

GOVERNORS' MANAGEMENT COMMITTEE

Minutes of a Meeting 11.00am Thursday 6th October 2011 Gordon Canning Room

Present: Mr Graham van der Lely (Chair) (GVdL)
Mr Martin Baber (MHB)
Mr Mike Burton (MB)
Mr Mark Davison (MD)
Mr Jim Hickman (JH)
Mr Edward Keene (EK)
Mr Malcolm Wharton (MW)
Mr Charles Whitehouse (CW)

In Attendance Mr Graham Ledden (GL)
Mr Luke Rake (LR)
Dr Stephen Waite (SW)
Mrs Lesley Worsfold (LW)

Apologies: Mr R Barnett

Minutes: Mr Rob Lee

		ACTION	ACTION DATE
1.	<p>Apologies</p> <p>Apologies were received from Mr R Barnett.</p>		
2.	<p>Declaration of Interest – Paper GMC02/10/11</p> <p>MJD declared an interest in Agenda item 7. It was agreed that he could take part in any discussion but not in any subsequent vote.</p> <p>The Principal, GL, LR, SW, LW and the Clerk declare an interest in Agenda item 8. It was agreed that if discussion was required on this matter then these members should leave the room and not involved in any subsequent vote.</p> <p>Governor Members declare an interest in Agenda item 13.4</p> <p>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>		

	ACTION	ACTION DATE
<p>3. Minutes of the Last Meeting – Paper GMC03/10/11</p> <p>Minutes of the meeting held on the 28th June were agreed to be a true and accurate record and signed by the Chair.</p>		
<p>4. Matters Arising</p> <p>4.1. (4.4, 12.1) Improvements to A417/C67 Junction.</p> <p>MW advised that the improvements to the junction, funded by the College, had been completed but there had already been an accident. The situation will be monitored.</p> <p>4.2. (7.0) Update on SFA financial rating.</p> <p>GL advised that we had been notified verbally that our financial rating will be moderated from inadequate to satisfactory and the SFA were looking at changing rating system for next year.</p> <p>4.3. (8.3) Notify Architect and Builder of possible claim for remedial work on Sports Academy Roof. Will be discussed at Agenda item 6.1.</p> <p>4.4. (11.0) Options for incremental rises in the academic appraisal process.</p> <p>LW advised that there will be no change to the academic appraisal process this year. A new process will be trialled and when looking at next budget will look to see if it is financially viable to link appraisals to increments for support staff. MW believed that the support staff should be brought in line with the academic staff but did not wish for the financial rewards to become diluted. In response to GvdL GL advised that the cost to bring support staff in line would be less than £30K.</p>		
<p>5. Discuss and approve monthly accounts for July 2011 to include performance of College commercial enterprises, Employer Engagement and Train to Gain to Targets. Paper GMC05/10/11</p> <p>GL advised that results for the full year, subject to audit, show an operating surplus of £920.4K against a budget of £398.5K representing a £521.8K favourable variance. The surplus is before restructuring costs of £79.5K; costs associated with the disposal of fixed assets of £174.0K and FRS17 adjustment which is expected to be about £106K. GL explained that there were a number of areas that collectively had performed better than expected which had led to this very good result. GL outlined the areas of income and costs with major variances. The result has allowed some projects to be brought forward from this year into last year such as a £154.0K for renewing old riding surfaces.</p> <p>GL outlined the performance of the College commercial enterprises.</p>		

ACTION**ACTION
DATE**

	Actual £000's	Budget £000's	Variance £000's
Catering			
Bar			
Shop			
Conferencing			
Equine			
Stud			
Farm			
Residential			
Transport			
Centre for Rural Business			

GL explained that all catering subsidies are lower than budget due in the main to higher margins being achieved. Conferencing is significantly better than budget due to much higher numbers than expected coming from the summer school. The performance of Equine would have been better than budget if not for the costs of renewing the surfaces as already discussed. The majority of this cost has been offset by additional income from facility hire and shows. The unfavourable variance at the Stud is mostly down to the reduction in the valuation of Take It to the Limit and Regazzo. The Farm had a favourable balance of £139.9K on income but an adverse variance of £261.1K on costs and GL outlined the reasons. The major concern was the adverse variance of £57.7K on the pig operation. MW advised that he had considered closing when there had been a large increase in feed costs but there was a need educationally for the operation. Residential performance was down to higher than budgeted occupancy. Transport had been affected by higher fuel costs than expected and higher car lease charges. The staff costs of the Centre for Rural Business had stayed in line with lower level of income which had enabled the area to have a favourable balance.

The Chair wished it minuted the Corporations congratulations to the Principal, GL, senior Management Team and staff for an excellent financial result.

6. Capital Projects. (GL)

6.1. Update on Capital Projects. Paper GMC06.1/10/11

GL advised that the Home Farm Campus Project had been completed and opened on time for the beginning of the academic year. The budget of £3117.7K to which the SFA contributed £1m shows currently a favourable variance of £88.5K although this will alter as there are some costs still to come in. In response to MJD GL advised that the major reason for achieving a BREEAM rating of "very good" instead of "excellent" was not related to the building but more to our rural location and lack of such things as public transport links. In response to EK GL advised that we did not expect any difficulties from the SFA over not achieving an "excellent" rating. In response to GvdL GL confirmed that there would be a saving in energy costs.

The Sports Academy Extension is on budget and expected completion in late October. GL advised that the lease and commercial agreement with

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<p>Gloucester Rugby still had some points to be finalised before it could be signed.</p> <p>GL advised that the remedial works to Sports Academy Roof had been costed at £314K. It appears, however, that as the documentation was only signed rather than sealed the time to make a claim might be 6 years and not 12 years and we could therefore be out of time. MW advised that there had been a problem with the roof at the time of the build which had led to a delay but this had supposedly been resolved. This now seemed not to be the case and we need to contact the Project Managers at the time as a matter of urgency. In response to GvdL GL advised that the problem with the roof had been identified by the builders when constructing the Analysis Suite some two years ago. JH suggested that we should consider taking out protective writs against those parties who we feel may be responsible.</p> <p><i>It was agreed that we will take legal advice as to whether we should issue protective writs.</i></p> <p><i>The Committee will be updated at the next meeting.</i></p> <p>GL confirmed that the new Rubber Crumb had been completed on time and on budget. MW felt that the lights were not as bright as they should be and a lux reading was required.</p> <p>GL advised that the cost of buying and cladding the Dingle was £700K. The Clerk advised that £650K had been approved by the Corporation. In response to EK GL confirmed that we had negotiated a fixed price on the purchase of the units until April 2012. A Planning Application is with the Local Authority but we still need to seek borrowing consent from the SFA.</p> <p><i>The purchase and cladding of the Dingle was approved to a maximum cost of £700K on planning approval from the Local Authority and borrowing consent from the SFA.</i></p> <p>6.2. Discuss Capital Investment Options GMC06.2/10/11</p> <p>GL advised that given our current bank covenants and the likely restriction of the SFA on our borrowings, it is estimated that the maximum headroom available for the College over the next few years is an additional £5m. GL advised that the SFA have recently invited bids for up to £2m for new capital projects. The requirement is again to fund such projects with College funds at a rate of 2:1. MW believed therefore that we should bid to SFA for borrowing consent of £3.5m for construction of an FE Centre including a £1.3m contribution from them towards the cost and Lloyds a further £1m for the Dingle works. MW advised, therefore, that all these three projects would fall within the estimated £5m headroom.</p> <p><i>It was approved that a bid of £3.5m should be made to the SFA for construction of a FE Centre with a contribution from the SFA at a rate of 1:2 with College funds.</i></p>	<p></p> <p>GL</p> <p>GL</p> <p></p> <p>GL</p> <p></p> <p>GL</p>	<p></p> <p>Immediate</p> <p>16/11/11</p> <p></p> <p>Immediate</p> <p></p> <p>Immediate</p>
<p>7. Discuss and approve Accommodation Fees for 2011/2012. Paper GMC07/10/11</p> <p>GL advised that it had been proposed by internal auditors that accommodation fees should be approved by governors. In response to MW LW advised that occupancy was at 98% which compares favourably with</p>		

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	<p>previous year. In response to MHB GL advised that Catsbury residential accommodation was very profitable with income in excess of £200K per annum.</p> <p><i>Accommodation fees for 2011/2012 were approved.</i></p>	GL	Immediate
8.	<p>Discuss and approve membership of the College Health Scheme. Paper GMC08/10/11</p> <p>The Clerk advised that the membership had to be approved on an annual basis and as the Remuneration Committee had been cancelled it had been brought to this Committee. GL advised that Mr J Hawkswell had reached the age of 65 and would no longer be eligible and Mr S Bray had left the College. LW advised that Mr J Perry and Mr M Bloodworth are now eligible for membership.</p> <p><i>The membership of the College Health Scheme was approved with the above amendments.</i></p>	GL	Immediate
9.	<p>Discuss and confirm Senior Post Holders.</p> <p>The Clerk advised that the Senior Post Holders had to be approved on an annual basis and as the Remuneration Committee had been cancelled it had been brought to this Committee</p> <p><i>It was agreed that the Senior Post Holders would remain the same being the Principal, Vice Principal (Business and Finance), Vice Principal (Higher Education), Vice Principal (Further Education) and Director of Human Resources and Residential Services.</i></p>	Clerk	Immediate
10.	<p>Discuss and approve an increase to the overall credit limit of College Corporate Charge Cards. Paper GMC10/10/11</p> <p>GL advised that following the June Meeting additional credit cards had been provided and Lloyds have proposed that the combined credit limit of all the cards should be raised from £25K to £40K.</p> <p><i>The Committee approved the increase in credit limit to £40,000.00 and the appropriate document to be signed by two authorised bank signatories.</i></p>	GL	Immediate
11.	<p>Discuss and approve Inter Company Loan Agreement between Limbury Ltd and Hartpury College. Paper GMC11/10/11</p> <p>GL advised that the current building projects at Home Farm and the Sports Academy extension are in the name of the College, while the loan facility which is financing the works is in Limbury Ltd. Lloyds Bank have confirmed that funds can be drawn down in Limbury and on-lent to Hartpury. The document formalises this agreement between the two entities and stipulates that loan from Limbury to Hartpury will be on the same terms as those incurred by Limbury. GL advised that the agreement has been drawn up by the College Solicitors and the proposal has been considered by our tax advisers.</p> <p><i>It is agreed that the Agreement is executed by the College and Limbury Ltd and was signed by the Chair and Mr M J Davison who is a Director of Limbury Ltd.</i></p>		

	ACTION	ACTION DATE
<p>12. Discuss and agree action on potential tax issue on Limbury Ltd. Paper GMC12/10/11</p> <p>GL advised that this matter had been discussed at the Audit Committee. Grant Thornton had previously raised the issue that as the taxable profits of Limbury Ltd, which was the owner of much of the Colleges residential accommodation, were different to the accounting profits and we were rapidly reaching a point where gift aid payments equivalent to the taxable profits could not be made as there would be insufficient distributable accounting reserves to pay these. This issue arises due to the difference between capital allowances and depreciation on the residential properties and could mean that corporation tax would become payable. Limbury had been set up to build the College residencies as at the time Colleges could not borrow more than 40% to their turnover but this did not apply to subsidiary companies and this was cited by the National Audit Office at the time as good practice. No longer relevant as borrowings are now monitored by the SFA on a consolidated basis. It is therefore proposed that to overcome the matter of deferred tax Limbury Ltd should sell all its properties to the College who would take on the debts of Limbury. There is a number of tax issues related to such a sale, although initial investigations indicate these can be overcome. In response to GvdL GL advised that it may be possible to put other commercial operations in to Limbury.</p> <p><i>It is agreed that the proposal to sell properties from Limbury Ltd to the College will be investigated further and pursued with the SFA and reported to the next meeting.</i></p> <p><i>It was agreed that the directors of Limbury Ltd should minute their determination to ensure that a tax liability does not arise.</i></p>	<p>GL</p> <p>GL</p>	<p>16/11/11</p> <p>Immediate</p>
<p>13. Approve amendments to the following documents. (proposed amendments in red)</p> <p>13.1. Procurement Strategy. Paper GMC13.1/10/11</p> <p>GL outlined the proposed changes. In response to MJD GL advised that the College had worked with the Gloucestershire Federation of Colleges on tenders for Waste Management and Catering supplies.</p> <p><i>The amendments to the Procurement Strategy were approved.</i></p> <p>13.2. Data Protection Policy. Paper GMC13.2/10/11</p> <p>GL advised that the Policy had been looked at by our suppliers who have suggested a number of minor amendments.</p> <p><i>The amendments to the Data Protection Policy were approved.</i></p> <p>13.3. Terms of Reference. Paper GMC13.3/10/11</p> <p>The Clerk advised that amendments were proposed to the quoracy due to the increased number of members and importance of the items that were discussed. There was also a proposed amendment to the process on debts to be written off.</p> <p><i>The amendments to the Terms of Reference were approved.</i></p>	<p>GL</p> <p>GL</p> <p>Clerk</p>	<p>Immediate</p> <p>Immediate</p> <p>Immediate</p>

	ACTION	ACTION DATE
<p>13.4. Governors' Allowances Policy. (No amendments proposed). Paper GMC13.4/10/11</p> <p>The Clerk advised that the Policy should be reviewed on an annual basis. There were no amendments proposed.</p> <p><i>The Governors' Allowance Policy was approved.</i></p>	Clerk	Immediate
<p>13.5. Redundancy Policy. Paper GMC13.5/10/11</p> <p>LW advised that after recent events at the College she had taken the opportunity to make our Policy more robust. In response to GvdL LW advised that the amendments were not due to changes in the law. In response to MJD LW advised that the Policy had not been checked by our legal advisors but we had used an AoC model.</p> <p><i>The amendments to the Redundancy Policy were approved.</i></p>	LW	Immediate
<p>13.6. Probationary Policy and Procedures. GMC13.6/10/11</p> <p>LW advised that the proposed changes were to make the Policy more robust.</p> <p><i>The amendments to the Probationary Policy and Procedures were approved.</i></p>	LW	Immediate
<p>14. Discuss and agree actions from the Human Resource Department Annual Report. Paper GMC14/10/11</p> <p>LW advised that the Report covered the last financial year to July 2011. During that period £33,062 was spent on advertising compared to £45,779 the previous year. This is because the majority of our advertising is now via websites. Overall staff turnover rates were 24% and are higher than previous year which were 19.5% but lower than the previous two years (28% and 31%). There was a slight increase in the number of C grades awarded (43%) for academic appraisals compared to last academic year (39%). There has been a significant increase in the number of support appraisals completed (88%) compared to previous year (60%) and the number of formal disciplinaries increased from seven in the last academic year to thirteen this academic year. Absence levels (4.02 days) are lower than the national average (AoC, 8.32 days and CIPD, 7.7 days). 20% of days lost during this year were due to stress. LW explained that there are concerns that some departments under report sickness. The gender ratio is similar to the FE College workforce with there being a slightly higher proportion of females (54%) than males (46%). LW advised that 4.8% of Hartpury College staff is from a BME group, which is slightly lower than the BME mix of the local population of Gloucestershire (5.1%) and lower than Further Education (8.5%) and Higher Education (10.4%) on average. Within FE the number of teaching staff who have or are working towards a teaching qualification has increased from 89% in 2010 to 97% in 2011. MW commented that this should be 100%. Within HE the percentage of academic staff who have or are working towards a teaching qualification has increased from 65% in 2010 to 78% in 2011. In response to EK LW advised that it is College Policy for HE staff to hold a teaching qualification. LW asked Members to note that the Report contained employment law changes that had taken place during the year.</p>		

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<p>15. Note Report on Employer Engagement discussed at Quality and Standards Committee. Paper GMC15/10/11</p> <p>LR advised that the Report had previously been discussed at Quality and Standards Committee. MW advised that some governors are concerned with our engagement with employers in our sector. LR advised that the review had started in November 2010 and reported back in June 2011. The traditional method had been vocational panels but it was found that whilst some departments did this very well such as Outdoor Adventure others did not as it was a method that did not suit. LR proposed that there should be a more flexible approach and the various methods were explained. Employer Engagement will be a standing agenda item for Quality Review Boards. LR also advised that this was included within the Self Assessment Report</p> <p><i>It was agreed that an update will be given to the Quality and Standards Committee in 6 months.</i></p>	LR	Feb 2012												
<p>16. Any Other Business</p> <p>16.1 FE student recruitment.</p> <p>MW advised that FE student recruitment was disappointing as whilst overall showed an increase of 2.8%, first year student enrolments were down by 1.8% which potentially will give us a problem next year. Investigation was taking place on reasons for students who did not show.</p> <p>The other item will be taken in Closed Session and minuted separately.</p>														
<p>17. Dates of Future Meetings all to be held at 11.00am</p> <table data-bbox="215 1288 1093 1467"> <tr> <td>Wednesday 16th November 2011</td> <td>Thursday 7th February 2013</td> </tr> <tr> <td>Wednesday 25th January 2012</td> <td>Wednesday 1st May 2013</td> </tr> <tr> <td>Wednesday 25th April 2012</td> <td>Thursday 20th June 2013</td> </tr> <tr> <td>Thursday 21st June 2012</td> <td>Thursday 3rd October 2013</td> </tr> <tr> <td>Thursday 4th October 2012</td> <td>Thursday 25th November 2013</td> </tr> <tr> <td>Wednesday 21st November 2012</td> <td></td> </tr> </table>	Wednesday 16 th November 2011	Thursday 7 th February 2013	Wednesday 25 th January 2012	Wednesday 1 st May 2013	Wednesday 25 th April 2012	Thursday 20 th June 2013	Thursday 21 st June 2012	Thursday 3 rd October 2013	Thursday 4 th October 2012	Thursday 25 th November 2013	Wednesday 21 st November 2012			
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**Mr Graham van der Lely
Chair Governors' Management Committee**

16th November 2011