

THE SOUTH DOWNS COLLEGE CORPORATION

Minutes of the meeting held at 5.45 pm on Thursday 11 December 2008 in the Committee Room

Present: Andrew Turner (Chairman), Frederick Allgood, Richard Andrews, Gwen Blackett, Yvonne Elliott, Donna Kinnair, Stephenie Linham, Laxmi Neave, Michael Oakes (Principal), Patricia Thompson,

Apologies: Scott Carless, Rina Khanom, Philip Robinson, Tony Welch

In Attendance: John Manterfield, Clerk to the Corporation
Julius Mach, Head of Finance
Susan Grantham, Minuting Secretary

751. Minutes (circulated with the agenda)

The Minutes of the meeting held on Thursday 13 November 2008 were AGREED whereupon the Chairman SIGNED the minutes.

752. Corporation Membership

The Clerk reported that Philip Robinson's appointment was shortly due to expire. He had indicated his willingness to serve for a further term but had noted that as a retired member from higher education his knowledge may become out of date and members may not wish him to continue beyond 2012.

The re-appointment of Philip Robinson as a member of the Corporation under Clause 2(1)(a) of the Instrument of Government for a period of 4 years until 5 December 2012 was AGREED unanimously.

753. Committee Membership

The Clerk noted that committee membership terms of office were shortly due to expire in respect of Philip Robinson and Yvonne Elliott for the Standards and Quality Committee and Tony Welch in respect of the Finance and Employment Committee.

The following re-appointments were unanimously AGREED:

- (i) Philip Robinson as a member of the Standards and Quality Committee for a period of two years until 5 December 2010.
- (ii) Yvonne Elliott as a member of the Standards and Quality Committee for a period of two years until 14 November 2010.
- (iii) Tony Welch as a member of the Finance and Employment Committee for a period of two years until 5 December 2010.

754. Search Committee (Doc.C08/30 was circulated with the agenda)

The Chairman reminded members that the Corporation (13.11.08), on the recommendation of the Search Committee of the same date, had agreed that Cllr Caren Tarrant be invited to meet with the Principal prior to reporting back to the Search Committee. Subsequently Cllr Caren Tarrant had contacted the Clerk to say that she regretted she would not be able to give the commitment to the College she would like to and should be expected to. She had discussed this with the leader of Havant Borough Council and the College would be contacted shortly. Members noted it was a disappointing outcome. Stephenie Linham suggested it would be more time efficient for the Principal to meet any further candidate proposed by the Council prior to taking a recommendation to the Search Committee and this was AGREED. The Chairman considered that the vacancy on the Corporation need not necessarily be filled by a

member of the Council and it could be someone from any background who could show interest and commitment.

The minutes of the Search Committee held on 13 November 2008 were RECEIVED.

755. Audit Committee

- (i) Minutes
(Doc.C08/31 was circulated with the agenda)

Patricia Thompson, acting Chairman, reported it had been an interesting meeting with much debate from members and auditors with regard to the College's submission to the LSC of the Financial Management and Control Evaluation. The College Secretary had come to the Committee with a grade recommendation of a strong Good and with the support of members and auditors the grading had been agreed as Outstanding. The Principal thanked members for their contribution and confirmed that the signed document had been submitted to the LSC. Patricia Thompson advised that the College Secretary, Head of Finance and Committee were very satisfied with the performance of both sets of auditors and had recommended their re-appointment, a separate item on the agenda.

The minutes of the meeting held on 20 November 2008 were RECEIVED.

- (ii) Annual Report of the Internal Audit Service for the Year 2007-2008
(Doc.C08/32 was circulated with the agenda)

Patricia Thompson noted the Committee had been through the report thoroughly.

On the recommendation of the Audit Committee, the annual report of the Internal Audit Service for the year ended 31 July 2008 was AGREED.

- (iii) Audit Committee's Annual Report 2007-2009
(Doc.C08/33 was circulated with the agenda)

Patricia Thompson advised no issues had been raised.

On the recommendation of the Audit Committee, the Committee's Annual Report for the year ended 31 July 2008 was AGREED.

- (iv) Re-appointment of financial statements and regularity auditors and Internal audit service provider

Patricia Thompson referred to her comments under Minute 755 (i) above.

It was AGREED on the recommendation of the Audit Committee (20.11.08) that Tenon Audit Limited be re-appointed as financial statements and regularity auditors and RSM Bentley Jennison Limited as internal audit service provider for the financial year 2008-2009 and that the Principal be authorised to sign Letters of Engagement.

- (v) Strategy for Internal Audit 2008/2009 (Internal Audit Plan)
(Doc.C08/34 was circulated with the agenda)

The College Secretary advised the Strategy had been drawn up in relation to the needs perceived both by the College and the auditors. In addition to the mandatory audits of Key Financial Controls, and Governance, the College considered it was important to have separate audits for each faculty on learner numbers as funding is based on this data. Two new IT audits were included for the current year covering Controls and Data Security. The Risk Management Maturity Review would be looking to ensure that systems are fully embedded throughout the College.

On the recommendation of the Audit Committee, the Strategy for Internal Audit 2008/09 for the year 2008-2009 was AGREED.

756. Finance and Employment Committee
(Doc.C08/35 was circulated with the agenda)

The Chairman noted it had been a good meeting. The LSC's funding methodology introduced for the current year no longer permitted virement between the three funding streams and the Committee had been re-assured by the very positive approach being taken by the Principal, College Secretary and Head of Finance to meet individual targets. The staffing report included a substantial number of contract variations and members had confirmed it was very worthwhile to continue that level of data reporting.

The minutes of the meeting held on 27 November 2008 were RECEIVED.

757. Reports and Financial Statements for the year ended 31 July 2008.

(Doc.C08/36 was circulated with the agenda – comprising:

Doc.C08/36a – Covering report

Doc.C08/36b – Members' report (Pages 3 – 17) and financial statements (Pages 20-42)

Doc.C08/36c – External Auditors' management report

Doc.C08/36d – Management accounts)

The Principal thanked the Head of Finance for producing a very clear set of accounts and these had been scrutinised by the Finance and Employment Committee. He offered to take any questions. Members were referred to the comments in the covering report (Doc.C08/36a) that the College finished the year in a healthy financial position. The Chairman noted a recent article in the Guardian which referred to a number of colleges being crippled by loans and the Principal reminded members that the College has no debt. He noted the strong reserve position and the forward spend each year of some £700,000 - £1m on equipment for students, books, LRC, computers and essential equipment.

The Principal drew attention to aspects of the Report and Financial Statements (Doc.08/36b); the Financial Results (page 5) and the operating surplus and strong cash reserves. Tenon's audit report (pages 18/19) indicated their very positive view of the College, as reported in Minute 755(i) by Patricia Thompson. The Income and Expenditure account (page 20) showed a total income of nearly £33 million with the majority funded by the government for work centred on government priorities and no risk element. Extra money was set aside each year to cover the shortfall in the Local Government Pension Scheme for support staff. The Teachers' Pension Scheme was paid for by the government. He had recently emailed staff to reassure them that College's only connection with Iceland was to send students on residential trips. Responding to Patricia Thompson on tuition fees the Principal advised the College was not matching the LSC policy of increasing fees and had increased fees marginally in order to continue to attract customers. Some students will be eligible for free courses. Laxmi Neave as Deputy Reception Manager noted that customers booking courses commented very favourably on South Downs' fees and the quality of courses compared with other Colleges. The Principal advised the Reception team give guidance and advice and customers are pleased with the information they receive.

Freddie Allgood declared his interest as a member of the Trustees of the Hampshire Pension Fund as declared at the Finance and Employment Committee.

In respect of management report (Doc.C08/36c) the Principal noted the College was well served by Tenon and the Audit Committee. He offered to take any questions and the Chairman confirmed the Finance and Employment Committee's approval of the report.

Turning to the Management Accounts (Doc.C08/36d) the Principal referred members to page 2 - income nearly £33 million, expenditure on additional equipment and a retained surplus of just under £1 million. Staff had received a 5% pay increase and were a hardworking and contented workforce. Monies had been set aside for equipment and the climbing wall, and the North West Building II would be paid for with no borrowing. Page 8 detailed balances and

cashflow with the lowest being some £4 million in March. Page 9 detailed building projects with additional items showing a Nil balance as money set aside was spent on current students.

The Chairman thanked the Head of Finance for providing reconciliation information between management accounts and financial statements which he found very helpful (page 11).

On the proposal of the Chairman it was AGREED that

- (i) the members' report (pages 3-17) and financial statements (pages 20-42) - (Doc.C08/36b) for the period to 31 July 2008 be APPROVED.
- (ii) the Principal and Chairman be authorised to sign the members' reports, the financial statements, and the letter of representation to the auditors, on behalf of the Corporation.
- (iii) the external auditors' management report (Doc C08/36c) be RECEIVED.
- (iv) the management accounts for the year to 31 July 2008 (Doc C08/36d) be RECEIVED.

758. Revenue and Capital Financial Monitoring 2008-2009
(Doc.C08/37 was circulated with the agenda)

The Principal noted the new funding methodology clearly delineated funding streams and targets – 16-19; learner responsive; employer responsive; additional learning support. The monitoring to 31 October showed the College remained in a strong position with cash deposits held with Barclays. The North West Building Phase II would be completed in readiness for the new academic year. Revised budgets would be considered by the Finance and Employment Committee in February and the Corporation in March. The College would continue its careful approach and keep governors informed about post-19 funding and funding streams.

In response to Patricia Thompson the Head of Finance noted the £693 difference on the balance sheet related to accounting methods for additional learning support delivered to higher education students.

The Principal noted (page 2) turnover of £34 million, paybill of some £25 million and retained surplus of £944,000. South Downs College was the largest employer in Havant. Expenditure on the North West Building Phase II and new Café/student social area was £2.5 million. Cashflow was detailed on Page 8 and the expected balance at 31 July 2009 was just under £2.5 and the North West Building paid for. Page 9 detailed building projects and equipment with £200,000 for refurbishments to turn the existing Art Studio (which will move to the new building) into café/social space. Page 10 listed revenue capital with 19+ learner responsive as £4.224 million.

The Principal responded to Laxmi Neave that it was College policy not to make a profit from refectory services but to provide students with healthy food and a quality service.

The revenue and capital monitoring to 31 October 2008 (management accounts) was RECEIVED.

759. Principal's Annual Report to the Corporation
(Doc.C08/38 was circulated with the agenda)

The Principal thanked all governors for their involvement and commitment, particularly the Chairman, Vice Chairman and the members of the various committees.

Retention and Achievement figures (page 2) were an important quality indicator and members were referred to 16-18 at Level 3 (A Level/BTEC National). National figures were not yet available for 2008 but for 2007 retention was 82% against 86% for South Downs; achievement nationally was 82% compared with 95%; and the success rate (retention x achievement) was 73% nationally compared with 82% for South Downs. A Level results last

summer had been exceptional at 99.5% (Appendix A). A record 786 students had progressed to higher education (Appendix B), mainly to local institutions with a large number at Portsmouth University, where the Principal is a governor. Students and their teachers should be very proud of these achievements. Full-time enrolment of 5346 for October 2008 (page 7) was a significant increase and it was important for the College to be developing part-time enrolment. Of the 22 Colleges in Hampshire South Downs was more than twice the size of any of the others. Appendix C listed new course provision. Page 8 listed building projects 1990 to date and the College remained debt-free. Machinery of Government changes were outlined on page 9. In April 2010 the LSC will be dissolved and Local Authorities charged with strategic and funding responsibility for 16-19. 80% of the College's income was derived from 16-18 students and would come from the government (the Department of Children, Schools and Families) via Hampshire County Council, as it did prior to incorporation. He was already involved in conversations with the Council and the Director of Education was visiting the College on 17 December. It was important for Hampshire to recognise the College as a successful and sophisticated autonomous institution. Cllr Freddie Allgood noted that the 610 schools in Hampshire are run by boards of governors and value is added by bringing the schools together in a Schools Council so that they can learn from each other. He considered that Hampshire would also look at colleges in a very positive way. 20% of funding would come from the Department for Innovation Universities and Skills. The College was alert to the potential risk of funding coming from two streams and from more than one local authority as funding follows the student. Appendix D covered College News and Appendix E Principal's letters to staff. The Principal repeated his thanks to the Chairman and all governors.

Members commented that it had been an excellent year and the Chairman thanked the Principal for his report which was RECEIVED.

760. Freedom of Information Publication Scheme
(Doc.C08/39 was circulated with the agenda)

The College Secretary noted that the publication scheme (Appendix A) had been in place for four years and established with a fixed life span extended until 31 December 2008. The revised model scheme at Appendix B had been recently released. The Information Commission required colleges to adopt the revised model and had made a requirement that governing bodies should agree the model and notify the office accordingly. The scheme was based around seven classes of information as listed in Doc.C08/39. Responding to Gwen Blackett the College Secretary advised that only 4 or 5 enquiries had been made to the College since January 2005. In response the College had sent out copies of accounts; some replies to information had been too complex to provide.

It was unanimously AGREED

- (i) that the Corporation adopts the model publication scheme for Colleges of Further Education (attached as appendix B to Doc. C08/39) and the Information Commissioner's Office be informed accordingly, and
- (ii) that the Principal and College Secretary be authorised to finalise details of the College's new publication scheme and to update the content from time to time.

761. Standing Orders
(Doc.C08/40 was circulated with the agenda)

The Clerk noted that it was best practice for the Corporation to periodically review standing orders and several changes had been made to the revised draft to reflect the recent change to the start time of meetings, that minutes were now published on the internet, and the suggestion that a reference is made to the need for consideration of the risk implication in any reports where applicable. Any other changes members wished to make could be incorporated.

Freddie Allgood raised two issues under order of business. He considered that item (g) Any Other Business was rather vague and the Corporation agenda stated Urgent Business, which is business since the preparation of the agenda. Secondly he noted that the current standing orders specified that the minutes should record members present and did not specify that they also record apologies although in practice this was the case.

The Chairman did not wish standing orders to preclude members from raising any relevant issues that were 'any other business'. The Principal agreed but appreciated Freddie Allgood's concern and advised if he was ever put in position where he was not able to answer a query then he would respond that he would get back to the Corporation. Members noted that the Urgent Business heading had never been abused in the past.

The Chairman was very happy that the draft Standing Orders were amended to include apologies.

On the proposal of the Chairman the Corporation's Standing Orders were AGREED as set out in Appendix A with the inclusion of the reference to apologies being recorded with the minutes.

762. Date of Next Meeting

The Chairman CONFIRMED the date of the next meeting as Thursday 19 March 2009, 5.45 pm and offered members his best wishes for Christmas.

[The meeting was declared closed at 7.11 pm.]

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