

**Meeting of the Kendal College Corporation
Wednesday 13th December 2017 at 5.00 pm
Conference Room 1
MINUTES**

Present:

Naomi Chessell (Student Governor)
Michelle Clement (Staff Governor)
Cath Dutton (Chair)
Pat Mclver
Eve Martin
Zaeed Mohammed (Staff Governor)
Amanda O'Brien
Isaac Roach (Student Governor)
Rebecca Sandham
Mike Southworth
Jon Thedham
Gordon Watson
Graham Wilkinson (Principal)
(attendance 93%)

In attendance:

Maggie Cawthorn, Carole Drury (Clerk), Craig Owen, Louise Shrapnel
Item 1778 only: Matt Burke, Hilary Pezet, David Sykes, Brian McManus, Julie Rhodes

1774 **Apologies for Absence**

Emily Harris

1775 **Declaration of Interests**

There were no declarations of interest.

1776 **To approve the minutes of the meeting held on 4th October 2017**

The minutes of the meeting of 4th October 2017 were approved and signed by the Chair as an accurate record.

1777 **Matters Arising from the Minutes & Action Plan**

There were no matters arising not noted on the action plan where updates were considered. Under an action for minute 1766, it was reported that the College had been successful in the tender with £617,355 of income for non-levy payer apprenticeship delivery.

1778 **Kendal Museum update**

(item taken at the start of the meeting)

David Sykes, Director of People & Places, South Lakeland District Council and representatives from Armour Systems, along with the Head and Assistant Head of School for Creative & Media attended this item to provide further background and updates on the position and proposals going forward for Kendal Museum.

The Principal had provided a comprehensive briefing paper on the background to the College's involvement with the museum particularly for the benefit of newer board members

with information on the history of the building in the town and its position adjacent to the Allen Building.

Matt Burke, assisted by Hilary Pezet, put forward the accommodation needs of the Performing and Production Arts provision and expansion of the Student Café which currently only seats 65 students at a time, noting that the campus does not have a resource centre for independent study. Additional data tables were provided to show performing and production arts income by learner age and type of provision, providing forecasts going forward to 2019/20, reflecting the growth position evidenced over the last few years. The accommodation requirements for this growth were also shown as evidence of the need for additional teaching spaces that the museum buildings could provide.

The briefing paper also referenced previously minuted decisions made by the board between July 2011 and May 2017 showing the financial decisions taken and management agreement.

Board members were also reminded of two options available to the Board, namely:
Option 1: walk away from the museum post April 2019
Option 2: repurposing of the museum

David Sykes provided some backdrop on council responsibilities for the building and collections and ensuring use of under-utilised spaces, recognising the need of the College for more space and the inefficiencies of the museum building. He confirmed that the collections could be dispersed but with strong safeguards. He raised the current financial investment from SLDC under a management arrangement and ongoing revenue support for the curatorial aspect of maintaining the collections. Exploring opportunities would be to the benefit of the council, College and the general public.

Armour Systems, a specialist company that designs and manufactures showcases, presented design ideas for the creative repurposing of the museum spaces demonstrating how each space could be adapted for both student use and to allow better access to and interaction with the collections.

Attendees for this item left to allow for further board discussion at this point and were thanked for their input.

The Principal requested steer from the governors for the future of the museum when the current management agreement ceased in 2019, pointing out that the council would need to be given plenty of notice if the College was not prepared to continue with the arrangement. He requested permission to undertake a full feasibility study, maybe setting up a task and finish group to support the process. He estimated the cost of carrying out the study would be around £5k. Option 1 to cease the arrangement remained viable if the costs were prohibitive with a negative impact on the College.

Pat Mclver asked about dual purposing between education and visitor attraction and concerns were raised over safeguarding and mobility access. Eve Martin suggested that more costing information would be required before any firm decision could be made. It was noted that the space may not be sufficient in the longer term if expansion of performing arts was as suggested.

Gordon Watson felt there were some good ideas but that there was more work to be done on the spaces. Isaac Roach asked about additional computing and essential study spaces for students. Cath Dutton asked about the impact on the College of other costs such as secure and atmosphere-controlled storage of exhibits not on display.

The Board RESOLVED to:

- Agree for a full feasibility study to be conducted and to ask SLDC for a contribution toward the cost
- Set up a task and finish group to support the process and report back to board

1779 **Teaching, Learning & Assessment report including Self-Assessment Report (SAR) 2016/2017**

The Director of Curriculum & Quality presented her report that focussed on the 2016/2017 college self-assessment report, following the successful validation event with senior staff and board representation, including an external moderator from grade 3 Knowsley College. A summary of grades and key strengths and areas for development were included.

Governance was reflected in the leadership and management section, taken from the governance SAR. The grade for apprenticeships remained at 3 (requires improvement) based on the Ofsted grade awarded for this provision in June 2017, however it was reported that outcomes for apprenticeships were likely to place the college in the top 15% nationally.

Outcomes from the first six week questionnaire were summarised showing continued very high levels of learner satisfaction with the College and some statistical evidence to support learners' reasons for choosing the College. One area of concern was that only 72% of students had confirmed they had received training on British Values. The Chair asked for an update report to be provided at the next meeting as to why this was. Naomi Chessell questioned why only 80% of students had completed the questionnaire and suggested that completion should be mandatory. Both student governors reported that they had been advised very late about the survey.

Data in respect of full time enrolments was provided showing an overall increase in student numbers of 83 over the previous year which would result in £328k of lagged funding, more than double the amount claimed the previous year. Managers were congratulated in the achievement of the full time growth target but the strain on College finances was noted along with an understanding that if the target had been superseded by 10% or more, the funding would have been received in year rather than lagged.

Information on the introduction of new T Level qualifications was provided along with implications for radical change to delivery including the requirement for up to 60 days work placement. Additional funding based on 370 learners and 37 extended placements had been applied for to build work placement capacity. Zaeed Mohammed asked if work was already being carried out to secure extended work placements and Amanda O'Brien announced that the NHS (Health Education England) had been awarded funding to bring in young people for work experience which could provide a useful link.

The Ofsted action plan was included for Board consideration, showing the updated position against key operational actions from the inspection report. Cath Dutton asked about the impact of training and was advised of the new system for reviewing curriculum performance. Zaeed Mohammed confirmed the effectiveness of the new process for department inspection.

The Board RESOLVED to:

- Approve the 2016/2017 College Self Assessment Report
- Request an update on the delivery of British Values
- Note the position in respect of T Level qualifications
- Note the progress of the Ofsted action plan

1780 **Principal's Report and Data Dashboard**

The Principal's report for this meeting covered an update on student success in WorldSkills with a bronze medal being awarded for plumbing student, Mathew Barton. A hospitality alumni from 2006-2008, Matt Campbell, was taking part in this year's BBC Master Chef, the Professionals, reaching the semi-finals.

The Principal reported on the outcome of a meeting with the ESFA Intervention Team in early November where it had been proposed that the College's balance sheet should be improved to reduce reliance on overdraft facilities. He reported that some actions had already been put in place to make in year improvements to cash reserves with a target saving of £100k. Mike Southworth requested that a copy of the letter be circulated.

The Principal also reported on the external learner and employer satisfaction surveys, both of which had good outcomes and placed the College in overall second position nationally (FE Week amalgamated survey).

Castle Dairy

The report included the first six-monthly update following the re-opening of the apprenticeship academy and listed the staff currently working there. Income and expenditure position to end of October and forecast positions were given. It was reported that it had been difficult to re-establish the customer base following 18 months of closure following the 2015 floods and that more apprentices needed to be recruited. Jon Thedham observed that there had not been much reference to the success of the Dairy in the local press. Eve Martin asked if marketing and maintenance costs had been included in the expenditure and was advised that marketing was paid for by the restaurant and most recently by insurers. Maintenance was provided by SLDC on the building and the College only maintained internal requirements such as decoration. The new kitchen was maintained wholly by the College. The team was congratulated on achieving 2 AA rosettes.

Data Dashboard

The data dashboard was considered with areas of concern supported by commentary. Under financial KPIs, concern was raised over the cash balance, cash days in hand, the current ratio and the quick ratio.

The Board RESOLVED to:

- Accept the Principal's report noting:
 - the financial position of the Castle Dairy
 - Learner and employer satisfaction survey
 - Performance against KPIs

1781 **Reports/Actions from the Committees & Working Groups:**

1. Audit & Risk Committee The Committee Chair (Gordon Watson) presented the notes from the meeting of 21st November that had included receipt of internal audit reports and consideration of the financial statements. The Board was asked to receive and accept the annual committee report and approve the signing of the report by the Committee Chair. The updated risk register had been approved at the meeting and was provided for information.

In respect of internal audit reports and recommendations, the Chair reported on reassurance over management actions, in particular the timely completion of the recommendations from the first safeguarding audit.

The going concern position had been reviewed in great detail following the recommendation from the external audit team and the suggested changes to the reporting of the pension liability disclosures

2. Finance Working Group Members of the group had met prior to and then attended the Audit & Risk Committee to review the financial statements and to provide additional assurance to the Board. Notes of the meeting were provided.
3. Remuneration Committee The Chair reported that, whilst the remuneration committee had not actually met, performance review of senior postholders had taken place. In line with College policy on pay, no salary increases had been agreed.

The Board RESOLVED to:

- Receive the reports
- Approve the signing of the Audit & Risk Committee Annual report and take assurance over its work
- Note the review of the going concern position and recommendation to approve the financial statements

1782 **Financial Statements, Regulatory Audit & Management letter**

Following consideration by the Audit & Risk Committee, the Final Audit Findings Report, the Annual Report & Financial statements and Regularity Self-Assessment report were recommended to the Board for approval and the audited accounts were signed by the Chair and Principal, as Accounting Officer, as an accurate record of the College's financial position. It was reported that it had been a clean audit and that some improvements had been made in the way the financial statements had been presented.

The Board RESOLVED to:

- Approve the authorisation of the financial statements

1783 **Management Accounts**

Management accounts to the end of October were presented along with commentary and reporting a negative variance of £259,000 against budget with a forecast end of year loss of £16k. This forecast had to be adjusted due to the effect of FRS102 and the latest actuarial review of the Local Government Pension Scheme (LGPS). It was confirmed that the College would not be in breach of its loan covenants.

Reporting against key performance indicators raised concerns over cash days in hand but showed a positive position for the operating surplus. It was reported that the balance sheet was adrift from the budget that had been approved in July but which had been impacted by the LGPS pension liability. It was confirmed that the Board regularly monitor the cashflow position including through robust scrutiny by the Finance Working Group.

The November outturn position was expected to show a profit of £15k with savings shown in staffing budget of £80k through not replacing staff who have left. A revisit of the curriculum plan would be taking place to see if further savings could be made. Governors questioned the impact of staff not being replaced with Zaeed Mohammed specifically asking about the impact on recruitment if the marketing manager post was not replaced. The Director of Finance & Resources confirmed that all positions were discussed at management meetings including impact on services.

Eve Martin asked about the intervention team meeting and what the plan was to build up cash reserves. The Director of Finance & Resources advised that it could take a year especially with the position of lagged funding. Eve also questioned actions taken to undertake financial stress testing that had previously been requested by the Board.

The financial health position was outlined through the Kendal Finance Record 2017 document that confirmed the grade of satisfactory based on a score of 140 and which matched self-assessment.

The Board RESOLVED to:

- Accept the October management account position, noting the positive position in respect of the covenant
- Receive a verbal update on the November management accounts
- Monitor the cashflow position through the Finance Working Group

1784 Annual Equality Report

The revised equality report reflecting on compliance with the public sector duty of the Equality Act and performance against equality targets was provided. Updated targets would be set to address the emerging difference in recruitment of males versus females and a new one for mental health. Once approved, it would be updated to the college website in line with statutory requirements.

The Board RESOLVED to:

- Approve and publish the Equality Report 2016/17
- Agree to receive updated targets to be produced for next year

1785 Strategic Planning Event

As reported in the Principal's report following the meeting with the ESFA Intervention Team, it was proposed that the strategic planning event be brought forward to Wednesday 24th January. The facilitator (NLG) booked for the training event would be used to support this event. The Chair asked for members to advise if they were unable to attend this critical event.

The Board RESOLVED to:

- Approve the change of date
- Set a new mid-week date for a new training event

1786 Succession planning meeting update (this item was taken at the start of the meeting) (business governors only)

The Chair of Governors provided an overview of the two day process to appoint a new CEO/Principal and advised on their recommendation.

1787 Any other Business & Date of Next Meeting

Amanda O'Brien announced that a decision had been taken to appoint Kendal College as delivery partner for University Hospitals of Morecambe Bay Trust (UHMBT) to deliver a new cadetship, as well as apprenticeships.

The next Board meeting was scheduled for Wednesday 28th February 2018