

HERTFORD REGIONAL COLLEGE
BOARD OF THE CORPORATION
Thursday 20th March 2014.

Present: Mike Carver (Chair)
Jan Wing
Andy Forbes (Principal)
Andrew Francis
Vikki Cooper
Brian Hassell
Warren Gordon
Fouzia Sillett
Ian Cowin
Denni Morrison
Eleanor Kenworthy
Josh Williams

In Attendance: Desdra Kingdon
Olive Oliver
Mark Emmerson
John Fowl (Clerk to the Corporation)
Alan Tyrer (North Herts College item 1278 only)
Sarbdip Noonan

1273. To receive Apologies for Absence.

Apologies were received from David Tweedie, Patsy Spears, Stephanie Benbow and Ken Ayling. The Chair welcomed Denni Morrison to her first meeting as the elected Teaching Staff Governor.

1274. Declaration of Interests and to Notify Part 2 Agenda Items.

With regard to the College Property issues Mike Carver declared a non-pecuniary interest as a member of East Herts District Council.

1275. To Approve the Minutes of the Meetings Held on 12th December 2013, the EGM held on 24th January 2014 and the EGM held on 13th February 2014.

The Minutes were approved.

1276. Matters Arising.

Item 1264.

The Board was informed that the membership of the Saudi Arabian project group needed to be agreed. After some discussion it was **agreed** that the membership of this group would be Mike Carver, Andy Forbes, Warren Gordon, Viki Cooper and Ian Cowin. As Alan Tyrer of North Herts College has previous experience in this type of initiative it was agreed that he would also be a member and provide the financial input to all discussions. The Board will consider what delegated powers it considers will be necessary for this group.

1277. Chair's Report.

The Chair had attended the meetings of the Local Strategic Partnership where it was considered that 24+ aged East Herts residents presented a problem for the region which the College would need to make provision for.

Mike Carver stated that he had joined in meetings with the Chair of North Herts College to discuss the Saudi Arabia project, in addition he had attended the ACER run event to look at how Boards can be better engaged in the Inspection Process. The AoC was setting up a specialist group of Governance practitioners and he had been invited to put himself forward for consideration.

1278. To Receive a Report on the Saudi Arabia Project.

The Board was informed that the College and its partners had been notified that they were required to be in Saudi Arabia on 8th April to discuss and sign the contract. The Hertfordshire partners had retained the services of a Saudi based law firm, Al Soaib Law, to act for them in Saudi Arabia (SA). It was reported that the Saudis were relaxing some of their initial requirements. Alan Tyrer outlined the position to date and members received copies of his slides showing the detail.

He stated that there needed to be a Board decision to agree the establishment of a Saudi Liability Limited by Guarantee company in order to distance the core work of the colleges from this venture as well as agreeing the initial investment for set up costs.

The College Saudi partners had been into the new college buildings and a report on the condition of them is awaited.

The Board received a presentation that showed the central location of the cluster of college that were to be run by the Herts college partnership.

Each student recruited and retained in the SA colleges will earn the consortium £7,500 for each of the 3 years the students are in the college which had the potential to earn a total of £14.5 million over that period. In addition to this the Saudis are offering performance bonuses but Alan Tyrer stated that he had not included any additional income other than the basic value into his costing's. The current projection is that there is a potential profit over a 3 year period of approximately £9 million to be shared between the Herts college partnership.

It was noted that the SA Riyals currency had stayed stable over a period of years and there was no issues regarding getting money out of the country.

Governors asked whether there was a risk of political instability and it was suggested that this was something that could be insured against.

The law firm Eversheds had recommended that each college should set up a subsidiary company to cushion the colleges against any claims that may arise and for these subsidiary companies to be the bodies that contract with the Saudi Liability Limited by Guarantee company. It was suggested that Hertford Regional and North Herts Colleges create a joint company but Alan Tyrer was not concerned if each college chose to own the shares direct.

Members were told of the essential requirements and limitations of the contract and the need to ensure that any contracted services are provided to the standard expected.

Details of the 'Bonds' and 'Guarantees' were explained together with the values involved.

In response to a question about dilapidations on exiting the contract Andy Forbes confirmed that this will be part of the contract and that an independent assessment/inspection will produce a statement of condition at the start against which any subsequent deterioration of the buildings will be judged.

Property maintenance will be left in the hands of the SA partner Samama as this is their core business and they are long established with a good reputation in the sector.

By way of assurance the Governors were told that the 'Phase 1' colleges had overcome all difficulties and were still operating in their clusters. Details of the identified risks were discussed and the manner by which they will be minimised.

It was **Resolved** that the Board;

- i) Approves the signing of the contract by the Principal.
- ii) Approves the creation of a Saudi Liability Limited by Guarantee Company.
- iii) Approves the creation of a joint company between Hertford Regional and North Herts Colleges.
- iv) Delegates authority to the SA Project Board to make decisions on behalf of the full Board and that the project board will meet at 4pm on Monday 31st March.

1279. To Receive the Principal's Report.

The Principal reported that he had re-opened negotiations with Unison in order to offer a 1% pay increase to support staff on the lower salary scales of 1-6. This had been accepted by Unison and will be built into the 2014-15 budget for support staff.

1280. To Consider the Draft 3 Year Plan 2014-17.

The Principal informed the Board that the SLT had formed the view that in the current climate a number of questions had been raised over the type of provision offered by the College and the type of future provision that should now be considered, given the financial 'squeeze' on the Adult and Employer markets. Governors were told that they may need to consider withdrawing from some of these markets and move more towards becoming a 16-18 college with Adult and Employer provision delivered through a separate company.

The Principal suggested that he should share with Governors a paper that sets out the possibilities for going forward in the future and that this is discussed as part of the informal discussion on the budget on 29th April 2014. The Chair stressed that this discussion was being driven by the changes to central funding.

It was **Resolved** that the Board should consider the proposal as part of the general discussion on the budget on 29th April 2014 and that the Principal should circulate the paper once prepared.

2.1 (The Confidential Item 2.1 was taken at this point with Jan Wing reporting. After her report she left the meeting.)

1281. To Receive the Management Accounts January 2014.

In reviewing the Management Accounts for January 2014 Members were informed that the forecast deficit had increased due to the costs of the Saudi Arabia project but noted that these will be moved across to the project accounts once the contract had been signed.

The Management Accounts had been discussed in detail at the Resources committee and the variances of Income & Expenditure were noted.

Members were told that the SFA had sent the college an unexpected additional £123,000 for overachievement of 12/13 subject to the College achieving its contract values for 13/14. It was noted that the 2014-15 allocation was reduced by £605,000.

Desdra Kingdon explained the changes in EFA funding for 18 year old learners which was now capped for 14/15 only but that it was as yet unclear as to the exact value of this.

Learner numbers for 2014-15 are not expected to be confirmed before the end of March 2014.

It was **Resolved** that the Management Accounts January 2014 be received.

(Andrew Francis left the meeting at this point)

1282. To Receive a Report on the Options to Reduce the Deficit in the Budget.

Some of the SLT had now met with each of the curriculum teams within all areas of the college to ensure better accuracy when setting the budget for 2014-15 and to safeguard jobs where possible. An initial budget for lecturers and facilitator staff had been reached but a further saving of approximately £500,000 was still needed if a balanced budget was to be achieved assuming income assumptions are correct.

The first draft of the budget 2014-15 will be shared with governors at the informal discussions on 29th April 2014. The Board was told that staffing reductions may be necessary and that the HR Department was producing indicative costs for both voluntary and compulsory redundancies and the cost of the new facilitator posts. Discussions will be taking place with 126 teaching staff.

The reorganisation has been subject to detailed discussion over the past year and it was noted that the decline in student numbers had exacerbated the situation.

Governors were invited to attend the staff briefing sessions on this if possible.

It was **Resolved** that the Report be Received.

1283. To Receive the Unconfirmed Minutes of the Sub-Committees.

a) Quality & Standards held on 6th February 2014.

The Minutes were received and the resolutions noted.

The work of the Committee was noted and the drive now was to achieve an 'outstanding' grade at the next Ofsted inspection.

b) Resources Committee held on 27th February 2014.

The Minutes were received and the resolutions noted.

The Board was informed of the discussions to reduce the deficit and the use of subcontractors to achieve the College student numbers targets.

The Committee had been asked to support a change to the procedure for the dismissal of staff. It had been proposed that any member of the College senior management team should be authorised to dismiss a member of staff, (other than Senior Postholders as defined by the Instrument & Articles of Government), with appeals then to the Principal.

It was **Resolved** that the Board delegates authority to members of the Management Team to dismiss staff (other than Senior Postholders as defined by the Instrument & Articles of Government) with appeals being heard by the Principal.

c) Audit Committee held on 6th November 2014.

The Minutes were received and the Board was informed of the Primary Risks that had been discussed and agreed with the Committee.

d) College of Excellence Committee held on 10th February 2014

The Minutes were received and the resolutions noted.

1284. Any Other Business.

There was no other business.

1285. Date of Next Meeting

- An EGM will be held on 31st March 2014 to discuss and make decisions on the SA project.
- An informal discussion on the Budget 2014-15 will be held on 29th April 2014.
- the next scheduled meeting being held on Thursday 10th July 2014.

(The meeting moved into the Part 2 Agenda at this point)

Signed.....
Chairman

Date..10th July 2014.