

Minutes of the Corporation meeting held in the Board Room at the Derby Road site on Thursday, 10 March 2011 at 5.30 p.m.

BOARD MEMBERS PRESENT:
 Kate Allsop
 Howard Baggaley
 Steve Carroll
 Tim Clarke
 Nigel Cooper-Fowkes
 Nevil Croston
 Diana Gilhespy
 Jean Hardy (Chair)
 John Holford
 Asha Khemka
 Philip Lancashire
 Mike McNamara
 India Murcott
 David Overton
 James Stafford
 Brian Stopford
 Chris Winterton

ALSO IN ATTENDANCE:
 Maxine Bagshaw, Clerk to the Corporation
 Andrew Martin, Director of Finance and Deputy Principal
 Tom Stevens, Executive Director Capital Projects and Estates
 Patricia Harman, Deputy Principal Teaching & Learning
 Tracy Thompson, Director of HR
 Graham Howe, Director of Employer Engagement
 Gavin Peak, Director of IT
 Janice Hill, Director of Curriculum & Learning
 Alan Simpson, Taylor & Young Architects, from 6.15 pm – 6.38 pm

		ACTION by whom	DATE by when
11.18	DECLARATION OF INTEREST ON ANY ITEMS ON THE AGENDA		
	The Chair reminded those present to declare at the start of the meeting any interests to be held in any matters to be declared. No matters other than the standing matters were declared. The meeting was confirmed to be quorate.	Clerk	10 March 2011
11.19	<u>APOLOGIES FOR ABSENCE</u>		
	Apologies for absence were received from Terry Dean and Nigel Quinton.		
11.20	<u>MINUTES OF THE MEETING HELD ON 27 JANUARY 2011</u>		
	AGREED: to approve the minutes of the meeting held on 27 January 2011 were a correct record and were signed by the Chair.	Chair	10 March 2011

Signed : _____Chair

Date:

ACTION by whom	DATE by when
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11.21 ACTIONS OUTSTANDING AND MATTERS ARISING FROM THE MINUTES

Members noted the detail on the progress report, there were no matters arising that were not covered by the summary document.

11.22 MID YEAR REVIEW OF COLLEGE STRATEGY & PERFORMANCE 2010/11

The Principal introduced this item and reminded members that the College has reached the mid point in the academic year and that, as usual, it was an opportune time to reforecast for the end of the year. She reminded members that FE is facing challenging times with lots of changes, but that she was pleased to confirm that, in light of all the challenges, WNC business is growing and the College is doing well.

She provided a presentation to Board Members, where the following was noted:

Context for the current year:

- Change of Government
- New ideas and flexibilities
- Comprehensive Spending Review
- Start of spending squeeze
- Train to Gain out
- Apprenticeships in
- HE recruitment restrictions
- Success rates continue to be key

Key challenges:

- Maintaining an outstanding position
- Reduce Train to Gain, develop Apprenticeships
- Tackling of estate challenges
- Understanding the new approach to planning and funding
- Delivering efficiency gains, flexibility
- Maintain staff motivation and moral
- Continue to build on the College's reputation

All agreed that to succeed in overcoming the key challenges, communication was crucial with the sophisticated development of marketing and information needed.

Key performance measures were noted as follows:

Young people:

- Learners - 16-18 FE – target 3065, actual 3217
- 14-16 programme – target 712, actual 474
- 2009/10 success rates – 16-18 79% (2008/09 was 79%)
- 2010/11 retention – current 93% (2009/10 was 93%)
- Key highlights and challenges – 16-18 full time recruitment, pre-apprenticeship programme, success rates, 14-16 programme future

It was noted that within this area, the 14-16 year old programme is a loss making provision, but has historically been seen as a method of

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Date:

'encouraging' feeder schools. The Principal confirmed that there was a need, within the current economic climate, to review the provision of any loss making areas.

Adults:

- Enrolment FE – target 4130, actual 3939
- HE Learners target 202, actual 202 (473)
- Success rates 2009/10 – adult FE 79% (2008/9 83%)
- Retention 2010/11 - current 91% (2009/10 92%)
- Six month offer and unemployment focus – 24 learners engaged, 25% job outcomes
- Key outlines and challenges – maintaining adult offer to the community, HE restrictions, unemployed focus

Members noted the success rate drop between 2008/9 and 2009/10 and the need to focus improvement in this area. In terms of the sixth month offer and unemployed focus, it was agreed that the College should be aiming to achieve 100% job outcomes, but that this may be difficult in the economic climate. It was agreed that there was a need to improve data collection in this area.

Employers:

- 16-18 apprentices starts and funding – 1494 starts, £8.5million
- Adult apprenticeships starts and funding – 1333 starts, £3.8million
- Train to Gain/NVQ – 2963 starts, £5.7million
- Full cost activity – £363k
- Success trends – 2009/10 79% (69% timely) – 2010/11 81% (70% timely)
- Key highlights and challenges – Apprenticeship growth, refocus Train to Gain, develop commercial offer

Members were advised that, in relation to the 16-18 apprenticeship programme, the College is the largest provider in the country. Members discussed full cost activity, and it was acknowledged that little movement has been made in aspirations to grow this area and regrettably the College still relies 99.9% on public funding. The Principal confirmed that the Executive Team are working on plans to develop commercial activity and that a proposal regarding the investment needed in this area would be presented before the June residential.

Financial overview:

- Mid year financial review completed
- Turnover unchanged at £46.4million
- Pay costs down by £1.7million to £26.3million
- Non pay costs up by £1.1million to £18.6million
- Operating surplus up from £1.25 million to £1.47 million
- Subsidiaries – Skilldrive strong
- Balance sheet – strong at mid year, forecast weakening resulting from building investment

Challenges for the future:

- Estate development, post phase 1
- Positioning of the business to take advantage of the opportunities
- Business service provision and shared services
- Success rates

ACTION by whom	DATE by when
Principal	19 May 2011

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Date:

- Fees - to individuals, employers
- Learner access, EMA
- Efficiency delivering programmes

In terms of tackling the challenges for the future, the Board were advised that the College is undertaking a review of business service provision and the opportunities for shared services within the sector and the locality. It was confirmed that a report on this would be provided at the June residential.

The Principal confirmed that the College would have to work hard to ensure learners have access to continuing education and that this will be particularly difficult considering the withdrawal of EMA. It was acknowledged by all that the College would have to work hard to find ways to 'plug the gap'. The Principal confirmed that there will also be a need to find efficiencies in delivering programmes and a need for all areas to improve.

Opportunities:

- Employer responsive activity – recent adult apprenticeship boost
- Joint investment programme (JIP)
- NEET programme – ESF contract secured
- Weak provider vulnerability
- Development of partnerships to boost choice, effectiveness and efficiency

Key risks:

- EMA
- Entitlement
- Failing to deliver 16-18 growth
- Success rate trends
- HE fees from 2012 and College positioning
- FE fees from 2013
- New models for delivery
- Building programme management

Financial stability:

Members reviewed the detail of the College's projected finances. The Finance Director confirmed that he had taken a prudent approach. In terms of the key risks to financial stability, it was noted that the requirement to reduce pay costs in 2011/12 by an estimated 6% would be one of the most challenging aspects. It was agreed that the Principal and the Finance Director would bring proposals to the Board detailing how this would be achieved at the June residential.

Members reviewed the income and cost forecast where it was noted that fee income is predicted to rise dramatically, which either coincidentally or intentionally, roughly matches the interest costs in relation to servicing the debt proposed for accommodation development. The Principal confirmed that in planning for the future and the ongoing building development, it was crucial that the College sees an increase in a) apprenticeships, which in her view was achievable, and b) an increase in tuition fees. She acknowledged that an increase in tuition fees at the expected rate is a risk, but that she is confident that this can be achieved through re-engineering and marketing. She acknowledged that there would be a need to change

ACTION by whom	DATE by when
Finance Director	June 2011
Principal/ Finance Director	June 2011

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Date:

the mindset of the public so that they understand and realise that education, in the future, will have to be paid for.

She explained that the profiling makes the assumption that the College will recoup 80% of funding lost through increased fees. She confirmed that this is less of a risk in the area of Higher Education, but that is going to be a significant challenge in other areas. She confirmed that the critical point is 2013/14 when the sector as a whole will start charging fees for FE. She reassured members that the Executive Team have taken a prudent view to likely fee income.

Members reviewed the profit position and noted that in the 2010/11 year there is expected a £1.5million operating profit and of this 50% is contributed from the College's subsidiary company, Skilldrive. The Principal confirmed that the subsidiary company is going from strength to strength and indeed should develop and make a more significant contribution following discussions regarding partnership arrangements with City and Guilds. The Principal confirmed that she would provide an updating report on this at the next meeting.

AGREED: to note the mid year review of College strategy and performance 2010/11.

11.23 PROPERTY STRATEGY
1: PHASE 1 - UPDATE
2: PHASE 2 - PROPOSALS

(Alan Simpson from Taylor & Young joined the meeting at 6.15 pm).

The Executive Director Capital Projects & Estates confirmed that, in relation to phase 1, the enabling works are complete. It was noted that expenditure of £622,500 has been committed to date, against an allocated budget of £700k. He advised members that construction work has commenced on the workshop refurbishment for the School of Creative Arts and that a programme of works is in place which details contract completion on 18 July 2011. It was noted that the College will gain access for fit out from 6 July 2011.

In relation to phase 2 proposals, he confirmed that the intention at this meeting was to provide some strategic guidelines. He made a presentation to the Board, where the following was noted:

Site issues:

- Disjointed and fragmented site
- Poor way finding/weak sense of arrival
- Tired building fabric
- Minimal external space for building users
- Disjointed movement through site
- Appearance does not reflect outstanding achievements

Key aspirations:

- Unified site
- Single entity
- Identity that reflects excellence of College teaching
- Stronger College brand
- Improve way of finding access
- Innovative solution

ACTION by whom	DATE by when
Principal	14 April 2011

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ACTION by whom	DATE by when

Members were shown plans of the proposed building, with clear identification of external wall concept, with strong unified image and consistent campus feel. It was noted that within the internal areas there will be softer colours with permeable links and social spaces. Examples of options were presented diagrammatically for internal social spaces, external landscaping and arrival space. It was confirmed that the hope is to provide a building has at its centre a core, a crown and a plinth, this will provide a powerful statement, an illuminated beacon and a College focus.

Alan Simpson, from Taylor & Young Architects, provided a fly through of the architectural designs, which all members agreed provided a strong unified site. The Executive Director Capital Projects & Estates confirmed that the phase 2 proposals included a number of aspects, these are:

- Pre-outline application
- Professional plan
- Programme and budget
- Procurement
- Financial milestones

He explained that the pre-outline application which has been submitted is:
a) to gain assurance that:

- principle and development is acceptable to planning authority and broadly falls within planning policy
- there will be limited highways or section 106 cost associated with development, and

b) the response:

- the proposal presented did not give any concerns in respect of highway matters
- sports facilities would generate more traffic outside existing peak periods

c) new build design:

- should take account of existing residential amenity of nearby properties
- is on a key route into town, a landmark building will be encouraged
- should retain trees on frontage covered by tree preservation order
- include additional planting to reduce visual impact of car parking
- no objection to phasing of planning application

The Executive Director Capital Projects & Estates confirmed that phase 2 proposals were discussed extensively by the Finance and Estates Committee at its last meeting, he referred members to the minutes that had been circulated at the beginning of the meeting, and the discussion points detailed therein. He confirmed that the project plan for phase 2 is as follows:

1 – Phase 2A

- extension of Cauldwell Road car parking by 40
- new car park for 100 adjacent to visitor car park at Derby Road entrance
- construction of a (6 badminton court) sports hall.

2 – Phase 2B

- demolition of existing sports hall
- new build construction for Hair, Beauty and Complementary Therapies, Hospitality, Sport, Leisure and Tourism
- enclosed courtyard for student social/informal learning

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Date:

3 – Phase 2C

- recladding of six storey tower block
- recladding of surrounding campus buildings

4 – Phase 2D

- relocation of Visual Arts from Chesterfield Road

Having reviewed the detail of the plan presented, members questioned whether section 106 costs associated with the limited highways developments, are included within the budget. It was confirmed that they are not within the budget, but it is expected that they will be in the region of only a few thousand pounds.

Members reviewed the procurement options detailed at page 26 of the written report and noted the recommendation from the Finance and Estates Committee.

Members reviewed the financial milestones and noted that the key critical point for the College is November 2011, when the expected loan to develop the new build will come into effect.

Members reviewed the recommendations put forward by the Finance & Estates Committee which were detailed at page 32 of the written report.

AGREED BY THE BOARD to:

- a) Redevelop Derby Road campus at a budgetary cost of £24million including fees and applicable VAT, the redevelopment to include a new landmark building circa 4025m2 with enclosed courtyard, a new 1150m2 sports hall, recladding of six storey tower block and surrounding buildings, conversion of first and second floor of second block.
- b) A campus wide design and set up key strategic principles to support the design aspirations for a new build programme, refurbishment of existing buildings at the Derby Road campus as a whole.
- c) A programme of work that, subject to planning approval, delivers a new building and sports hall by December 2012.
- d i) The existing design team and architects contracted to the College relating to phase 1 of the property strategy are appointed by a single action tender authorisation for the design and development of the sports hall and car park at a budgetary cost of £108k plus VAT.
 - ii) The existing design team and architects are appointed to commence design to RIBA stage C for the new build and planning at a budgetary cost of £133k plus VAT.
 - iii) The detailed design development of the new build post RIBA design stage C is competitively tendered by the OGC framework contract to comply with OJEU legislation

ACTION by whom	DATE by when

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Date:

ACTION by whom	DATE by when

- iv) A topological below ground site investigation, below ground drainage, acoustic surveys, travel plan and envirocheck are commissioned by a competitive tender at a budgetary cost of £31.5k plus VAT.

11.24 EQUALITY AND DIVERSITY SCHEME 2010 - 2013

The Director of HR introduced this item and reminded members that it was an outstanding action point from the previous meeting. Members all reviewed the proposed scheme and were incredibly happy with the contents. The Principal advised that the College has actually been sited in a number of reports, as an exemplar of best practice. All members agreed that management were taking a very comprehensive approach to Equality and Diversity.

AGREED: to approve the Equality & Diversity Scheme 2010- 2013.

11.25 EMPLOYER RESPONSIVE PROVISION

The Director of Finance introduced this item and drew members` attention to the report at page 45. Members noted the tables of activity detailed at page 47, it was confirmed that this summarises activity up to the end of January 2011. The performance to this date was noted and it was confirmed that plans are in place to achieve targets, and that whilst there is still a way to go to hit the contract allocations, the data to date shows good indicators.

Members` attention was drawn to paragraph 22 and the proposal for a new partnership, this is the Joint Investment Programme for Strategic Skills which is designed to bring together public and private investment into 50/50 match funded plans to support training and skills development in areas key to economic recovery and future growth. It was confirmed that the College has been approached by two sector skills councils, to work in partnership with specific employers to deliver specific qualifications under the programme. Members reviewed the details of the partners proposed and were happy to endorse the development of this partnership. Members reviewed the partnership variations at page 50 and the JIP partner commitments proposed at page 51 and were happy to agree the partnership arrangements.

AGREED to:

- 1) Note the current performance of the employer responsive programme including the 16-18 work based learning programme, and
- 2) Approve the contractual commitments for 2010/11 for the College to work with partners across its programmes of delivery and delegate authority to the Principal and/or Director of Finance to enter into contractual commitments for the amounts shown.

11.26 INTER COMPANY LOAN – VISION APPRENTICES LTD

The Director of Finance introduced this item and reminded Governors that the College operates a gift aid system of repatriating subsidiary company profits from its subsidiaries in order to avoid payment of corporation tax. He confirmed that this is a widely used and accepted way of protecting profits for reinvestment into the main College business, which is classified

Signed : _____Chair

Date:

as charitable activities. The rules supporting gift aid require the subsidiary company to physically make payment of gift aid due within 9 months of the financial year-end of the paying company, and that in order to be able to meet this requirement the subsidiary company must have the liquidity within its balance sheet to make payment.

He advised that Safety Plus and Vision Apprentices operate by carrying a significant working capital requirement, completing work first and then collecting payment later. This, coupled with the relatively low levels of profitability, put pressure on short-term solvency and when working capital requirements are greater than profits earned in the year, there will be difficulty in making timely gift aid payments. It was noted that for the 2009/10 financial year, Safety Plus generated a gift aid profit of £132k, and Vision Apprentices generated a gift aid profit of £26k. He confirmed that these payments are due to be passed over to the College within 9 months of the financial yearend and are due at the end of April 2011. He advised members that Safety Plus, whilst profitable in 2010/11, is not generating the level of profits that indicate that it will be able to meet the pay over requirement, and Vision Apprentices is currently in a small loss making position, therefore in order to enable the gift aid requirements to be met, an inter company loan will be required.

He confirmed that inter company loans are not an unusual tool to support working capital requirements across a group of companies, however, in the case of the College a formal agreement will be required to demonstrate that a formal arrangement is in place, and that this is necessary to protect the College's charitable status. He advised that a commercial interest rate applied to inter company loans is likely to be needed to be set at around 2% above Bank of England base rate, which currently stands at 0.5%. He explained that the maximum loan requirements for each of the companies will be up to £26k for Vision Apprentices and up to £100k for Safety Plus, and that, depending on cash flows between now and the end of March, the amount for Safety Plus could be considerably lower. He advised that the intercompany loan arrangements would initially last for a period up to 31 July 2011.

Members reviewed the proposal and acknowledged that this was a practical solution to a short-term problem and were happy to support the recommendations made.

AGREED: to approve the establishment of inter company loan arrangements for Safety Plus and Vision Apprentices in order to meet gift aid payment requirements of up to £100k for Safety Plus and £26k for Vision Apprentices for the period up to 31 July 2011.

11.27 MINUTES OF THE STANDARDS COMMITTEE MEETING HELD ON 27 JANUARY 2011

AGREED: to note the minutes of the Standards Committee meeting held on 27 January 2011.

Signed : _____ Chair

Date:

ACTION by whom	DATE by when

11.28 MINUTES OF THE SEARCH COMMITTEE MEETING HELD ON 27 JANUARY 2011

The Clerk to the Corporation introduced this item and drew members' attention to page 69, which details the recommendations made by the Committee. Members were happy to support the recommendations made.

AGREED to:

- 1) Note the minutes of the Search Committee meeting held on 27 January 2011,
- 2) Approve the change of Committee Membership to enable Steve Carroll to join the Audit Committee instead of the Finance and Estates Committee,
- 3) Appoint Chris Bodger as an external co-optee to the Audit Committee, and
- 4) Agree the Committee variations detailed at page 71.

11.29 MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 17 FEBRUARY 2011

The Clerk to the Corporation introduced this item and drew members' attention to the report on page 80, which details committee recommendations. Members reviewed the content and were happy to support the Internal and External Auditor appointment recommendations made.

AGREED to:

- 1) Note the minutes of the Audit Committee meeting held on 17 February 2011,
- 2) To appoint RSM Tennon as internal auditors for three years from 2011/12 (with a two year extension option to be reviewed in 2014), and
- 3) To appoint KPMG as external auditors for a period of three years from 2011/12 (with a two year extension option to be reviewed in 2014).

11.30 AOB

There were no matters of additional business.

11.31 DATE OF NEXT MEETING

The Clerk to the Corporation confirmed that the next meeting was scheduled for 14 April 2011.

Staff and Students left the meeting at 6.55 pm.

CONFIDENTIAL ITEMS

11.32 MINUTES OF THE SPECIAL CORPORATION MEETING HELD ON 10 JANUARY 2011

AGREED: To approve the minutes of the special Corporation meeting held on 10 January 2011.

Signed : _____ Chair

Date:

11.33 MINUTES OF THE REMUNERATION COMMITTEE MEETING HELD ON 27 JANUARY 2011

AGREED: To note the contents of the minutes of the Remuneration Committee meeting held on 27 January 2011.

11.34 MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 17 FEBRUARY 2011

AGREED: To note the content of the minutes of the Audit Committee meeting held on 17 February 2011.

Meeting closed at 7.05 pm

ACTION by whom	DATE by when

Signed : _____Chair

Date: