

CORPORATION BOARD

Minutes of a Meeting 10.00am on Thursday 6th December 2012 Gwynne Holford Room

Present: Mr Graham van der Lely (Chair) (GVdL)
Mr Martin Baber (MHB)
Mrs Barbara Buck (BB)
Mr Mike Burton (MB)
Mr Mark Davison (MJD)
Councillor Tony Hicks (AH)
Ms Alice Luce (AL)
Mr Russell Marchant (RM)
Mr Jeremy Matthews (JM)
Mr Chris Moody (CM)
Ms Pippa Regan (PR)
Professor Ron Ritchie (RR)
Mr David Seymour (DS)
Mr Charles Whitehouse (CW)

In Attendance: Mr Graham Ledden (GL)
Mr Luke Rake (LR)
Mrs Lesley Worsfold (LW)

Apologies: Mr Bob Barnett
Mrs Rosamund Blomfield-Smith
Mr Duncan Clegg
Mr David Crawford
Mrs Jane Holderness-Roddam
Mr Edward Keene
Dr Stephen Waite

Minutes: Mr Rob Lee

		ACTION	ACTION DATE
75/12	<p>The Chair welcomed Mr Jeremy Matthews as Parent Governor, Ms Alice Luce as FE Student Governor and Ms Pippa Regan as HE Student Governor to their first meeting.</p> <p>The Chair also welcomed Mr John Golding representing Grant Thornton to the Meeting.</p> <p>Apologies</p> <p>Apologies were received from Mr R Barnett, Mrs R Blomfield-Smith, Mr D Clegg, Mr D Crawford, Mrs J Holderness-Roddam, Mr E Keene and Dr S Waite.</p>		

		ACTION	ACTION DATE
76/12	<p>Declaration of Interest – Paper C02/07/11</p> <p>The Chair declared an interest in Agenda item 88 and it was agreed that he would leave the meeting when discussion on this item took place. The Clerk advised that member's interests would be taken as those disclosed in the Register of Members Interests. There were no further declarations of members interests for agenda items.</p>		
	<p>Part 1 Priority Agenda Items</p>		
77/12	<p>To receive and approve</p> <p>77.1. Key Issues Memorandum, Letters of Representation and Financial Statements. Paper C77.1/12/12</p> <p>JG introduced the Audit findings for the year ended 31st July 2012. JG advised that there were very few items to consider and had been impressed by the quality of the accounts. JG advised that the key issues had been presented to the Audit Committee who had reviewed the report and recommended it for approval to the Corporation. GL confirmed that the Financial Statement was consistent with the July Management Accounts. JG referred Members to the Key Issues Memorandum and advised that the Memorandum summarises the matters that have come out of the audit. JG advised that the first section dealt with the financial performance of the College and referred Members to section 1.1 where some of the figures needed changing as an incorrect page had been included. GL advised that total income had decreased by £0.2m not £1.2m and there had been a £0.4m increase not decrease in recurrent grant income. JG asked Members to note that staff costs excluding FRS17 and restructuring, have increased by £0.5m (5.9%) and he explained that the main reason was the transfer of library staff from UWE to the College. JG referred Members to the Consolidated Balance Sheet and in particular to the doubling of the pension deficit to £3022K which was common in the sector and was not of a concern and would be discussed in more detail later. JG then referred Members to the matters that had been identified at the planning stage-existence and recognition of income, property transactions, payroll costs and going concern-and outlined their findings and response. JG explained that the investigations on property transactions centred on the College purchase of accommodation from Limbury Ltd. This had been necessary for tax reasons as Limbury Ltd would have run out of reserves. JG stated that it was important for the governors to be satisfied that the College was a going concern and there was a paper on this matter later. JG then moved on to matters identified during the course of the audit-bad debt provision and old VAT provision-and outlined the action proposed. In response to GvdL JG advised that there was an amount of £148K reserved more than 5 years ago for VAT and if this was not going to be paid, as seemed likely, then this amount should be released into the accounts. JG confirmed that there had been no need for any adjustments. JG then referred Members to the FRS17 adjustment and advised that increasing the deficit from £1544K to £3022K is primarily the result of a 1.2% decrease in the discount rate used to value the schemes liabilities. JG also confirmed that the actuarial assumptions used for the valuation were within an acceptable range. JG thanked GL and his staff for their assistance during the audit.</p>		

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	<p>JG confirmed that the Letter of Representation had been discussed at the Audit Committee and changes from the previous year agreed.</p> <p>JG referred Members to the Annual Report and Financial Statements and GL confirmed that they were consistent with the Management Accounts. JG confirmed that the Audit Committee had looked at the Statement in great detail. JG referred Members to page 2 and advised that two extra notes for clarification had been added since the papers had been sent out. A note was to be inserted clarifying that £6.9m of the £7.7m surplus of Limbury Ltd was in the sale of property that has been previously discussed. A further note had been added to clarify that the current student numbers were 3300. GL asked Members to note that the increase in fixed assets was due to the £16.5m movement of property from Limbury Ltd. In response to GvdL GL confirmed that the property, on advice, had a valuation at market value.</p> <p><i>The Key Issues Memorandum for the year ended 31st July 2012, with the above amendments, was approved by the Corporation.</i></p> <p><i>The consolidated College Financial Statement for the year ended 31st July 2012, with the above amendments, was approved by the Corporation.</i></p> <p>77.2. Financial Statement Limbury Ltd. Paper C77.2/12/12</p> <p>GL advised that the accounts for Limbury Ltd were unusual due to the accommodation being sold to the College which has given a donation under gift aid to the College of £7722.3K against £840K last year. The figure included £6941.4K surplus disposal of assets. GL advised that Limbury will charge Hartpury £10000 for the transfer of property to ensure that all the costs can be met. GL advised that on receipt of acceptable novation Limbury Ltd will become a dormant company.</p> <p><i>The Financial Statement for Limbury Ltd. for the year ended 31st July 2012 was approved.</i></p> <p>77.3. Financial Statement Rudgeley Services Ltd. Paper C77.3/12/12</p> <p>GL advised that the activities of Rudgeley limited had been increased from just transport to include property services. This had helped with our VAT arrangements for the cladding of the Dingle. GL advised that there would be a donation under gift aid of £29.5K to the College.</p> <p><i>The Financial Statement for Rudgeley Ltd. for the year ended 31st July 2012 was approved.</i></p> <p>77.4. Learner Record Systems Audit. C77.4/12/12</p> <p>JG advised that this had been carried out as a separate audit and he outlined the scope of the audit. JG advised that the College FE income is based on these figures. JG confirmed on the basis of the work carried out they have assessed the controls on ILR data to be good/satisfactory and advised that the auditor had been very impressed with the improvements that had been made. All the recommendations from the previous year had been dealt with by the College and there are two recommendations, one</p>		

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	<p>medium priority and one low from this audit. In response to MJD JG advised that the sample size is not a percentage and does not rise and fall on the size of the college. MJD noted that the auditor was unable to find a signed copy of a contract and MB felt that we should improve our controls in this area. RM agreed that there should be a central filing system for approved contracts. MHB advised that we had had a problem with the contract for the Sports Academy which has now led us to further costs in rectifying the roof. MB felt that as we do not have a legal officer all validations should be in writing and GL advised that all our contracts were referred to or written by our legal advisors. CM suggested that we should look at our Financial Regulations relating to policy on taking out bonds. In response to AH LR advised that the allocation funds from the Additional Learner Support Grant were by student need not by department or curriculum.</p> <p><i>It was agreed that there will be a review of the contract process and a report made to the next Governors' Management Committee.</i></p> <p><i>It was agreed that the policy for taking out bonds will be reviewed.</i></p> <p><i>The ILR Audit Report for the year ended 31st July 2012 was approved.</i></p> <p>77.5. Approve Statement to confirm College as "Going Concern". Paper C77.5/12/12</p> <p>GL advised that the auditors had requested this statement for the College as a "Going Concern". GL advised that the projections and assumptions have already been seen by governors in the Three Year Financial Forecast, which show a surplus in all three years which will be increased now we have received confirmation of being awarded the Enhanced Renewal Grant. GL advised that we have a £1m overdraft facility, which has not been used for the last 18 months, that we have funds in hand and cash generation is good. GL advised that the Financial Accounts contained the statement on behalf of the Governors- "After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements." GL advised that the definition of "the foreseeable future" is at least the next 12 months from the date of the accounts being signed.</p> <p><i>The statement to confirm the College as a going concern was approved.</i></p> <p>77.6. Sign Financial Statements and Letters of Representation</p> <p><i>The Letter of Representation for the Audit and the Financial Statements for Hartpury College, Limbury Limited and Rudgeley Limited for the year ended 31st July 2012 had been approved and were signed by the Chair, Principal and Directors.</i></p> <p>JG thanked GL and the members of Finance Team for their help in preparing the budget.</p>	<p></p> <p>GL</p> <p>GL</p> <p></p>	<p></p> <p>07/02/13</p> <p>07/02/13</p> <p></p>

		ACTION	ACTION DATE
	<p>The Chair congratulated GL and the Finance Team for an excellent result in what had been a difficult year.</p> <p>Mr John Golding left the meeting.</p>		
78/12	<p>To receive and approve:-</p> <p>78.1. Internal Audit Annual Report. Paper C78.1/12/12</p> <p>GL advised that the Report was provided by Mazars and covers their work which had been finalised in respect of the 2011/2012 internal audit plan. GL advised that eight audits had been carried out during the year and the subsequent reports had contained 32 detailed recommendations to College Management to address weaknesses in design and/or operation of controls. This was against 26 recommendations in 2010/2011, 27 in 2009/2010, 30 in 2008/2009 and 39 in 2007/2008. There had been four new high priority recommendations resulting from the reviews. GL gave details of each of the four high level recommendations and the action that was being taken. There had been 18 recommendations as a result of the Catering Value for Money audit and RM advised that he had put consultants in place and was expecting not just to clear the points from the audit but to put best practice in the sector in place. The auditors confirmed that in a follow up audit the College had cleared all agreed actions sampled. The auditors had also carried out a consultancy project on the Management of Higher Education Numbers but this had not been circulated as it was believed to be a management document. The Report was able to give a positive opinion on the effectiveness of the Colleges risk management, control and governance processes.</p> <p><i>A copy of the consultancy Report on Management of Higher Education Numbers will be sent to Professor Ritchie.</i></p> <p><i>The Internal Audit Annual Report for the period ended 31st July 2011 was approved by the Corporation.</i></p> <p>78.2. Audit Committee Annual Report. C78.2/12/12</p> <p>The Clerk referred Members to the Audit Committee Annual Report and confirmed that the report had been discussed and approved by the Audit Committee. The Clerk advised that the Report outlined the work of the Committee over the year and advised that changes had been made to the Risk Management system and the reporting methodology during the year. The Clerk referred Members to Section 12 of the Report – the opinion on the College’s system of control confirming that the College had adequate and effective controls in place and that the governing body’s responsibilities had been discharged.</p> <p><i>The Audit Committee Annual Report for 2011/12 was approved by the Corporation.</i></p> <p>78.3. Approve amendment to Audit Terms of Reference. Paper C78.3/12/12</p> <p>The Clerk advised that no amendments were proposed other than to the Membership.</p>	SW	Immediate

		ACTION	ACTION DATE
	<i>The amendment to the Audit Terms of Reference was approved.</i>		
79/12	<p>Agree Minutes of the Meeting held on the 25th October 2012. Paper C79/12/12</p> <p>Minutes of the Meeting held on the 25th October 2012 were agreed to be a true and accurate record and signed by the Chair.</p>		
80/12	<p>Matters Arising</p> <p>80.1. (60/12) Strategic Planning</p> <p>The Chair advised that this was very challenging times with upheaval in Higher Education, which might work in our favour, and challenges in Further Education over funding which we will need to respond to in innovative ways. GvdL outlined the details of the Landex Conference he had just attended with other chairs from the sector. The main aim of the conference had been to look at the challenges facing the sector. CM advised that the aim of the Conference had been to raise awareness and there had been a number of high profile speakers. We are going through a volatile period with changes to FSA and SFA funding and to the inspection framework. RM advised that he had taken the input from the Governors' Strategic Planning Day and was working for the final draft of the Strategic Plan to be discussed at the March Corporation Meeting.</p>		
81/12	<p>Discuss and approve College Self-Assessment Report 2011/2012. Paper C81/12/12</p> <p>LR advised that College Self-Assessment Report was an annual requirement and outlined the process that had commenced in April and completed recently with a validation exercise with Landex. The Assessment had been discussed at the last meeting of the Quality and Standards Committee and a number of changes had been proposed which were incorporated in the final report. LR confirmed that the format was similar to the previous year with some extra course points being added. LR advised that following the recent presentation at the Governors' Strategic Planning Day regarding the shift in emphasis by Ofsted he felt it would help the governors to signpost the SAR indicators aligned to key Ofsted criteria and he issued a paper which will be numbered C081A/12/12. LR advised that one of the most important areas was our overall success rates and referred Members to the data. LR advised that Long Level 3 courses accounted for over 85% of our FE provision and there had been the first dip in performance for three years from 86.9% last year to 85.6% this year. However LR explained that we were still well ahead of the benchmark and our current grade would still be considered outstanding. LR advised that the reduction of 1.4% was caused by reduced success rates in the areas of Specialist Sport (Rugby and Football) and Equine. In response to MHB LR advised that this majorly down to retention problems but action had been taken and retention was improving. LR now referred Members to the performance against Governor set KPI targets and explained that when these were revised in 2011 they were moved upwards to become more challenging and LR confirmed that they do not match the Ofsted KPI's which are lower. LR</p>		

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	<p>advised that there was a dip and that there is only one area that exceeded last year and two areas that exceeded target. LR believed this not to be a trend as it was a single year dip and we are still well ahead of benchmarks. LR referred Members to the data on outcomes and advised that there still needed to be an improvement in agriculture. GvdL commented that the situation had been poor in agriculture for a number of years and initiatives had been agreed and promises that it was getting better given but what confidence can the governors have that improvements are happening. RM agreed that this is an area of concern but there have been changes to structure and people and he feels that we are going forward. LR advised that 8 staff had left in this area in the last year. A new Subject Leader has been appointed and he felt that we would be grade 2 next year. LR outlined the areas of strength self-assessed as grade 1 but these would still have to be tested under the new Ofsted regime. CM believed it was dangerous to predict what Ofsted are thinking but believed they would also be looking at the wider student experience outside of results and teaching. MB asked whether the Ofsted requirements were defined and LR replied that there is an inspector's handbook but the inspections are by people and therefore becomes subjective. RR advised that the Quality and Standards Committee had spent some time discussing the report and that Ofsted require improvement but this SAR does not show this as we show a dip and the gap between us and national benchmarks is narrowing. When asked by Ofsted we need to have a story to tell them as we need to recognise this dip and be critically engaged in the on-going challenge to improve.</p> <p><i>The Self-Assessment Report 2011/2012 was approved.</i></p>		
82/12	<p>Discuss and approve policy on the Determination of Tuition Fees for 2013/2014. Paper C82/12/12</p> <p>GL advised that it was necessary for the Corporation to determine tuition and other fees as this was a requirement of the Instrument and Articles of Government.</p> <p><i>The Corporation delegates to the Principal the setting of tuition and other fees for 2012/2013 subject to the approval of the Governors' Management Committee.</i></p>		
83/12	<p>Review performance to Governor Targets.</p> <p>83.1. Key Performance Indicators. Paper C83.1/12/12</p> <p>The Clerk advised that the performance in green type showed the KPI's that had been achieved, which were the majority, and red where the target had been missed. Only 2 of the 8 FE targets had been achieved and the reasons for this had been outlined earlier when discussing the Self-Assessment Report. The Clerk referred Members to the HE performance to targets set by UWE and RR advised that the progress made was impressive. The Clerk advised that greater detail on the performance of FE and HE to target could be found in the minutes of the Quality and Standards Committee. The Clerk advised that the HE student number target had been grossly exceeded due to direct student numbers being awarded. Whilst the target on academic appraisals had been missed RR felt the performance of 97% completion was very high. The Clerk advised that as there was currently a strategic review taking place the</p>		

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	<p>KPI's would also be reviewed and draft of changes could be discussed at March Corporation Meeting.</p> <p>83.2. Governance. Paper C83.2/12/12</p> <p>The Clerk advised that all targets had been achieved and they would be reviewed at the next meeting of the Search and Governance Committee for approval at the March Corporation Meeting.</p>		
84/12	<p>Discuss the completion of Chairs Appraisal documentation. Paper C84/12/12</p> <p>The Clerk advised that this was a requirement under the new Code of Governance and had been completed last year through a process adopted from the NHS. The governors had not found this to be a particularly good process. A template has now been issued for the sector and the Clerk advised that he had amended this to fit with our structure. The new process was more relevant and less bureaucratic.</p> <p><i>It was agreed to adopt the new process and all governors with more than 12 months service would complete and return to the Clerk by the 4th January 2013.</i></p>	ALL	04/01/13
	<p>Part 2 Documents for Governors to Note (This section is for reference and Chairs of Committees will highlight areas of importance when necessary)</p>		
85/12	<p>Minutes of Committee Meetings.</p> <p>85.1. Quality and Standards Committee Meeting 14th November 2012. Paper C85.1/12/12</p> <p>In the absence of the Chair RR gave a brief report on the last meeting. The significance of the Committee had been outlined by the external consultants presentation at last week's Strategic Planning Day. RR advised the subject of academic salary scales was now going to be discussed at the next GMC Meeting. The main item on the agenda had been the SAR and this had obviously been discussed earlier. RR advised that the minutes showed a number of positive reports. RR felt there had been an issue with the agenda as it tended to jump between FE and HE.</p> <p><i>The Board received, noted and accepted the minutes.</i></p> <p>85.2. Audit Committee Meeting 15th November 2012. Paper C85.2/12/12</p> <p><i>The Board received, noted and accepted the minutes.</i></p> <p>85.3. Governors' Management Committee Meeting 19th November 2012. Paper C85.3/12/12</p> <p><i>The Board received, noted and accepted the minutes.</i></p>		

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86/12	<p>Note the College Top 10 Risks. Paper C86/12/12</p> <p>GL advised that these risks were reviewed regularly by the College Executive and the Risk Management Group. In response to RR GL confirmed that the risk in the change to Ofsted regime had been evaluated but its score fell outside of the top ten.</p>		
	<p>Part 3 Documents for Information (This section is for information and items will not normally be discussed)</p>		
87/12	<p>87.1. Note content of Principals Briefing. Paper C87/12/12</p> <p><i>The document was noted.</i></p>		
88/12	<p>Election for the appointment of Chair of Corporation. Paper C88/12/12</p> <p>The Clerk advised that the current Chairs period in this position ends on the 4th March 2013 prior to the next Corporation Meeting. The current Chair has also been nominated for a further term and agreed for his name to go forward. The Clerk had received no other nominations.</p> <p>The Chair left the meeting.</p> <p>The Clerk advised that the Chair had just been elected for a further four year term as a as a governor starting February 2013. CW advised that in conversation with GvdL he did not feel it was his intention to remain as Chair for the full period of his next term. The Clerk advised that as Chair he could resign from that position at any time. MJD felt that it would be better to elect GvdL as Chair for 2 years as this would make sure the Corporation focused on finding a replacement.</p> <p><i>Mr G van der Lely was proposed by Mr C Whitehouse and seconded by Mr M Baber and elected unanimously to be Chair of the Corporation for a period of 2 years commencing 5th March 2013</i></p> <p>The Chair returned to the meeting and was advised of his re-election. GvdL thanked the Members and stated that he felt very privileged to hold this position.</p>		
89/12	<p>Attach the Corporation Seal</p> <p><i>It was resolved that the Corporation Seal be applied to the Deed of Variation between Nijjar Property Ltd trading as Freshways and Hartpury College for the purchase of milk with Nijjar Group Holdings as guarantor.</i></p>		
90/12	<p>Any Other Business</p> <p>There was no other business.</p>		

		ACTION	ACTION DATE
	<p>Dates of Future Meetings-all scheduled to commence at 10.00am</p> <p>7th March 2013 11th July 2013 24th October 2013 28th November 2013 (Training Day) 5th December 2013</p> <p>6th March 2014 10th July 2014 23rd October 2014 20th November 2014 (Training Day) 11th December 2014</p>		

**Mr Graham van der Lely
Chair of Hartpury College Corporation**

7th March 2013