

Kirklees College Corporation

Minutes of the meeting of the Corporation Board held on Friday 8 December 2017 at 3pm at the Waterfront, Huddersfield centre

Present:	Mr A Conn	Independent member
	Mrs C George	Independent member
	Prof C Jarvis	Independent member
	Mr D Keeton	Independent member
	Ms I Khalid	Student member
	Mr J Royle	Independent member
	Mrs S Weston	Independent member
	Dr A Williams	Independent member
	Mr J Williams	Independent member (Vice Chair)
	Ms M Gilluley	Principal and Chief Executive
Apologies:	Mr G Hetherington	Independent member (Vice Chair)
	Mrs L Holdsworth	Staff member
	Ms J Nowacki	Independent member
	Mr Z Pervais	Independent member
	Mr N Taylor	Staff member
	Prof J Thompson	Independent member
Attendance:	10/16 = 63%	[KPI 80%]
Quorum:	10/20 = 50%	[Minimum 40% required = 8]
In attendance:	Mr D Winward	Clerk to the Corporation
	Ms M Brooke	Deputy Principal
	Ms C Gonzalez-Eslava	Vice Principal
	Mrs R Meara	Director of Finance
	Mr C Tupling	Director of Quality, Student Experience and HE
	Mr A Riley	Director of MIS, IT and Risk

Mr Williams in the Chair.

21. Apologies for absence

Apologies for absence were received as listed above. The Board noted the resignation of Mr Hawley.

22. Declarations of Interest

Mrs Weston declared an interest in the discussion on the College's estates strategy and the College's financial situation in view of her employed position with Kirklees Council.

23. Election of Chair

Following the resignation of Mrs Bracewell, the Clerk had invited nominations for the position of Chair. One nomination, duly proposed and seconded, had been received in respect of Mr Hetherington.

Members expressed their full support for Mr Hetherington.

The Board discussed whether to continue with two Vice Chair positions. It was agreed to continue with the two positions in principle, but to defer an election until the Board was fully complemented.

The Clerk reported that following elections held by the Student Body, Mr Patrick Berthaut had been appointed as SU President and Ms Irum Khalid elected as the second student governor.

RESOLVED:

- i. to appoint Mr Hetherington as Chair of the Corporation Board for a two-year term;*
- ii. to appoint Patrick Berthaut and Irum Khalid as Student members for a period until replacements are elected or until they cease to be students at the College.*

24. Minutes of the previous meeting

(a) The minutes of the meeting of the Corporation Board held on 6 October 2017 and of the special meeting held on 17 November 2017 were agreed as a correct record.

(b) **Matters arising not elsewhere on the agenda**
None.

(c) **Update on agreed actions**
The Board received an update on previously agreed actions, all of which were cleared.

25. Principal's Report and Business Critical Performance Indicators

The Principal presented a comprehensive report of her recent activity including external developments, College priorities and her personal focus.

She highlighted:

- the financial issues facing the College and the intense level of activity taking place to address these;
- the latest position on the new Apprenticeships Funding system;
- a two-day "Immersion visit" to the College by a Dept for Education (DfE) official, the intended purpose of which was to allow the College to provide information which might influence future policy. However, the official appeared to wish to focus on the implementation of T-levels.

The Principal also presented an update of performance against each of the Business Critical Performance Indicators (BCPIs) identified by Governors for review by the Corporation, including the Red, Amber, Green (RAG) status of each. Some aspects were reported in detail elsewhere within the meeting and to Corporation committees.

In discussion, members:

- noted the reported pressure that the senior leadership team were currently under and questioned whether additional support was required. The Principal and members of SLT appreciated the expression of concern. Mr Williams noted that he and Mr Hetherington were mindful of this and would continue to monitor this with the Principal;

- expressed disappointment that the DfE official's visit had not provided the opportunity for the College to provide feedback to the Department. The Principal agreed to relay these concerns to the official and the AoC;
- noted that 16-18 learner numbers were reported as 'Red' although the numbers were above the numbers for which funding had been received. The Principal explained the reason for the Red rating was that the challenging internal target had not been met. This was a new version of the report with the revised BCPIs, and required further refinement;
- suggested that the report should be aligned with FE Commissioner benchmarks (e.g. pay costs indicator).

RESOLVED: to receive the report.

ACTION: The Principal to further review the BCPI report as discussed.

26. College Self-Assessment Report (SAR) 2016/17

The Vice Principal presented the College SAR which included the proposed headline grades for 2016/17. She described the robust process that had been adopted in preparing and validating the SAR.

The proposed key judgements were:

- Overall effectiveness: 2 (Good)
- Leadership & Management: 2
- Quality of Teaching Learning and Assessment: 2
- Personal Development, Behaviour and Welfare: 2
- Outcomes for Students: 2
- Adult Learning Programmes: 3 (Requires Improvement)
- Apprenticeships: 2
- Provision for students with high needs: 1 (Outstanding)

In discussion, members:

- noted that there had been mixed student satisfaction levels on blended learning (SOLA packs) and LGBT issues. The Principal agreed that this had been the case in previous surveys, but following significant activity to address these concerns, satisfaction levels had improved on both these aspects;
- questioned how the recent comments of the FE Commissioner should be taken into account in the grading for Leadership and Management. The Principal's view was that this SAR related to 2016/17 and the quality of the learner outcomes. The financial situation had not adversely impacted outcomes for that year. Whilst this had been referenced in the context statement, the Principal agreed to include an appropriate comment in both the foreword and in paragraph 8.1. The Vice Principal reported that this would also feature in the Quality Improvement Plan and Position Statements;
- congratulated all who had worked on this polished and professional report.

RESOLVED: to approve the SAR for 2016/17.

ACTION: Principal to provide a suitable additional form of words for inclusion in the foreword to the SAR and paragraph 8.1.

27. Annual Safeguarding Report

The Deputy Principal presented the Annual Safeguarding Report for 2016/17 which summarised compliance and actions with the College's statutory responsibilities and duties and best practice. This included a list of policies in place, a range of data, including the number of Safeguarding referrals (824 in 2016/17, an increase of 53% on the previous year), an analysis of outcomes and a summary of training activity. The report would be considered in detail at the next meeting of the Safeguarding Working Group (SWG).

As link governor for Safeguarding, Mr Williams commended this thorough report which reflected the excellent work being done within the College.

In discussion, members:

- welcomed the positive information and the very good work that the College was doing, but suggested that managers should look to improve the presentation of the report;
- questioned how governors could be assured that all staff had complied with the requirement to complete awareness training. It was reported that the annual safeguarding audit would report on this. Updates on progress would be provided to the SWG;
- noted the significant increase in referrals. The Deputy Principal attributed this to the extensive support infrastructure within the College, increased awareness and greater confidence of students and staff in using reporting mechanisms. Similar increases had been seen across colleges nationally.

RESOLVED: to receive the report.

28. Students Union (SU) Annual Report and Accounts

The Vice Principal presented the SU Annual Report and Accounts for 2016/17. The budget of £9,200 included a £4,200 contribution from the Quality Performance and Standards budget towards the student 'Super Rep' initiative. There was an excess spend of £210 over the year. The Director of Finance noted there had been effective use of the budget; in previous years there had been underspends.

The report included an update on Student Voice activity which had been regularly reported in greater detail to the QPS Committee and Student Voice Forums.

Ms Khalid commented that the College was very responsive to student concerns.

Members noted the excellent level of student voice activity within the College.

RESOLVED: to receive the SU Annual Report and Accounts 2016/17.

29. Approval of the Annual Accounts for the year ended 31 July 2017

The Director of Finance presented the draft Members' Report and Financial Statements for 2016/17. This was incomplete primarily due to the outstanding consideration of going concern which required the outcome of the application to the ESFA for Exceptional Financial Support (EFS), a decision on which was due to be considered at the ESFA's Funding Committee meeting on 4 December, but was now to be considered by correspondence. It was therefore proposed to provide a further report on going concern for full consideration of auditors and governors once the outcome was known.

Mrs Meara highlighted that:

- the external audit had progressed very well and no errors or adjustments to the figures presented had been identified by the auditors;
- £1.4m of the £1.6m ESFA end of year exceptional adjustment claim had been allowed with a decision still awaited on the remaining £200k;
- the Operating Surplus for Performance Ratio (OSPR) was £400k above the revised budget target;
- the covenant breach, as previously reported to the Corporation, had led to the re-classification of the Lloyds Bank facility as a short-term loan;
- the accounts returned an automatic assessment of Inadequate under the new financial health measures;
- Lloyds Bank had approved the £2.5m overdraft facility to be in place by 29 December 2017, subject to review in June 2018. The Board was asked to agree the facility and for the signing of the Lloyds Bank facility letter.

The audit findings report had been prepared by the FS auditors, Grant Thornton LLP, as a summary of their findings from the audit of the year-end accounts. This document would be submitted to the ESFA along with the accounts, once approved. A draft of this report had been discussed at the meeting of the Audit Committee on 4 December 2017. Mrs Meara highlighted the key issues raised.

Financial Statements Auditors' Letter of Engagement

The Board considered the letter of engagement which was presented for approval, on recommendation of the Audit Committee.

Going Concern Assessment

Mrs Meara reminded governors that before approving the accounts, they must be satisfied that the College is a going concern. This required visibility of sufficient funding for 12 months from the date of signing the accounts.

The College's application for EFS had not been considered by the funding committee on 4 December, as had been indicated previously by the ESFA. Additional assurances over continued funding from EFSA had been sought.

In an extensive discussion:

- members noted that the proposed new Insolvency Regime would mean that the College would require additional assurances on funding in order to avoid trading while insolvent, which in turn could potentially bring personal liability on governors;

- members expressed concern over the poor level of communication from the ESFA and this did not give the Board confidence that the ESFA understood the full implications. It was again suggested that the ESFA Director should be invited to a governing body meeting;
- members of the Audit Committee reported on the positive audit report on the accounts made at the Committee meeting earlier in the week, with no material adjustments being required and the very good quality of information provided. The Board commended and thanked the Director of Finance and her team for their work.

RESOLVED:

- i. to receive the report and note the current position;**
- ii. to approve the Letter of Engagement dated 29 August 2017.**
- iii. to approve the Lloyds Bank overdraft facility of £2.5m.**

Ms Kahlid left the meeting at this point, 4.45pm. The meeting remained quorate.

30. Financial Notice to Improve (FNTI) and Recovery Plan

The Principal reported on progress made since the receipt of the FNTI and the visit by the FE Commissioner, the final report of which was received on 6 December and had been circulated to governors. Based on the recommendations in the FEC report a high-level action plan had been drawn up.

A Financial Recovery Task & Finish group had been proposed, the first meeting of which was scheduled for 14 December. Terms of Reference had been agreed by the Search & Governance Committee and would be circulated to governors. The Committee had interviewed several proposed Co-opted members with significant financial expertise. The Committee had also interviewed Ms Catherine Pinder, Finance Director of W.A.E. Group Ltd, a Leeds-based sign and printing company, and recommended her appointment to the Corporation Board.

The Principal introduced the first draft of the recovery plan, which would address all the recommendations made by the Commissioner. The financial plan was currently being built and the proposed plan would be presented to the Corporation in January.

The plan would cover:

- Savings from management and other pay costs
- Savings from improved staff utilisation and efficiencies
- Non-pay savings
- Review of income projections
- Review of estates and site usage
- Revisiting the possibility of loan restructure
- Benchmarking of costs with comparable colleges

The Principal reported that notice had just been received from the ESFA that the Apprenticeship funding would be £1m short of the College's growth case for 2017/18. Members expressed disappointment with this news and also exasperation with the recommendation that College's growth aspirations should be reviewed, given that income growth was the only realistic way to improve the debt to income ratio. They asked the Principal to draft a letter on behalf of the

governing body to the Director of the ESFA expressing dismay at the position the College had found itself in.

RESOLVED:

- i. to receive the report;*
- ii. to appoint Gail Monnickendam, Andrew McConnell, Debbie Hogg and Richard Hinchcliffe as external Co-opted members of the Task & Finish Group;*
- iii. to delegate to the Search & Governance Committee any further appointments to the Financial Recovery Task & Finish Group;*
- iv. to appoint Ms Catherine Pinder to the Corporation Board for a 4 year term to expire 31 March 2021.*

ACTION:

- 1. The Principal to draft a letter for approval by the Chair as discussed.**
- 2. The Clerk to invite the ESFA Director to attend a meeting with governors.**

Mr Conn left the meeting at this point, 5.10pm. The meeting remained quorate.

31. West Yorkshire Consortium of Colleges (WYCC)

The Director of Finance provided an update on the progress made by the WYCC, following her attendance at a meeting of the consortium's finance directors. A revised budget was being prepared and a further report would be made to the January meeting of the Corporation.

Members re-iterated their concerns over the apparently excessive staff costs. They regarded the level of staff recruited in advance of the delivery of projects as unacceptable.

It was suggested that the Local Authority could be asked to voice concerns to the Leeds City Region.

RESOLVED: to receive the report.

32. Estates Report

RESOLVED: to declare Minute 32 as confidential under Clause 17(2)(d) of the Instrument of Government.

33. Strategic Risk Management Report

The Director of MIS, IT and Risk presented a report on the College's Strategic Risk Register which had been reviewed and updated by the Risk Management Board (SLT).

One new risk had been added to the register since the previous report in July 2017 relating to the implementation of actions to address the recommendations made by the FE Commissioner. The Corporation was the Executive owner of this risk.

The report also included the key increases and decreases in risk exposure and the report summarised the reasons for these changes.

Members noted that risk management was a continual process and reports on relevant matters of strategic risk featured at every Board meeting. It was agreed to retain the existing practice of

receiving the key risks report termly but that any significant new risks identified in between should be the subject of a separate report.

The latest versions of the Risk Management Policy and Procedures (Version 4 December 2017) were included for review and approval, together with a proposed risk appetite statement, which showed the categories of lowest, medium and highest risk.

RESOLVED:

- i. to receive the report;***
- ii. to approve the College's Strategic Risk Register;***
- iii. to approve the risk management policy and procedures and the risk appetite statement.***

Prof Jarvis left the meeting at this point, 6pm. The Clerk advised that the meeting was no longer quorate and the meeting was terminated.

34. Publication of papers and Declaration of Confidentiality

The Clerk proposed that the papers on estates, Members Report and Financial Statements, Financial Notice to Improve and Recovery Plan and elements of the Principals report relating to finances be treated as confidential under Clause 17(2)(d) of the Instrument of Government.

35. Date of next meeting

Friday 26 January 2018, 3pm, at the Dewsbury Centre.

The meeting closed at 6.00pm.