

Full Governing Body Committee meeting 11 May 2010 in Ashington

	<p>Present: L Ions (Chair), R Ellis-Jones, S Barlow, L Rickerby, P Langton, T Shirley, M Rossi and R Casson</p> <p>In attendance: C Todd, H Wright and D Simpkin (Note taker)</p>
FGB11may10/01	<p>Confirmation of eligibility and quorum:</p> <p>The meeting was quorate. There were no eligibility issues.</p>
FGB11may10/02	<p>Apologies were received from:</p> <p>D Moon, M Jeans, C Smith and B Bedson</p>
	<p>The Chair advised that she had agreed to allow UCU representatives to address Governors at the beginning of the meeting to give their views on the consultation process. The Chair then introduced the UCU members as being Toby Bell (Chair), Mavis Taggart (Branch Secretary) and Simon Chalk.</p> <p>Toby Bell then read out a prepared statement and provided Governors with two papers from the UCU:</p> <ul style="list-style-type: none"> - Proposed pay scales – most likely scenarios comparing top of scale on old contract to top of scale on proposed contract. - Current main grade lecturer contracts – comparison <p>Mavis Taggart advised that UCU had emailed different Colleges branch secretaries to request information relating to the above and had compiled this from all the responses received with the exception of two.</p> <p>The Chair asked the members if there were any questions for UCU to which none were raised.</p> <p>The Chair advised UCU that she had met previously with them to discuss the issues and to set out the position of the College and the Governing Body.</p> <p>The Chair advised that a letter had been received from the Skills Funding Agency regarding 'Notice to Improve', which they had given the College 12 months to change its financial position.</p> <p>The Chair then thanked UCU for the comments and advised that the Governors would reflect on them during the meeting and that the negotiating team would respond in due course.</p>
FGB11may10/03	<p>Minutes of the previous meeting:</p> <p>Full Governing Body - 9 2 10 – The minutes were received and agreed as an accurate record.</p> <p>Extraordinary Governing Body – 25 02 10 – The minutes were received and an amendment to EGB25feb10/3 was noted and corrected.</p> <p>Governors Retreat – The Chair advised that the notes of the Governors Retreat would need to be formally recorded at the next meeting.</p>

FGB11may10/04	<p>Matters arising not otherwise on the agenda:</p> <p>Chair's comments: The Chair updated the members regarding the Clerk's absence and advised that Debbie Simpkin was covering the administrative clerking duties until her return.</p> <p>The Chair then advised the members of a meeting she and Robin Casson attended on the 23 March 2010 to discuss Adult Learner Services and the potential merger. The Chair advised that the meeting had been very useful but that further work was required as formal processes need to be carried out for both the College and Northumberland County Council.</p> <p>Regarding Unions, the Chair advised that she had attended two meetings in April, one with UCU representatives and one with Iain Owens who is the UCU Northern Regional Officer. The Chair advised that both these meetings had been useful.</p> <p>Principal's comments: The Principal circulated a letter received from the Skills Funding Agency (SFA) regarding a Financial Notice to Improve. The Principal stressed that the content of the letter was to remain confidential. The Principal and CTodd highlighted that the Financial Notice to Improve was based on the 2008-09 year end accounts, and did not take account of the significant improvement made during 2009-10.</p> <p>CTodd advised that the SFA had asked the College to write a strategic recovery plan. The Principal also identified that the SFA had requested that the College explore the repayment of the cash advance through commercial borrowing. The Principal then drew the member's attention to the schedule of actions within the Notice to Improve annex and advised that the College would need to adhere to all of the conditions identified.</p> <p>The Chair advised that she thought it would be helpful to have a strategic recovery plan in place. The Chair then reiterated what had been agreed regarding the advance and commented that the repayment request made by the SFA seemed to be unreasonable. The Chair asked if there was any financial support being made available to the College. CTodd highlighted that this was unlikely to be the case, but it was certainly worth a formal request from the Governing Body to the Skills Funding Agency. Following discussions it was agreed that the Chair would write to the SFA and that CTodd would assist in the writing of the letter.</p> <p>The Principal then updated the members on international visits for which she verbally listed the countries visited or to be visited for potential work. The Principal advised that Mark Rossi was due to go to America regarding Enterprise. She also advised that a bid was being submitted to teach the Chinese on renewables. The Principal advised that she wanted to give the governing body some good news and that the College was receiving a good international profile.</p>
FGB11may10/05	<p>Minutes from sub-committees held:</p> <p>Draft Audit Committee – 2 March – to be received at the next meeting.</p> <p>Finance and Personnel Committee – 23 February – The minutes were received and noted.</p> <p>Draft Standards Committee – 2 February – to be received at the next meeting.</p>
FGB11may10/06	<p>To note outcomes and actions of the Retreat 12 March 2010:</p> <p>The Chair advised that this would be discussed at the next meeting. It was noted that the Clerk had done an initial draft but further work was required. The Chair commented that the Retreat had been good and that some progress was being</p>

	made.
FGB11may10/07	<p>Approval of financial policies:</p> <p>Fees:</p> <p>CTodd advised that the purpose of this policy was to outline the College's approach regarding fees for the period 1st August 2010 to 31st July 2011. He advised that the policy covered FE, HE, School provision, commercial work and international students. The governing body agreed the policy with the changes to be noted as ongoing.</p> <p>Procurement:</p> <p>CTodd advised that the procurement procedures are designed to help ensure that the College purchases in the most economic, efficient and effective manner the goods and services it requires by setting out best practice over the whole procurement cycle. CTodd advised the members of the overall aims of the College's procurement strategy. A discussion took place regarding the limits for tender following which the governing body agreed the policy.</p>
FGB11may10/08	<p>Management Accounts:</p> <p>CTodd presented the management accounts to provide governors with a written commentary on financial performance for the year to date. The report was accompanied by a detailed management accounts pack which had been circulated electronically.</p> <p>CTodd identified financial performance to date, and drew members attention to item 3 within the report (Revised Budget and Year End Forecast). CT highlighted that the expected year end outturn position was a surplus of £445k. CTodd advised that this was a significant move forward and demonstrated real financial improvement however, this figure did not take into account the impact of redundancies which were driven by external cuts to funding being implemented for the 2010-11 financial year.</p> <p>No questions were raised.</p>
FGB11may10/09	<p>Cash flow and borrowing position:</p> <p>CT advised that the purpose of the report was to identify and resolve the challenges faced by the College regarding the management of cash flow over the next few years. He reiterated the problems that the College has had over the last 10 years and the long term history of financial underperformance.</p> <p>CT highlighted that cash flow continued to be an area of serious concern for the College and in order to move forward through a difficult period, the College needed to borrow to resolve its short term solvency needs.</p> <p>CT identified a number of different borrowing options, based on some key assumptions identified in the report. CT directed members to the cash flow appendices and identified that Proposal D appeared to be the most suitable option for the College. This would involve the College borrowing £3m over a 15 year period. CT highlighted that a shorter repayment term had been modelled, but this looked to be unaffordable, particularly in light of the need for the College to borrow more in the future to develop the estate.</p> <p>CT mentioned that discussion had taken place with the Bank, but he was not clear whether they would support this arrangement. CT also identified that discussions</p>

	<p>were taking place with the Local Authority regarding a loan arrangement and that this could potentially meet the College's solvency and capital borrowing needs.</p> <p>CT identified that he was concerned about cash flow, but that he was hopeful that the local authority loan arrangement would come off. Members asked what the outcome would be if this arrangement was not approved and CT identified that this would need to be discussed with the SFA, once the Banks position was made clear.</p> <p>Discussions then took place regarding the amount of borrowing proposed. SBarlow advised that there were no issues arising from an audit perspective.</p> <p>The governing body agreed to:</p> <ul style="list-style-type: none"> • Approve borrowing of £3m, to be repaid over 15 years. • Approve the continuation of a £500k overdraft arrangement with Barclays. • Approve the submission of a borrowing consent to the SFA on the basis of a £3m loan. • Delegate authority to the F&P Committee to agree the final terms and content of the loan agreement to be put in place.
FGB11may10/10	<p>Projects update:</p> <p>The Principal presented this paper which gave a summary of current and potential projects being undertaken by the College, some of which were discussed at the Retreat.</p> <p>The Principal commented that it is essential to develop new business and partnerships. However, there will be some implications to some of the projects, e.g., new sites, capital development, partnerships, but wanted to put the list on the governors radar so that they could note the projects and approve, whilst be aware what is being achieved in a positive way. The projects will be reported on individually as and when there is a need for Governing Body involvement.</p>
FGB11may10/11	<p>Update on consultation process (verbal):</p> <p>The Chair advised that at this point Mark Rossi would be invited to leave the meeting due to the confidential nature of the subject. However, before doing so the Chair asked Mark Rossi to put forward his concerns with regard to the process. Mark Rossi commented whether the consultants that had been brought in were worth the investment. He commented that staff morale was very low. He added that at the meeting in February it was noted that cuts were being looked at across the whole College, however it looks like the cuts were being targeted more towards lecturing staff. He advised that if the College does not go forward together, then there will always be conflict.</p> <p>The Chair thanked Mark Rossi for his comments. She understood that there was an acknowledgement by staff that the College was in financial difficulties, however, as the greatest proportion of staff are lecturers, the cuts are likely to affect them in particular. She also added that as a group of governors, they need to acknowledge that savings must be made and that the current process is not easy and is going to be tough. Values need to be balanced against financial imperatives and issues need to be addressed, and as governors they need to think about that. Mark Rossi left the meeting at 6:55pm.</p> <p>The Principal, CTodd and HWright then gave a presentation on the consultation</p>

	<p>process and the members were provided with a copy of same. The purpose of the presentation was to update Governors on the consultation process; to provide summary information on the initial proposal along with some key considerations and risks. The senior post holders requested the support of the Governing Body to move the consultation process forward.</p> <p>The Chair thanked colleagues for a thorough presentation. A discussion then took place around the HR1 form and the best way of moving negotiations forward. The Principal advised that there was genuinely not much room for manoeuvre and commented that the governing body needed to give a clear steer on the matter.</p> <p>Discussions then turned to the letter the governors received at the beginning of the meeting from UCU representatives and how best to respond. After discussion the wording was agreed and the Chair advised she would draft a response and circulate it prior to the sending for comments. It was agreed that this should also be sent to the solicitors for comment.</p> <p>To clarify discussions, the Principal advised that the following would be put to the Unions; <i>discuss the HR1 form and room for negotiation, but the threat of dismissal and reengagement could not be removed unless specific compromises could be made that satisfied the financial needs of the College.</i></p> <p>It was agreed that an extraordinary Full Governing Body meeting may need to be arranged prior to the next meeting scheduled in July. From an audit point of view, the governing body need to be seen having an involvement in the process.</p>
	<p>The date of the next meeting was 6 July 2010</p>