



GOVERNORS' MANAGEMENT COMMITTEE
Minutes of a Meeting
11.00am Wednesday 19th June 2013
Gordon Canning Room

Present: Mr Graham van der Lely (Chair) (GVdL)
Mr Martin Baber (MHB)
Mr Mark Davison (MJD)
Mr Jim Hickman (JH)
Mr Edward Keene (EK)
Mr Russell Marchant (RM)
Mr Chris Moody (CM)
Mr Charles Whitehouse (CW)

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

Apologies: Mr Bob Barnett
Mr Mike Burton

Minutes: Mr Rob Lee

		ACTION	ACTION DATE
1.	Apologies Apologies were received from Mr R Barnett and Mr M Burton.		
2.	Declaration of Interest – Paper GMC02/06/13 The Clerk advised that member’s interests would be taken as those disclosed in the Register of Members Interests. There were no declarations of members interests for agenda items.		
3.	Minutes of the Last Meeting – Paper GMC03/06/13 Minutes of the meeting held on 1 st May 2013 were agreed to be a true and accurate record and signed by the Chair.		
4.	Matters Arising 4.1. (4.1. 4.1, 4.1, 4.2, 4.4.) Update on review of Agreement with Velcourt. RM advised that this was on-going and a further meeting had been arranged.		

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	<p><i>The next meeting will be updated.</i></p> <p>4.2. (9.1.) Report on progress of Biomass Heating Project.</p> <p>RM advised that the next part of the project had started which entailed much more detailed planning and looking at ways the project could be funded. When this had been completed a much more detailed proposal would be put to the Committee. In response to GvdL RM advised that the earliest that the project could start would be the summer of 2014 and in further response to GvdL RM believed that the investment return would be acceptable but the possible physical problems of the project needed careful consideration.</p> <p><i>The next meeting will be updated.</i></p>	RM	03/10/13																																				
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5.	<p>Discuss and Approve monthly accounts for April 2013 to include performance of College commercial enterprises, Employer Engagement and Hartpury Commercial. Paper GMC05/06/13</p> <p>GL advised that the accounts to the nine months to the end of April show an operating surplus of £693.4K compared to a budgeted surplus of £573.2K a £120.2 favourable variance. The same period last year showed a surplus of £251.5K. GL explained that income had a favourable variance to budget of £283.7K and he outlined the major areas of favourable variance, HE Funding, 16-18 Apprentices and adult provision, and the reasons. Farm income was £45.4K adverse variance due majorly to a shortfall in milk income. GL advised that since the accounts had been produced we had been informed that our summer school client had not won the INDAP Italian Government contract and this could have a £150K detrimental effect on our income. In response to MHB LW advised that we will look for replacements for this income but this is likely to be for next year and not this. GL advised that Direct Costs were close to budget showing a £8.7K adverse variance but Fixed Costs were showing £154.8K adverse to budget majorly down to overspend in staff costs and utilities.</p> <p>GL outlined the results of the commercial activities.</p> <table border="1"> <thead> <tr> <th></th> <th>Actual £000's</th> <th>Budget £000's</th> <th>Variance £000's</th> </tr> </thead> <tbody> <tr> <td>Catering</td> <td>107.5</td> <td>(20.4)</td> <td>127.9</td> </tr> <tr> <td>Bar</td> <td>(44.4)</td> <td>(58.7)</td> <td>14.3</td> </tr> <tr> <td>Conferencing</td> <td>64.1</td> <td>113.8</td> <td>(49.7)</td> </tr> <tr> <td>Equine</td> <td>(140.9)</td> <td>(180.3)</td> <td>39.4</td> </tr> <tr> <td>Farm</td> <td>(282.5)</td> <td>(59.7)</td> <td>(222.8)</td> </tr> <tr> <td>Residential</td> <td>1502.9</td> <td>1483.8</td> <td>19.0</td> </tr> <tr> <td>Transport</td> <td>(569.8)</td> <td>(578.7)</td> <td>8.9</td> </tr> <tr> <td>Business</td> <td>159.1</td> <td>240.5</td> <td>(81.3)</td> </tr> </tbody> </table> <p>GL explained that Catering Departments favourable variance had</p>		Actual £000's	Budget £000's	Variance £000's	Catering	107.5	(20.4)	127.9	Bar	(44.4)	(58.7)	14.3	Conferencing	64.1	113.8	(49.7)	Equine	(140.9)	(180.3)	39.4	Farm	(282.5)	(59.7)	(222.8)	Residential	1502.9	1483.8	19.0	Transport	(569.8)	(578.7)	8.9	Business	159.1	240.5	(81.3)		
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	<p>been enhanced by the higher than budgeted sale of meal packages and lower utilisation. Conferencing had been expected to hit budget but this was now unlikely due the matter discussed earlier. GL explained that it was a disappointing performance by the Farm majorly down to the Dairy. In response to GvdL GL outlined what the subsidy could amount to over the full year but advised that we should remember that we do get an educational premium for running the Farm. RM pointed out that this area was just not the Farm but the estate, shoot etc. and part of the reason for breaking down these areas in next year's budget was to look at each area and see what improvements can be made. MHB believed that we should be using Velcourt where they can add value. CW stated that Velcourt budgeting has not been good and GvdL believed that we need to be clearer on the areas that they are failing. CM believed that whilst the financial situation of the Farm is important it is vital to ensure that it is demonstrating best practice as the reason it is here is to educate students and we must keep this in mind when discussing the finances. RM was confident that we will demonstrate best practice with the exception of the pig operation which is to close by the end of July. GL advised that we could use the same argument for Equine which has a running subsidy of £140K and has the same educational weighting as agricultural students. GvdL observed that Equine was, however, running the right side of budget. GL advised that the Hartpury Business shortfall was majorly down to Partnership Provision which generally happens in the final quarter so was hopeful budget would be met.</p> <p>GvdL thought that this was a favourable result considering the problems with the Farm Budget.</p>		
6.	<p>Update on Capital projects. Paper GMC06/06/13</p> <p>6.1. New FE Centre</p> <p>GL advised that the SFA have approved the revised project and a letter is in the post. Planning has been received and loan facilities being finalised. Tenders have been received and contractor selected with the start date of 15th July 2013 on what is expected to be an 11 month build.</p> <p>It was agreed that we should take Agenda Item 16 at this time as it concerned the bank loans for the new FE Centre.</p> <p>6.2. Bank Loans for new FE Centre Paper GMC16/06/13</p> <p>GL advised that Lloyds Bank have agreed loans of £2,200k for the new FE centre in two tranches.</p> <p>1. £1,650k will come from European Investment Bank funds and are for a 16 year fixed rate deal with a margin of 2.5% above cost of</p>		

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	<p>funds - giving an indicative all in rate of 4.811%. There is an arrangement fee payable of £16,500.</p> <p>2. £550k will be funded on a 20 year profile with the first five years' interest fixed at the outset at 2.75% above cost of funds with an indicative all in cost of 4.122% - the fifth year interest rate on this facility is fixed every year at the Bank's discretion so that at any one time the interest rate on the loan is, at a minimum, fixed four years ahead.</p> <p>In response to GvdL GL explained that the reason it was in two loans was that a single loan could only go up to 50% of the project. MJD asked why the whole loan was not fixed for 20 years and GL advised that this was too expensive for the bank and would make the interest rate too high. In response to EK why it was not variable GL advised that we would not be able to fix in 5 years. In response to MJD GL advised that we are not able to fix this loan at annual meeting as we would have to look at our entire loan portfolio. GL outlined the resolution that needed to be signed.</p> <p><i>It was agreed that the resolution for the two loans as discussed should be approved for signature.</i></p> <p>6.3. Laughton's Farm</p> <p>GL advised that with the delay due to bats that had previously been advised it is now expected the build programme could be considerably extended with delivery early next summer and it is hoped that this will help reduce costs. In the meantime temporary accommodation has been sourced for the yard staff.</p> <p>6.4. College Capital Investment Fund</p> <p>GL had previously advised that we had been unsuccessful in the first round of bidding and after a meeting with the SFA we had resubmitted two expressions of interest. One for a new Foundation Studies and Farm Mechanisation Building and secondly for a phase 2 to the Sports Academy. GL explained that we will hear in July if we are to put a detailed proposal through with a final decision in September 2013. In response to GvdL GL confirmed that we will have to find a £1m if successful but will have until September 2015 to find funding.</p> <p>6.5. Principals Capital Budget</p> <p>It is noted that there is a balance of £18.3K after the all expenditure this year including that of proposed projects. In response to CW RM advised that the £75K spend for New Vic/Limbury Extension was to extend the communal area to improve the self-catering facilities. In response to EK GL advised that Laughton Farm costs had been reallocated and would have to be found in next year's budget. In response to MJD RM advised that the squash court in the Sports Academy, which was very rarely used, was being made into two</p>	GvdL/ Clerk	Immediate

		ACTION	ACTION DATE
	classrooms at a cost of £20K.		
7.	<p>Discuss and recommend for approval Budget for 2013-2014. Paper GMC07/06/13</p> <p>GL advised that the proposed budget provides an operating surplus of £440.5K before FRS17 adjustments on an income of £27m GL explained that this is slightly down on this year majorly down to costs to move to degree awarding powers. GL outlined the key assumptions in the budget.</p> <p><i>The Budget for 2012-2014 is recommended for approval.</i></p>	Clerk	11/07/13
8.	<p>Discuss and recommend for approval Two Year Forecast. Paper GMC08/06/13</p> <p>GL advised that the Forecast was now for two years as the current year outcome was included as the first year. GL believed that the SFA had made this change due to the uncertainty in the sector. GL advised that he had included the new KPI's that had been discussed as well as the strategic milestones. HE income was the main driver. GL explained that we are not to include aspirational projects only those that funding had been agreed. Financial health is inadequate but moderated to satisfactory because of our cash generation. MJD noted that the Corporation target of 3% surplus to income was not achieved in any of the years and GL advised that this will change when the UWE top slice has been agreed.</p> <p><i>The Two Year Forecast is recommended for approval.</i></p>	Clerk	11/07/13
9.	<p>Discuss and recommend for approval Corporation KPI's. Paper GMC09/06/13</p> <p>RM advised that these are the top level Key Performance Indicators linked to the Instrument and Articles of Government and Strategic Plan linked to the Balanced Scorecards. GvdL noted that some KPI's, such as monitoring progress on Single Equality Action Plan, are actions and targets must be set where possible. CM noted that some KPI's were monitored against national benchmarks but should this read national averages.</p> <p><i>The Key Performance Indicators 2013/2014, with above amendments are recommended for approval.</i></p>	Clerk	11/07/13
10.	<p>Approve Credit Control Policy. Paper GMC10/06/13</p> <p>GL advised that the Internal Audit requested this process to come to this Committee for approval but as it was a procedure and not a policy this was not necessary.</p> <p><i>The Credit Control Operating Procedure was noted.</i></p>		

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11.	<p>Review the effectiveness assessment by the Governing Body on the reputation of the College and views of stakeholders. Paper GMC11/06/13</p> <p>The Clerk advised that the English Colleges Code of Governance requires the College to annually review the reputation of the College and the views of stakeholders. Discussions took place on what measures were currently in place to gauge the views of stakeholders. The range of stakeholders-local residents, local schools, local councils, parents/guardians, students, UWE, suppliers, funding agencies, employers, sponsors and partners-were discussed and how we gained their view on the college and its performance. Local residents were regularly invited to the College for events, had the use of some of the College facilities and a report was made to the Parish Council Annual Meeting where a senior member of staff was available for questions. Meetings took place with District and County Councillors when necessary and a County Councillor was a member of the Governing Body. Parents/Guardians of students under the age of 18 received regular reports on the performance of their child and all parents and guardians were invited to a number of College Events. All parents/guardians of students under the age of 19 had the opportunity to apply to become the Parent Governor on the main Board. Regular employer engagement events are held to gather the views of employers and regular meetings were held with our partners. The College has a formal complaints system and an analysis is discussed annually by a Corporation Committee. Regular meetings are held with UWE and we are subject to external audits on their behalf. Other audits take place on behalf of the funding agencies. Student views are regularly assessed through student surveys.</p> <p><i>It was felt that this area was adequately covered and would be reviewed in 12 months and this assessment is published through the minutes.</i></p>	Clerk	10/04/14
12.	<p>Review arrangements for obtaining the views of staff and students. Paper GMC12/06/13</p> <p>The Clerk advised that the English Code of Governance requires the College to annually review the arrangements for obtaining the view of staff and students on the determination and periodic review of the educational character and mission of the College and the oversight of its activities. A discussion took place of the current processes by which the views of students and staff on these matters were obtained. Several minor amendments were made.</p> <p><i>The arrangements for obtaining the views of students and staff will be amended and published on the College website and intranet and reviewed annually.</i></p>	Clerk	10/04/14

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13.	<p>Note amendment letter from Lloyds TSB Bank plc. Paper GMC13/06/13</p> <p>GL referred Members to the attached letter from Lloyds TSB which extends the fixed rate term of the £1m borrowed last year for the refurbishment of the Dingle by a further year at the current rate (5.18%). This fixes the rate out to 30 September 2018 and is in accordance with the original facility letter. GL explained that the facility is in the name of Limbury Ltd but should be viewed by Governors as Hartpury College guarantees these loans and will assume full responsibility for them once they are novated to the College.</p> <p><i>The amendment letter from Lloyds TSB Bank was noted.</i></p>		
14.	<p>Approve the write-off of outstanding debts over £1500 relating to 2006/2007. Paper GMC14/06/13</p> <p>CW noted that a large percentage of the bad debts were against international students. GL confirmed that our processes have changed since this time and we no longer experience this level of bad debt from international students. EK asked the amount under £1500 that had been written off and GL will advise.</p> <p><i>The write off of debts for 2006/2007 as attached list was approved.</i></p>	GL	Immediate
15.	<p>Approve John Deane Vice Principal (HE) as an "A" signatory for Hartpury College main bank accounts. Paper GMC15/06/13</p> <p><i>John Deane Vice Principal (HE) was approved as an "A" signatory for Hartpury College main bank accounts.</i></p>	GL	Immediate
16.	<p>Approve the Resolutions for two loan facilities from Lloyds TSB Bank plc. Paper GMC16/06/13</p> <p>This was discussed at Agenda Item 6.2</p>		
17.	<p>Any Other Business</p> <p>There was no other business.</p>		
18.	<p>Dates of future meetings all at 11.00am.</p> <p>Thursday 6th February 2014 Thursday 1st May 2014 Tuesday 24th June 2014 Thursday 3rd October 2013 Thursday 9th October 2014 Thursday 14th November 2013 Thursday 27th November 2014</p>		

Mr Graham van der Lely
Chair Governors' Management Committee

3rd October 2013