

**Meeting of the Kendal College Corporation
Tuesday 12th July 2016 at 5.00 pm
Conference Room 1
MINUTES**

Present:

Joseph Brown (Student Governor)
Michelle Clement (Staff Governor)
Ian Clinton
Fra Cooke
Cath Dutton (Chair)
Jeff Edginton
Zaeed Mohammed (Staff Governor)
Rebecca Sandham
Jon Thedham
John Tiscornia
Gordon Watson
Graham Wilkinson (Principal)

(attendance 86%)

In attendance:

Carole Drury (Clerk), Craig Owen, Louise Shrapnel

Apologies for Absence

1654 Emily Harris, Claire Willett (long term absence)

1655 Declaration of Interests

There were no declarations of interest

1656 To approve the minutes of the meeting held on Wednesday 4th May 2016

The minutes of the meeting held on 4th May were approved and signed by the Chair as an accurate record.

1657 Matters Arising from the Minutes & Action Plan

There were no matters arising not covered on the agenda. Updates to the action plan were noted.

1658 Approval of the Budget for 2016/17 (Key agenda item)

The Director of Finance & Resources presented the draft budget for 2016/17 and budget forecast for 2017/18. The commentary provided the backdrop to the budget preparation with links to the strategic plan, financial objectives, area review and growth plan. The spreadsheet pack to be submitted to the Skills Funding Agency showing a satisfactory financial health grade up to 2017, improving to good in 2018, was considered, noting that it included lagged funding and the growth plan data considered as part of the Area Review process.

Payroll figures were predicated on full staffing for the whole year and included maternity leave payments and vacant posts to allow for some flexibility and contingency, as well as national insurance and pension payments. Board members were advised that the curriculum plan was used to calculate the teaching hour requirement including additional part time hours.

Whilst robust and evidenced budgeting was in place for 2016/17, it was recognised that 2017/18 was more of an estimate but included an increase in headcount and the costs to delivery planned growth. There was an improving cash situation with the expectation of accumulation of resources in the years ahead and improving financial health.

It was reported that the budget had undergone considerable scrutiny from the Finance Working Group who recommended its approval to the Board. J Tiscornia advised the Board that this group would continue to meet on a quarterly basis to provide additional monitoring of performance against the growth plan.

J Thedham asked about acceptable ratios and the understanding of this by new governors and it was agreed that the Director of Finance & Resources would put on a training session for any governor who needed to develop greater understanding. (Action: L Shrapnel)

F Cooke questioned the sensitivities in schedule 6 and the impact of percentage change as a way of identifying areas of risk. C Owen pointed out that 16-19 income was guaranteed with fee and loan income being more risky especially as it would be the first year of 19+ student loans. J Tiscornia stated that it had been considered by the Finance Working Group but recognising that loans were becoming more accepted following higher education and 24+ loans being introduced over the last few years.

I Clinton asked about the employer levy for apprenticeships and the likely impact. The Principal responded that it would be a good opportunity for the College to work with larger employers who knew they needed to spend the levy money on apprenticeship training. Expansion of the level 4 apprenticeships nationwide had already happened with hotel groups. However, the risk of take up of apprenticeships by SMEs once the levy was in place remained uncertain. C Owen felt that the College was in a very good place with its Ofsted grade and employer and learner survey status to maximise on the opportunity presented by the levy charges.

J Edginton asked why depreciation was so flat and L Shrapnel explained that the Wildman Street development would come onto the books during 2016/17 but depreciation estimates from the fixed asset system could only be rolled forward for one year. She also advised that figures for equipment renewals were a best estimate and the assumption was that, whilst new assets are added, old ones stop depreciating.

In respect of European Social Fund provision, the Principal advised that Cumbria LEP had front-loaded the new programmes and funding but with activity limited to 18 months. However, only prudent forecasts had been included in the budget.

Following recommendation from the Finance Working Group to accept the budget, the Chair asked governors to confirm their acceptance.

The Board RESOLVED to:

- Accept the budget for 2016/17
- Accept the forecast budget for 2017/18
- Request that L Shrapnel set up a session for governors on budget ratios

1659 **Area Review update**

The Chair and Principal provided the Board with an update following Steering Group 4 meeting held on Monday 11th July. Recommendations to the Board were based around the College maintaining its stand-alone position, supported by a growth plan that would be rigorously monitored and the potential for merger in the future. It was agreed that this was excellent news for the College and a very strong endorsement of the faith held by the Area Review Team, LEP and stakeholders in the College.

The full recommendations were:

- Carlisle College and Lakes College West Cumbria to merge
- Kendal College to stand alone, and consider merger with a neighbouring college if growth plan not achieved
- Merged Furness College and Barrow in Furness Sixth Form College to stand alone
- Colleges and University of Cumbria to form Joint Venture to support the delivery of the LEP skills plan; enable joint response to bidding opportunities; consider shared services; and provide a contact point for employers (where no existing relationship with a provider)
- LEP and County Council to create and support a forum for post-16 providers including schools, colleges, independent training providers and HEIs to improve IAG, progression routes, skills provision and transport accessibility

An email has been prepared to send out to all staff and key stakeholders to advise them of the recommendation, embargoed for 48 hours. (Action: Clerk)

The Board discussed in detail the recommendation made by the Commissioner's team and agreed to accept it, recognising that monitoring of the growth plan would be essential if the stand-alone position was to be successful in the longer term.

The Chair reported that the original recommendation had included a 12 month review of the position but she had received confirmation that this had been removed in the final recommendation received and voted on. An agreement would be put in place to review the growth plan at 6 weekly intervals, both through the Finance Working Group and the Board itself through its existing meeting schedule. The Chair also pointed out that if the College was unable to achieve its project growth, there would be no future financial bail-out for the College.

The Board RESOLVED to:

- Accept the above recommendations
- Advise the Commissioner's team of the decision in time for Steering Group meeting 5 on 26th September 2016

1660 **Principal's Report and Data Dashboard**

The Principal presented his report which included key issues facing the college from a national perspective including new key appointments for the sector at Association of Colleges and Ofsted. The emphasis on maths and English GCSE was reported including a sector concern that Ofsted were focussing too much on this area in recent inspections. The Board recognised its role in gaining assurance that maths and English delivery at the College was successful and would note the position of GCSE results in August. The Principal stated that staff had worked incredibly hard to secure high levels of achievement and that timetabling next academic year would include an additional 30 minutes for maths and English as part of a new strategy.

The Chair queried the depth that the Board was going into and whether sufficient emphasis was being placed on areas of under-achievement that could be masked by top level performance information. However, J Tiscornia felt that the thoroughness of the College's self-assessment process, including external validation, would prevent any risk of the College dropping more than one grade at Ofsted inspection. The Principal stated that external validation with Blackburn would be replaced through a new relationship with stronger colleges such as Runshaw and Nelson & Colne. I Clinton asked what process was invoked if a course was struggling and the Principal stated that curriculum review provided a management scrutiny of at risk courses but liked the idea of more robust intervention. He also invited governors to attend curriculum review so they could see at first-hand how curriculum is monitored.

The Principal provided further update on the proposed Bio Pharma development with GSK, with £3.5m of funding being sought from the LEP to develop new specialist facilities at the College plus £200k donation from GSK of in-kind support. He added that GSK had provided a very strong endorsement of its relationship with the College to the ABR team, citing its entrepreneurial work and location in the north of England with good transport accessibility.

The data dashboard was reviewed with key areas of concern noted including a concern over apprenticeship success rates which were performing at 5% lower than target at 79%. Notes in the dashboard identified that this reduction was due to drop out across different frameworks.

The Board RESOLVED to:

- Accept the Principal's report
- Monitor progress against key performance targets as noted in the data dashboard

1661 **Teaching, Learning & Assessment report**

The report was noted with specific reference to the outcome of the SFA learner satisfaction survey results which listed the College as second provider nationally and the top college overall. There was a significant rise in satisfaction level from 86% last year to 93.5% this year. J Thedham asked what had made a difference to the improved score. Z Mohammed cited a wider range of courses and J Brown identified quality of provision. I Clinton suggested that student focus groups could be used to capture what was important but the Principal suggested that an effective student council could be used to gauge student impression. Governors were encouraged to attend student council and dates of next year's meetings would be circulated once known, with governors attending as visitors. (Action: Clerk)

The report provided a summary of recent Ofsted inspection grades highlighting key areas of concern raised by inspectors. Assurance was provided that each of these areas was being reviewed by the College to ensure full compliance at outstanding level with an explanation against each one of the current position eg in respect of English and Maths and Work placement, both key components of the 16-18 Study Programmes.

A summary of the current position in respect of student full time applications was given showing a decline of around 20 in full time numbers. However, apprenticeship numbers were higher with some students applying for apprenticeships who do not have jobs and who may well convert into full time students. Z Mohammed asked if there was a contingency to ensure high levels of recruitment if A level results were not as expected and the Principal outlined support available to A level tutors to ensure high quality teaching.

The report also announced new appointments in college from staff attending the Leadership & Management programme as part of succession planning. All new postholders were congratulated.

The Board RESOLVED to:

- Accept the Teaching, Learning & Assessment report, noting progress in English & maths and the Ofsted guidance
- Accept the invitation to attend curriculum review and student council

1662 **Capital Projects Update**

The Director of Finance & Resources presented the capital projects update that included a financial summary for Wildman Street studios against each of the budget lines and showing an increase in costs of £6,707 since the last report. The project was now just a few weeks away from practical completion and will be ready for student use from September. A VAT zero rating certificate for the project has been secured making a saving of over £220k.

In respect of Castle Dairy, the report indicated that the restaurant was now officially dry with tenders for reinstatement work now being prepared so that the kitchen installation could go ahead as quickly as possible. The College had permission from SLDC to take over the kitchen reinstatement work but the procurement of structural work had not yet taken place, to include a new staircase and underfloor heating.

The Board RESOLVED to:

- Note progress on work for the projects

1663 **Management Accounts**

The management accounts to the end of May were presented and included the balance sheet and key performance indicators. The historic cost position showed a negative variance against budget but an historic cost profit was still forecast for the year end. Explanation of the key variances was provided to governors against income, pay, non-pay and balance sheet within the accompanying commentary.

It was noted that the forecast was challenging identifying any income streams at risk. The June accounts were currently being prepared and would be sent out to governors. I Clinton advised the Board that the FE Commissioner's key criteria was the generation of a 3% surplus on average to allow for reinvestment and therefore growth had to be the focus. It was agreed that lagged funding for over delivery had seriously impacted on the financial outturn position.

It was agreed that the museum should be discussed at the next meeting of the corporation (Action: Clerk).

The Board RESOLVED to:

- Accept the management accounts to end of May 2016

1664 **Reports from the Committees:**

(a) Audit & Risk 10th May 2016:

- Summary minutes from this committee were reviewed providing an overview of recent activity of the committee in respect of monitoring of internal audit reports, approving the internal audit plan for 2016/17 and reviewing the new requirements under SORP. The risk register was reviewed as well as the position in respect of the covenant, noting comments from the Internal Audit team that the register met sector expectations.
- The College's Whistleblowing policy was reviewed and approved
- The Committee had reviewed its own performance against its terms of reference, noting that all requirements had been met and recorded. The Internal Auditor had confirmed that, from experience of other colleges, this Committee functioned well with good attendance and good levels of interrogation.

(b) Search & Governance 23rd May 2016:

- Summary minutes of this committee were reviewed. A key agenda item had been the Board performance review with new processes put forward for appraisal of the Chair and probationary review for new governors. The standing orders for the corporation had also been reviewed and the draft recommended to Board members for approval.
- The Governor development programme for 2016/17 was approved along with the continuation of the governor link scheme, linking in with cross college themes. An additional link of quality was also recommended. Board members were asked to advise the Clerk of the area they would like to support.
- The Committee reviewed its own performance against the terms of reference which were also reviewed with no proposed changes.
- The Committee also recommended that Louise Shrapnel, Director of Finance, be

named under arrangements to appoint an interim principal should the need arise.

(c) Remuneration 12th July 2016:

- The Committee met before the Board meeting to review the salary and performance of the Principal and Clerk and to review its own performance against its terms of reference.
- Staff and student members, senior managers, the Principal and Clerk were asked to leave the meeting to allow for formal discussions on the pay of senior postholders

The Board RESOLVED to:

- Approve amendments to the standing orders
- Agree the timetable for board appraisal
- Approve the appointment of Louise Shrapnel as nominated interim principal in the event of the Principal being absent
- Request that Board members advise the Clerk of areas for link governor role

1665 **Policy Updates:**

The following policies were considered and approved:

- Equality
- Financial Regulations
- Fees

1666 **Board Assurance Report**

The operating plan update, now including RAG rating, was presented showing the updated position as at July 2016 against each of the key measures from the strategic plan. Areas of concern were discussed.

I Clinton commented that the report was helpful and honest. It was suggested that a note of direction of travel be included in the next update.

J Thedham noted the concern over commercial income and volunteered to help support growth in this area and it was agreed that a general discussion on how the Board could help with the growth plan would be included on the agenda of the next meeting (Action: Clerk)

The Board RESOLVED to:

- Accept the update report, requesting direction of travel be included next time
- Support the growth plan through further debate at the next Board meeting

1667 **Annual Pay Award**

The Director of Finance & Resources put forward a proposal to include a pay award of 1.5% in the budget for 2016/17.

Following discussion under 1664(c) above, it was agreed that a pay award of 1% would be paid from August 2016 with a further 0.5% paid in December and backdated to August if recruitment targets had been met, in recognition of the contribution of staff to this outstanding College, the first time the College was going against the AoC recommendation of 0%.

J Edginton commented that there had been a good discussion on the pay award and would rely on managing the cashflow and budgets effectively. Z Mohammed reminded the Board that teaching and assessing staff had increased their contracted delivery hours without a pay rise and it was therefore disappointing that the additional 0.5% should be linked to recruitment. C Owen commented on the significant increase in national insurance and pension costs to the payroll but I Clinton stated that the Board had debated both sides and had come to a unanimous decision as a Board.

A post meeting clarification was sent out by the Chair to state that the 0.5% pay award

would be made, and backdated to August, subject to affordability rather than recruitment.

The Board RESOLVED to:

- Make a pay award of 1% in August 2016 to all staff and a further 0.5% in December 2016 backdated to August 2016 subject to affordability in the end of year accounts

1668 **Annual Insurance Policy review**

The Director of Finance & Resources presented the position in respect of College insurance policies, making a recommendation to continue with the existing policies noting the additional costs against each line of the policy, resulting in an additional premium of £7.5k over the current year. It was noted that property damage premium had increased due to the flooding and travel premium due to the increase in overseas trip and more risky activities. Cybercrime was now included under fidelity guarantee.

The Board RESOLVED to:

- Accept the continuation of existing policies noting the additional costs

1669 **Kendal Museum Accreditation**

As part of the accreditation of Kendal Museum to University Type 2 status, a summary paper of the process and the key policies that need to be approved was presented. New policies required for the accreditation include:

- Documentation Policy
- Environmental Sustainability Policy
- Collections Development Policy
- Care and Conservation Plan and Policy Statement

The Board RESOLVED to:

- Approve each of the policies and ensure a signed copy of the relevant minute is available for the submission document

1670 **Annual Reports**

The following annual reports were presented by the Director of External Relations & Client Services, providing an overview of activities during the academic year:

- Safeguarding – this report demonstrated the significant increase in activity relating to safeguarding of students during the year. There had been no incidences involving staff
- Complaints and compliments – no major complaints were reported and all situations had been addressed
- Freedom of Information

The Board RESOLVED to:

- Accept the reports, taking assurance that College policies and statutory responsibility is being followed

1671 **Appointment of Chair & Vice Chair**

The current Chair and Vice Chair were asked to leave the room to enable the Clerk to ask if any other member of the Board wished to put themselves forward for the role and to confirm their acceptance of the Chair and Vice Chair for a further year which was unanimously agreed.

J Thedham, on behalf of the Board, thanked the Chair and Vice Chair for their energy, enthusiasm and willingness to support the College and Board, in particular through the onerous task of steering the College through the Area Based Review.

J Brown, Student Member, was thanked for this valuable contribution over the past 2 years

as he would be standing down.

The Chair thanked the senior management team for their contribution to the Area Based Review and the involvement of all teams across the College in the high quality impression given to the Commissioner's team through estates, catering and customer service.

1672 **Date of Next Meeting –**
Wednesday 12th October 2016