

Kirklees College Corporation

Minutes of the meeting of the Corporation held on 23 September 2011

Present:	Mr J J Dakers	Independent member (Chair)
	Mrs R Afzaal-Khan	Independent member
	Mr J Akhtar	Independent member
	Mr G Alvy	Independent member
	Mrs J Bracewell	Independent member
	Mr R Dawson	Independent member
	Mr T Eastaugh	Independent member
	Prof S A Frost	Independent member
	Mr R Gray	Staff member
	Mrs S Hutton	Staff member
	Mr S Inniss	Independent member
	Mr K Levy	Student member
	Mrs J A Newbery	Independent member
	Ms C Rowley	Independent member
	Mr J M Royle	Independent member
	Mr P McCann	Principal and Chief Executive
Attendance:	16/18 = 89%	[KPI 80%]
Quorum:	16/20 = 80%	[Minimum 40% required = 8]
In attendance:	Mr J D Winward	Clerk to the Corporation
	Ms M Brooke	Vice Principal - Corporate Services
	Mrs A Machell	Vice Principal - Curriculum & Quality
	Mrs R Meara	Director of Finance
	Mr A Riley	Director of IT

The Chair welcomed Mrs Bracewell to her first meeting.

1. Apologies for absence

Apologies for absence were received from Independent members Mrs L Carruthers and Mr D W Colston.

2. Declarations of Interest

The Clerk declared an interest in agenda item 11(iv), Executive Employment Committee meeting.

3. Appointment of new member

The Chair and Mr Akhtar reported on the recommendation of the Search and Governance Committee, following its meeting on 19 September 2011, to appoint Ms Caroline Rowley to the Board. The Committee considered that Ms Rowley had very relevant skills that would be of great benefit to the Corporation.

RESOLVED: to appoint Ms Caroline Rowley as a member of the Corporation Board for a three year term expiring on 31 July 2014.

Ms Rowley joined the meeting at this point, 1510 hrs. The Chair welcomed Ms Rowley to her first meeting.

4. Minutes of the previous meeting

The minutes of the meeting of the Corporation held on 22 July 2011 were agreed as a correct record and signed by the Chair.

5. Matters arising from the previous meeting

(a) Ofsted Report and Post Inspection Action Plan (PIAP). Minute 105 refers.

This matter would be covered in detail under agenda item 6, Performance Report update.

(b) Performance Report update: Ethnicity issues. Minute 106 refers.

Mr Hewgill presented a report on the analysis of 2010/11 retention data by ethnicity. The data was still incomplete as 8% was yet to be uploaded on to the ProAchieve system. This would be done once the remaining data had been verified.

There appeared to be no differences by gender at levels 1 and 2. For level 3, retention for males was 2% lower than for females. This was attributed to some provision being dominated by either gender (e.g. males in construction, females in child care).

Mr Hewgill's report highlighted those areas that had retention rates more than 5% below national averages. Now that the gaps had been identified, the reasons were being analysed at a detailed level. This analysis would be reported to the Equality & Diversity Committee, with relevant reports and minutes being brought to the QPS Committee.

In discussion, members:

- noted a recurring pattern in the headline figures and expressed concern regarding the achievement gap. Mr Hewgill informed members that the college had maximised achievement and success rates and there was no ethnic minority group with achievement below the national average. Most ethnic minority groups performed better than other groups in terms of achievement. The main issue was retention;
- noted that different strategies might be needed for different age groups and analysis of retention for different age groups was required;
- requested what could be done to close the gaps. Mr Hewgill reported that "At risk" strategies had been implemented to address areas of concern. Ethnicity data featured as part of the course review process and there was greater focus on ethnicity impact;
- were informed that final retention data should be uploaded within 2 weeks, following which detailed forensic analysis would be done at course level and reported to QPS Committee;
- noted that the ethnicity descriptors were those set by the then LSC and selected by individuals to identify themselves.

RESOLVED: to receive the report.

(c) HR Committee: E&D Essentials training. Minute 116 refers.

The Clerk reported that to date 8 governors had completed the Equality and Diversity Essentials training. Other governors were urged to complete this important training as soon as possible. Mrs Wright had written to members to remind them how to access the training via the College portal and to offer an in-college session for those who preferred this.

(d) Consultancy arrangements for Mr S Scarre. Minute 116(viii) refers.

The Principal reported that Mr Scarre was working in an unpaid capacity to assist the work of the Audit Committee, provide support for Mr Riley and to prepare the College's Financial Management Control Evaluation (FMCE) return.

(e) Financial Report to 30 June 2011. Minute 108 refers.

Members requested an update on the 2 employer-based contracts and were assured that these had now started. In response to a request, the Principal explained that the college's reduction in income from £55 to £44m had been due to a combination of the College's failure to hit over-optimistic targets and the reduced levels of funding.

(f) Lennartz. Minute 105(c) refers.

Members requested an update. The Principal reported that there was still ongoing discussion, including talking to MP Barry Sheerman for support but that he did not now hold out too much hope of overturning HMRC's decision.

6. Enrolment Update 2011/12

Members received a report on enrolment for the new academic year. The new MIS system was currently being implemented and improvements would be made to future reports in order to make the data clearer. The proposed monitoring document was presented.

- The 16 to 18 headcount was 3371 at the current date, against a target of 3566. The figure was significantly lower than 2010/11 and was likely to reduce by circa 6% due to drop-out prior to the six week funding trigger date. The College had 179 students enrolled on the 16 to 18 Venture sub-contracts since 1 August 2011. This was also significantly lower than the previous year. The College was confident that it could meet the targets but it was noted that many providers were below target enrolments for 16 to 18.
- For Adult vocational provision, the headcount was 2588 compared to 3944 at the same time last year. There was a risk that the target of 3451 would not be hit and funding would be affected.
- For HE, the subject-weighted performance figure was 291 against a target of 289, although there would inevitably be some drop out before the 1 November census date.
- For Apprenticeships, there were currently 376 (370 last year) and it was hoped to exceed the target of 500 due to growth in catering and engineering.

In discussion, members:

- requested an assessment of the scale of the risk of failing to meet the targets. Mrs Machell responded that it was too soon to put a value on the risk. There was currently insufficient provision in the curriculum plan and there may be a need for further subcontracting. Strategies were being put in place to ensure the allocation was met. The College was working with a range of employers to develop employer responsive provision using quality subcontractors. It was also working with schools and Connexions. There was an on-going dialogue with regard to NEETS register and additional entry were points being put into place.
- noted the importance of the age breakdown of apprenticeships for funding purposes and requested that this information be provided;
- considered the College's marketing strategy and the impact of local competition between providers. The Principal reported that the College would need to publicise proactively its improved

success rates and valued added scores (ALPs) and maximise opportunities that the new buildings would present.

RESOLVED:

- (i) to receive the report;**
- (ii) that a further update be provided at the next meeting.**

7. Performance Report Update

Mrs Machell presented an update on student success rates (SR) for 2010/11 and a progress report on each of the recommendations in the College's post inspection action plan.

- Significant progress had been made since the Ofsted inspection and at the current date, with 96% of data verified and on the system, the overall SR was 79.6%. This was made up of the pass rate of 94% multiplied by the retention rate of 85%.
- SRs were now at national averages and achievement (pass) rates showed a very positive picture and put the College in the top 10% nationally.
- The value-added (ALPs) achievement had been scored as 2 on a scale of 1 to 9, an excellent position which also put the College in the top 10%.
- Further analysis of the data was being done to identify achievement gaps between genders and ethnic groups.
- In lesson observations, the College had achieved 72% rated good or better against the target of 73%. The College had implemented a robust performance management process for staff in inadequate areas.

The Principal informed members that the College wished to maximise its success and would continue to provide greater stretch and aspiration for learners. Just one more student successful in each group would bring the College 'outstanding' results. There was improved tracking of student progress and better prediction of results.

In discussion, members:

- congratulated all those involved in these improvements. Clearly a huge effort had been made and staff were to be commended;
- were informed that full data reports would be provided to the QPS Committee and these would include figures for 3 years, reported by age, gender, ALS and ethnicity;
- noted the need to consider the changes in equivalencies and how this might impact on provision;
- noted the need to ensure the systemic issues had been understood and embedded so that the upward trajectory was maintained;
- noted the increased accountability and improved performance management systems that the College had adopted.

RESOLVED: that the report be received.

Mr Hewgill left the meeting at this point, 1625hrs. Mr Riley joined the meeting for the following item.

8. Risk Management / Risk Register Update

Mr Riley presented a verbal update on Risk Management. The College Executive and Directors were currently updating the risk register and this would be presented at the Audit Committee's next meeting. New risks relating to cash-flow issues and the potential for industrial action would be added.

Mr Riley informed members that he had met in July with the Committee Chair and the Clerk to discuss how to take forward the recommendations in the internal audit report. It had been agreed that a Risk Management event would be held for governors and managers. This would address the need to clarify the roles and responsibilities for governors and managers, to agree the College's top 10 risks, define the College's risk appetite and the way this is expressed, and to establish risk owners and committee responsibilities. Risk management would feature as part of the strategic planning event for governors and managers to be held on 11 November.

RESOLVED: to receive the report.

Mr Riley left the meeting, 1635hrs.

9. Financial Recovery Plan, Cash-flow Projections and Revised Forecast

The Principal presented a report on the current financial position of the College and the proposals for recovery. This matter had been discussed in detail at the meeting of the Finance Committee earlier in the day.

As reported at the July 2011 meetings of the Committee and Corporation, the College's financial position was extremely fragile. The final outturn for 2010/11 was predicted to be a deficit of £3m due to significant underperformance against targets and the high cost of restructuring over the summer period.

The College was also forecasting a potentially serious cash-flow problem in the next few years. The causes of this were complex: some external factors such as the refusal by HMRC of the Lennartz VAT delay scheme and the increase in VAT from 17.5% to 20%, but there were also those of the College's own making such as the failure to hit any of the targets for 16-18, Adult or HE which could result in claw-back of monies received and reductions in funding for future years.

The SFA grant for the capital project was payable over 5 years, but the project costs were to be paid over the 3 year life of the project. This resulted in a short-term funding gap over the 2 year interim period, requiring the additional commitment to short-term loan facility from the LA.

The Principal's report included the proposed strategy for addressing these issues including actions to reduce expenditure, increase income and maximise cash-flow.

Mrs Meara presented revised cash-flow profiles that had been submitted to the SFA showing the worst and best case scenarios. The worst case assumed no additional relief on claw-back by the SFA and showed that cash-flow problems averaging £5m could arise in February / March 2012, and again from August 2012 to March 2013.

Further assurance had been sought from the College's bank and the LA about cash-flow. The bank was prepared to offer a £6m overdraft facility to March 2012, with the option of a further overdraft or a more formal secured facility.

In discussion, members:

- considered that the decisions regarding the merger and the capital projects were the right decisions at the time and the Corporation recognised that these would not be without risks;

- noted that the worst-case scenario had been presented in the cash-flow illustrations, i.e. that the New North Road (NNR) building would not be sold and that the SFA would pay the capital grant on profile rather than on claim;
- were informed that the interest rate on the £6m overdraft would be at 0.5% above LIBOR i.e. 3%;
- noted there would be additional costs of security once the NNR building was vacated;
- were informed that the NNR site was actively being marketed by property agents Duff Haigh Phillips;
- noted the need to consider the risks to the assumptions underlying the cash-flow forecasts. Mrs Meara reported that the single biggest risk was the failure to meet funding targets. There could be a £2m reduction in 16 to 18 funding for 2012/13 and £3m claw-back in 2011/12;
- questioned what contingency arrangements existed. Mrs Meara reported that there would be close monitoring of progress and through the risk management process early action would be instigated if it looked like targets would not be met;
- were informed that the new HR and MI systems would provide much better information to inform the College's strategic planning processes;
- noted there were a series of converging issues and risks and there was a need to spend more time looking at strategic risks externally as well as internally, taking into account political issues. Members noted there would be an opportunity for this at the November strategic planning day.

RESOLVED: to receive the report.

Mrs Meara left the meeting at this point, 1700hrs.

10. Draft Strategic Plan 2011/13

The Principal presented a draft Strategic Plan 2011/13 for consideration by the Corporation. It was imperative to have a clear road map for the College's future direction and success. Staff had been invited to contribute to the plan. After consultation with governors, a further final document would be submitted to funders, the LA and employer organisations for comment before final sign-off by the Corporation. The document would be reviewed in detail at the Strategic Planning event for governors and managers on 11 November 2011.

In discussion, members:

- noted the need to take into account factors such as the changes in legislation, such as the Education Bill currently in its final stages;
- noted that as a strategic plan, this document included a lot of detail. The Principal informed members that he intended that a higher-level version would be prepared for governors and external use;
- noted that ownership of each of the 8 strategic objectives had been assigned to named individuals and Corporation Committees.

RESOLVED: to receive the report.

11. Minutes of Committee Meetings

(i) Audit Committee

Mr Alvy presented the minutes of the meeting of 19 September 2011. He highlighted the Committee's consideration of the proposed Internal Audit Plan and the College's Public Interest

Disclosure (“Whistle-blowing”) Policy and Procedures and these documents were presented and recommended for approval by the Corporation.

RESOLVED:

- (i) that the minutes be accepted;**
- (ii) to approve the Internal Audit Plan;**
- (iii) to approve the Whistle-blowing Policy and Procedures.**

Mr Alvy left the meeting at this point, 1715hrs.

(ii) Search and Governance Committee

Mr Akhtar presented the minutes of the meeting of 19 September 2011. He highlighted the Committee’s interview with Ms Rowley and its consideration of a governor mentoring scheme, revisions to the Committee’s Terms of Reference (TOR) and new Standing Orders of the Corporation all of which were presented and recommended for approval by the Corporation.

RESOLVED:

- (i) that the minutes be accepted;**
- (ii) to approve the governor mentoring scheme;**
- (iii) to approve the revised TORs as presented;**
- (iv) to approve the Standing Orders as drafted.**

(iv) Finance Committee

Mrs Newbery presented the minutes of the meeting of 22 July 2011 and gave a verbal report of the meeting that had taken place earlier in the day. The meeting had focussed on the Financial Recovery Plan and the Cash-flow Projections that had been discussed earlier in this meeting. The Committee welcomed that the recovery plan appeared to have addressed the significant financial issues facing the College.

The forthcoming departure of Mr Colston would leave a gap which would need to be filled and the Search and Governance Committee were looking for suitably qualified candidates. The Clerk had been asked to make enquiries regarding training for governors on funding.

The Principal assured members that the management of Waterfront and Engineering centres projects were in very capable hands. He noted that the potential for the imposition of a financial Notice to Improve by the SFA had receded.

RESOLVED: that the minutes of 22 July 2011 be accepted and the verbal report be received.

The Clerk withdrew from the meeting at this point, 1725 hrs. The Chair provided the minutes in the Clerk’s absence.

(v) Executive Employment Committee

RESOLVED: that Minute 11 (v) be declared confidential under Clause 17(2)(c) of the Instrument of Government.

The Clerk re-joined the meeting at this point, 1735 hrs.

12. Clerk’s Review and appraisal

The Chair presented a report of the Clerk’s review and appraisal which had been conducted by the Chair and Vice Chair on 13 September 2011.

RESOLVED: to receive the report.

13. Governor Development Programme

The Clerk presented proposals for the governor development programme for 2011/12. These included a range of development events and initiatives including two strategic planning events.

In addition to the topics identified, members requested that the programme should include information on the new IT systems.

RESOLVED: to approve the Governor Development programme 2011/12.

14. Corporation Business Plan 2011/12

The Clerk presented the annual business plan of the Corporation for approval. The content had been reviewed by the College Executive and Clerk and covered all mandatory reporting requirements.

Members noted that HE issues would be integrated into all relevant reports.

RESOLVED: that the Corporation Business Plan 2011/12 be approved.

15. Chair's Report

The Chair provided a verbal report of his recent activity including his attendance at meetings with the SFA on the funding challenges facing the College.

The Vice Chair reported on her attendance at the Y&H AoC Regional Governors Network meeting and gave a summary of the issues discussed. The relevant presentation slides would be issued to governors.

RESOLVED:

- (i) to receive the report;**
- (ii) that the presentation slides be issued to all governors.**

16. Principal's Report

The Principal presented a report of his activity and the current position within each directorate.

The Chair commended the Principal for the positive impact that he had made in his first few months and on behalf of the Corporation thanked him for his efforts.

RESOLVED: that the report be received.

17. Publication of papers and Declaration of Confidentiality

RESOLVED: that the papers relating to the Clerks Review and the Executive Employment Committee be declared confidential under Clause 17(2) of the Instrument of Government.

18. Date of next meeting

Friday, 9 December 2011 at 3.00pm at the Huddersfield Centre.