

THE FURTHER EDUCATION CORPORATION OF MIDDLESBROUGH COLLEGE

GOVERNING BODY

Minutes of the Special Meeting of the Governing Body held on
Monday 15 August 2011 at 2.00 pm in the Board Room.

Present	Mr R Brady	Chairman	College Governor
	Mr J Autherson		College Governor
	Mrs S Bates		College Governor
	Mr A Hanif		College Governor
	Mrs A V Haskins	(Items 1 – 3 only)	College Governor
	Mr M Hopkins		Principal / Chief Executive
	Miss A McLaren		College Governor
	Mr M McClintock		College Governor
	Ms D Ripley		Student Governor
	Mr G Rogers		Staff Governor (Business Support)
	Miss S Shepherd		College Governor
	Mrs C A Wheatley		College Governor
	Mr D Whitaker		College Governor
Mr B H Whitfield		College Governor	

Officers	Mr R Atkinson	Assistant Principal - Marketing, Communication, Registry and Admissions & Clerk to the Corporation
	Ms M Bulman	Assistant Principal - Finance
	Mrs Z Lewis	Deputy Principal - Corporate Services

11/066 **ITEM 1 APOLOGIES**

Mr T Arnold	College Governor
Mrs M Britton	College Governor
Mr P Fiddaman	College Governor
Mr R Johns	Staff Governor (Academic)
Mrs S Morton	Vice Principal - Curriculum & Quality
Mr D White	Interim Vice Principal - Corporate Services

11/067 **ITEM 2 DECLARATION OF INTERESTS BY THE GOVERNING BODY AND THE COLLEGE LEADERSHIP TEAM**

None.

11/068 **ITEM 3 SIXTH FORM CENTRE BUSINESS CASE**

The Principal / Chief Executive and Deputy Principal - Corporate Services presented the revised Sixth Form Business Case Report explaining the rationale of why a Special Meeting of the Governing Body had been called at short notice.

It was reported that the Young Person's Learning Agency (YPLA) had informed the College, via the Skills Funding Agency (SFA), that all 16 - 19 funding would be issued on a fully 'lagged' basis i.e. an institution must deliver to students in the year prior to them receiving an increase in funding. This differs from the assumption included within the original Business Case where the College assumed that the YPLA would provide in-year growth funding for the new Sixth Form Centre, As this was now not the case, financial revisions to the Business Case had to be made prior to formal approval by the SFA.

The Deputy Principal - Corporate Services then reported that the Skills Funding Agency (SFA) did not view this as a significant issue due to the College's overall financial strength.

It was further reported that following this feedback, the College could no longer use an income based methodology to calculate its recovery of VAT costs due to the change in income levels for the first two years of operation. Therefore it is envisaged that the VAT payable on the project would be £500,000 higher than anticipated in the original Business Case. This meant that the Sixth Form Centre Development had now increased to £6.8 million from £6.3 million due to the VAT recovery issue but it was noted this was still below the original scheme costs of £7.4 million.

The Principal / Chief Executive and Deputy Principal - Corporate Services then updated the Governing Body on a number of other issues relating to the revised Business Case, as detailed on page 9 of the report and these included.

- 1 the proposals for the College to move into a position of long term debt.
- 2 the impact of lagged funding on the operating position for the Academic Years 2012 / 2013 and 2013 / 2014 would mean that the College moves into a deficit position, rather than a broadly breakeven position as previously reported.
- 3 the Financial Health of the College would drop from Good to Satisfactory in the three years 2011 / 2012 to 2013 / 2014, as detailed on page 8 of the report.

- 4 the year end cash reserves are predicted to fall to £1.3m at 31 July 2012 and will be £1m in April 2014, its lowest point.

Governors then received up-dates on the contingency plan in the event of a lower growth in learner numbers, a revised sensitivity analysis, and revisions to the project time-scales. A summary of the positions relating to land, title indemnity insurance, early access licence monies, option terms and the car park bond were all noted for information.

During discussions, the Governing Body was informed of a number of other factors, as detailed on page 11 of the report, which provided a level of certainty for the Governing Body that the revised Sixth Form Centre Business Case was still financially viable.

After detailed discussions and a number of questions posed by Governors in relation to the revised Business Case for the Sixth Form Centre as well as issues relating to brand, timing and next steps, it was **agreed** that:

- the College should raise the implications of the lagged funding at a national level, as detailed in the report and Appendix 1.
- the revised Ten Year Financial Plan and Investment Appraisal for the Sixth Form Centre, as detailed in the report and Appendices 2 and 3 are approved.
- the revised project cost of £6.8 million and the elementary cost analysis as detailed in Appendix 4 of the report is approved.
- the likely requirement to set a deficit Revenue Budget for the two years 2012 / 2013 & 2013 / 2014 due to the implications of growing learner numbers in a fully 'lagged funding' environment is approved.
- the revised Financial Health scores in particular the 'Satisfactory' ratings in the Academic Years 2011 / 2012 to 2013 / 2014 is approved.
- the College seeks a formal offer from a bank for a £3 million loan with the final terms being reported back to the Governing Body.
- the College enters into an enabling works contract with the John Wade Group, including all works required to avoid Part L related redesign by the 30 September 2011, up to a value of £375,000.

- the College enters into an Early Access Licence with One North East to carry out the enabling works.
- the College enters into the following contracts with the additional clauses, as outlined in this report, and all conditional upon receiving full Skills Funding Agency (SFA) approval:
 - development agreement for lease, which includes an agreement to take a lease of the main extension site for a term co-terminus with the lease of the existing college site on completion of the development work.
 - an agreement to take a lease for the main surface car park area for a term co-terminus with the lease of the existing college site on completion of the development work.
 - an agreement to take short term leases of the adjoining surface car parking areas on completion of the development work.
 - an agreement to take an option to purchase the area that is to be landscaped to the south of the extension site on completion of the development work.
 - an agreement to surrender the existing surface car park lease on completion of the development work.
 - an agreement to surrender the option currently held by the College over the car parking area once the development agreement has gone unconditional.

11/069 **ITEM 4 DATE OF NEXT MEETING**

The Governing Body will meet as follows in 2011 / 2012.

- Monday 10 October 2011 at 5.00 pm.
- Tuesday 8 November 2011 at 10.00 am (*).
- Monday 19 December 2011 at 5.00 pm.
- Monday 30 January 2012 at 5.00 pm.
- Saturday 24 March 2012 at 10.00 am (**)
- Monday 26 March 2012 at 5.00 pm.
- Wednesday 9 May 2012 at 10.00 am (*).
- Monday 9 July 2012 at 5.00 pm.

(*) Governing Body Training Morning.

(**) Governing Body Strategic Planning Day.

11/070 **ITEM 5 ANY OTHER URGENT BUSINESS**

The Governing Body was updated on the continued work on the Student Benefits Package for 2011 / 2012, which was now being publicised throughout the College, on the College's Website as well as being sent to all new applicants. The Governing Body would be kept abreast of developments and its impact in the Autumn Term.

The Governing Body also **endorsed** the new Sixth Form Centre logo (MC6) following a brief presentation on the options available from the Assistant Principal - Marketing, Communications, Registry and Admissions & Clerk to the Corporation. This would now be used as part of the A Levels Brochure, Website Design and any other publicity.

The meeting closed at 3.00 pm.

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11/071 **ITEM 6 MATTERS FOR PUBLICATION**

All agenda papers will be made available in the normal way and circulated to the Learning & Resources Centre.

Unconfirmed minutes of the meeting, along with the agenda and any appendices, will be posted on the Governors' Website once approved by the Chairman of Governors unless any comments are received by the Assistant Principal - Marketing, Communications, Registry and Admissions & Clerk to the Corporation from Governors within five working days of them receiving the unconfirmed minutes.

11/072 **ITEM 7 RESERVED MATTERS**

None.

Committee Circulation

Mr R Brady	College Governor
Mr T Arnold	College Governor
Mr J Autherson	College Governor
Mrs S Bates	College Governor
Mrs M Britton	College Governor
Mr P Fiddaman	College Governor
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Mrs C A Wheatley	College Governor
Mr D Whitaker	College Governor
Mr B H Whitfield	College Governor
Vacancy	Student Governor
Mrs Z Lewis	Deputy Principal - Corporate Services
Mrs S Morton	Vice Principal - Curriculum & Quality
Mr D White	Interim Vice Principal - Corporate Services