

Preston's College

Minutes of the Board meeting held on 30th June 2016 at 5:30pm in Room HR116 at Preston's College.

Present:

Mr E Bassa (Chair)

Cllr R Boswell

Mr J Boydell

Mr S Browne

Mr M Driver

Ms L Hornsby

Mrs R Kay

Mr M Mallam

Cllr J Morgan

Mr T Readett

Dr E H Smith

In Attendance:

Mr S Fell

Clerk to the Corporation

Mr P McMellon

Assistant to the Clerk

Mrs G Winward

Temporary Clerk for Minutes 153(iv) and 160

Ms M Haworth

Assistant Principal – Excellence & Learning

Mr S Nixon

Executive Director of Resources

Mr M Noblett

Assistant Principal - Excellence & Learning

Mr C Speight

Vice Principal (Enterprise and Engagement)

Ms G Thornton

Head of Human Resources

Mr C Wood

Vice Principal (Excellence and Learning)

Mr R Gray

Eversheds LLP (Minute 160 only)

151. Welcome and Apologies

Apologies for absence from Mrs L Butler, Ms D Hemsley, Dr A Jones, Mr P Kennedy, Mrs A Markland, Mr J Taylor and Mr J Wilson were noted.

It was noted that Dr Jones's absence was to enable her to represent the Board at a meeting of Association of Colleges (AoC) North-West.

152. Declarations of Interest

The Board again noted the previous and long standing declarations from Mr S Fell and Mr P McMellon as employees of the University of Central Lancashire and agreed that, with regard to the items reported under Minutes 153(iv) and 160 below, those individuals leave the meeting for the duration of that discussion. Mrs G Winward would clerk the meeting for that item.

The Chair drew attention to the interest which he had declared relating to his pro-bono work for Bootstrap (charity) (Minute 156 below).

153. Minutes of last Board Meeting and Reports from Committees

(i) Quality & Standards Committee

Ms L Hornsby presented the report on the Committee's meeting on 9th June 2016. She emphasised the Committee's appreciation of the presentations by teaching areas. She also drew attention to the discussions within the Committee regarding the challenges which the provision of GCSE English and mathematics continued to present. Finally, Ms Hornby commented on the review of Lesson Observation arrangements and impending developments.

Resolved: That the report of the Committee Chair and the draft Minutes of the Quality & Standards Committee held on 9th June 2016 be received.

(ii) Audit Committee

It was noted that that the notes and recommendations of the inquorate meeting of the Audit Committee held on 15th June 2016 had subsequently been ratified by the absent member. This meant that the recommendations therein now constituted formal decisions of the Committee.

Mr S Browne drew attention to the reports on recently conducted Internal Audit reviews and the reassuring judgments offered by the Internal Auditor. He commented on the report on Value for Money and he drew attention to the new 'High' level risks included in the latest version of the Risk Register. The Principal confirmed that the previous week's EU Referendum outcome ('Brexit') meant that a further significant risk had now been added to the High level group and that this would be discussed in more detail at the next meeting of the Board.

It was noted that the Committee's recommendation regarding the appointment of Internal Auditor would be dealt with later in the agenda (Minute 158 below).

Resolved: That the report of the Committee Chair and the draft minutes of the Audit Committee meeting held on 15th June 2016 be received.

(iii) Board Meeting on 12th May 2016 (excluding UCLan item)

Resolved: That the Minutes (excluding UCLan item) of the Board meeting held on 12th May 2016 be agreed as a true record and signed by the Chair.

(iv) Board Meeting on 12th May 2016 (UCLan item only)

Resolved: That the Minutes (UCLan item only) of the Board meeting held on 12th May 2016 be agreed as a true record and signed by the Chair.

154. Matters Arising

The Board noted that there were no matters arising.

155. Management Accounts Period 10

Mr S Nixon presented the Period 10 (May 2016) Management Accounts. He confirmed that, given the stage of the year now reported, increasing reliance could be placed on the precision of the figures. The College had received confirmation that the SFA will, once again, fund 'over-delivery' under the 16-18 Apprenticeship income head and that a higher year end surplus than the mid-year estimate now seemed very likely.

Resolved: That the Period 10 Management Accounts are noted.

156. Budget 2016/17 and 3 Year Financial Plan

Mr S Nixon presented the draft Budget for 2016/17 together with the 3 Year Financial Plan.

He reminded the Board about the comprehensive process, involving a wide range of the College's managers that had supported the development of the draft estimates. This, in turn, meant that College management were confident that the budget thus presented was deliverable.

Mr Nixon then went through all the 'Background/Critical issues' in his covering report. Under 'Income' he pointed out the impact of lagged

funding on the 16-18 Learner Responsive income line (a £1.5m decrease). By contrast, the 16-18 Apprenticeship income for 2016/17 could now be as much as £150,000 higher than the previous year (although the estimate in the draft budget showed only £91,000 higher).

Under Fees income, Commercial Fees and H.E. fees income both showed modest levels of growth. Mr Nixon also provided clarification on the estimated income from ESIF and the College's Lead Accountable Body status.

Under Expenditure, Mr Nixon explained why the staffing costs percentage has increased slightly (pension/N.I., pay progression, pension scheme deficit and apprenticeship levy) to 66%.

The Board's expectation that there would be a 0.5% year-end surplus was reflected in the estimates presented (equating to £121,000).

Mr Browne questioned the 'no provision for a cost of living pay award' assumption. This was discussed and Mr Nixon advised on the implications of including provision for any increase. It was, however, felt that there should be further investigation in order to establish the scope for up to 1.0% increase. Mr Nixon undertook to report back on this at the next meeting of the Board.

Regarding the 3 Year Financial Plan, Mr Nixon reminded the Board that it was drafted in complete isolation from any formal collaboration with the University or other such entity and assumed that the College would continue in its current form and in the absence of any formal collaborative arrangements. He also drew attention to the changed methodology for Financial Health assessment.

The Board examined the SFA's 'Checklist' and agreed that a rigorous process had been applied in the compilation of the estimates and Plan. Issues linked to the College's Property Strategy were less certain than other areas.

Finally, Mr Nixon assisted the Board in reconciling the main income lines (funding agencies) in the Financial Plan (years 2015/16 and 2016/17) with the corresponding figures in the Budget estimates. It was noted that the College planned for the same number of students in 2016/17 as in 2015/16.

Resolved: That, subject to any changes arising from the introduction of provision for a 1.0% pay increase, the Budget for 2016/17 and the associated 3 Year Financial Plan be approved.

157. Staff Restructuring Consultation (incl. Nursery proposals)

Mr S Nixon drew attention to the areas of the College which the comprehensive business planning exercise had highlighted as in need of staffing level adjustment. These included the proposal for the closure of the College Nursery. The ongoing consultation with staff/unions would conclude on 14th July 2016.

Resolved: That the report on staff restructuring including consultation on proposals for the College Nursery be noted.

158. Appointment of Internal Auditor

Mr S Browne reported that, at the meeting of the Audit Committee on 15th June 2016, it had been agreed that the Board should be recommended to appoint RSM as the College's Internal Auditor. The appointment would be for a period of three years from 1st August 2016, with the possibility of extension by a further one year at the Board's discretion.

Resolved: That RSM be appointed as the College's Internal Auditor for three years from 1st August 2016, with the possibility, at the Board's discretion, of a further one year extension.

159. Governor Expenses

Mr S Nixon reminded the Board that clarification of the arrangements for the payment and claiming of expenses by Governors was needed. He drew attention to the draft 'Policy and Procedures on Payment/Reimbursement of Allowances and Expenses to Members of the Board' and recommended that the wording "for countersignature before passing to the Executive Director of Resources for authorisation." be added to the final sentence of the document.

Subject to the addition of the phrase as recommended by Mr Nixon, it was

Resolved: That the Policy and Procedure for the Payment / Reimbursement of Governor Expenses be approved.

It was noted that appropriate cross-references in the Financial Regulations and in the Board's Standing Orders would now be introduced.

(Mr S Fell and Mr P McMellon left the meeting at this point, and Mrs G Winward took over as Clerk for the following agenda item. Before proceeding to the following item, the Chair reminded the Board that all four

of the UCLan Governors/Officers had also been excluded from the distribution of documentation linked to the UCLan collaboration discussions).

160. Structure and Prospects Appraisal

(separate Minute for this item taken)

161. Dates of Future Meetings:

The Board noted that the next meeting was scheduled to take place at 5.30pm on Thursday, 14th July 2016. It was noted that, as had previously been agreed by the Board, Mr J Boydell would take over as Chair of the Board from the start of the next meeting.