently establishing a high level focus on risks, but it would be extended to the new academies and the risk management group would meet to monitor and manage risks. Governors questioned the low risk score of failing to develop new business and the Principal explained that work on commercial activities was continuing but currently the focus was on reducing the cost base of the College. The risk register was approved.

## **9. REPORT OF THE SEARCH COMMITTEE**

- 9.1 In the absence of the Committee Chairman, the Clerk reported on the meeting held earlier on 13 July 2009. the committee had considered the responses to the Review of Governance and concluded that overall governance was satisfactory, but there was a key area for improvement in financial governance and generally, the findings were in line with the Ofsted inspection report and the FMCE validation report. The Committee recommended that the Board consider co-opting an external person with financial experience to strengthen the Finance and Policy Committee. In view of the underlying issues of under recruitment of learners and previous failure to develop new business, additional skills in marketing and business development were also desirable. It was agreed that the Committee seek nominations for co-option. An action plan to address issues raised in the review of Governance would be prepared and linked into the College Self assessment report and Quality Improvement Plan.
- 9.2 The Committee had considered a proposal to extend the current term of office of the Staff Governor beyond the two year term previously set by the Board. The proposed collaboration with Exeter College would result in a new Board of Directors being formed in early 2010, and the requirement for a staff representative was not yet clear. Furthermore, the staff restructuring currently being undertaken made it difficult to conduct an election before the start of the next term. In view of the aforementioned it was agreed to extend the current term of the Staff Governor

until 31 March 2010. This remaining within the normal four year term of office for Governors.

## **10. CORPORATE GOVERNANCE**

- 10.1 The Clerk reported that the proposed dates for Board and Committee meetings would be circulated to Governors shortly. The planned meetings had been amended for 2009-10 to include additional meetings of the Board and Finance and Policy Committee so that the financial reports would be received and considered monthly. The Clerk was also planning some changes to Committee membership to develop the experience of Governors and utilise their skills more effectively. Draft details would be circulated.
- 10.2 The Clerk reported that Darren Watson, one of the two Student Governors was enrolling on a higher education course at Bicton for 2009-10 and would be eligible to complete his term of office.
- 10.3 It was recommended that the Board maintain the rate of reimbursement for travel expenses unchanged at 40p per mile for 2009-10. This was agreed.
- 10.4 The Clerk reported that the financial statements auditors had previously requested an annual statement by the Board that the College was operating in accordance with the statutory powers. This was in connection with the regularity audit conducted concurrently with the financial statements audit. The relevant section of the Further and Higher Education Act had been circulated with a summary of the College's activities. The Clerk and Director of Finance were satisfied that the College was compliant with the Act, which was agreed by the Board.

## **11. ELECTION OF CHAIRMAN AND VICE CHAIRMAN**

- 11.1 The Clerk requested nominations for the position of Chairman of Governors for 2009-10. Mr Lee was nominated and was elected.
- 11.2 The Chairman requested nominations for the position of Vice Chairman of Governors, Dr Harper was nominated and elected.

## **12. COLLABORATION WITH EXETER COLLEGE**

- 12.1 In the absence of Mrs Wymer, the Principal reported on the Joint Steering Group meeting held on 6 July 2009. The Group had received the Feasibility Study report prepared by Grant Thornton which had been discussed and approved by both Colleges' Boards. Also received was a document on the process for College reorganisation which set out the key stages towards federation. This was examined and the critical path discussed in detail. The preparation of an initial outline proposal was required for the next stage. This would be submitted to the Secretary of State for approval which was required to progress beyond this stage of public consultation.

- 12.2 The meeting had agreed that Grant Thornton prepare a quotation for this work as they had completed good work on the Feasibility Study, and the Committee had weighed the advantages of going to the market during the holiday period, against continuing to work with Grant Thornton. It was agreed that Grant Thornton should prepare the initial outline proposal. Once Secretary of State approval of the initial outline proposal was obtained, the public consultation stage could commence. The last two stages were preparation of the due diligence reports and the full proposal for Secretary of State approval.
- 12.3 The Steering group members appeared to be able to work well together. The LSC had now been given permission to advance further funding to Bicton to support the restructuring process. Mr Holmes emphasised that this was in principle and subject to further clarification on costs from the College. Further work was needed to identify costs and compensation The restructuring process was proceeding as previously outlined to the Board. A preparation of a public statement on the federation proposal was also to be prepared. Further meetings of the Joint Steering Group had been planned with the next being on 24 August.

### 13. DATE OF NEXT MEETING

- 13.1 To be confirmed. The Clerk would circulate proposed meeting dates for 2009-10.

Signed \_\_\_\_\_  
Chairman

Date \_\_\_\_\_

### BOARD OF GOVERNORS ACTION ITEMS ARISING FROM THE MEETING

MINUTE	ACTION	BY	WHEN
2.2	Follow up learners who indicated in the mid year learner survey that they would not recommend Bicton. and ask additional question to establish the reasons.	Assistant Principal Learner Responsiveness	31.8.09
2.3	Requested a development item on the learner recruitment process	Clark & Assistant Principal Learner Responsiveness	31.10.09
10.1	Circulate the draft list of meeting dates for 2009-10 to Governors.	Clerk	31.7.09

10.1	Circulate the revised Committee membership list to governors for 2009-10.	Clerk	31.7.09
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