

MORLEY COLLEGE LIMITED

GOVERNING BODY

MINUTES OF MEETING HELD ON 13 DECEMBER 2010

Present:

Jenny Scribbins (Chair)
Margaret Andrews
Karen Di Lorenzo
Stuart Edwards
Laurence Elliott
Linda Gainsbury
Ian Gorman
Mary Hawkey
Myra Kinghorn
David Leighton
Linda Linehan
Paul Mason (Vice Chair)
Marcus McKenzie
Kathleen McLauchlan
Ela Piotrowska (Principal)
Portia Ragnauth

Clerk: Graham Cooper

In Attendance:

Cass Breen Deputy Principal
Nick Rampley Vice Principal

1. Apologies for absence

Apologies had been received from Gareth Julian and John Stephens. The Chair welcomed Marcus McKenzie following his return from a leave of absence, and also Ian Gorman to his first full Governing Body meeting.

2. Minutes of the meeting of 19 October 2010

The minutes of the previous meeting were agreed as a correct record and would be signed by the Chair.

3. Matters arising other than on the agenda

Members confirmed that Marcus McKenzie's period of service as Governor should be deemed continuous.

4. Company Business (GC)

a) Search for a new Chair

The Vice Chair provided an update on the search for a new Chair. Since the previous meeting, following consultation with members, Perrett Laver had been instructed to lead the search, with an advertisement planned for January and the search process to take place over the Spring term. The Vice Chair advised that he was not yet in a position to provide a definitive timetable, but hoped to be able to do so by the end of the week.

b) Review of membership of Committees

The Chair noted that in light of recent and forthcoming changes to membership of the Governing Body, this was an opportune time to undertake a review of the structure and membership of the Governing Body's committees, affording members an opportunity to gain experience of and to contribute towards different aspects of the College's activities. A review would be led by the Clerk during the Spring term.

c) Mandates with holders of the College's investments

On the recommendation of the Finance & Resources Committee, members approved a resolution to update mandates with holders of the College's investments, namely CCLA Investment Management, Invesco Management Ltd and M&G Investments. Approval was given for any changes to be authorised on the joint authority of any two signatories from the Principal, Vice Principal, Deputy Principal and Clerk.

Actions:-

- i) Vice Chair to advise members of timetable regarding search for a new Chair once this has been finalised.**
- ii) Clerk to lead review of structure and membership of Governing Body committees during Spring term.**
- iii) Clerk to arrange changes to mandates with holders of the College's investments.**

5. Principal's Report (EP)

The Principal presented her report, and the following items were discussed:-

a) External Challenges – Funding

The Principal advised that the uncertainties regarding future funding arising from the Government's Comprehensive Spending Review remained, with the College not as yet having received any further clarification about the pattern of decrease in its funding from the SFA. It was expected that the SFA would release details of allocations to colleges, including Morley, on 15th December, though as yet the guidelines for allocations, due 10th December, had yet to be received. She advised that she had attended an AoC meeting on 9th December, at which a note on anticipated changes to policy and the implications thereof had been circulated, and a copy of this note was tabled. This was used to illustrate that the College's funding might be affected in a number of ways:-

- It was known that the headline figure by which national funding for colleges would be reduced over a three year period was 25%.
- However, funding was delivered by way of a number of separate streams, which were likely to be affected in different ways.
- There was no clarity as yet regarding the pattern of cuts over the three year period, and no clarity therefore regarding the impact for 2011/12.
- It was possible that the College might be required to deliver more provision for less funding.
- The SFA had circulated a paper on the Qualifications and Credit Framework ('QCF') and non-accredited provision. However, the paper had provided a very confusing scenario, with an attempt to define formal, non-formal and informal adult learning, then seeking to utilise the definitions in relation to the accommodation of adult and community learning in the QCF. The paper indicated specifically that informal adult learning would not be funded in the future. The potential implications for the SDIs of this change would be

enormous, and the SDIs had provided comments on the paper and on the recommendations contained therein. The SFA were now in the process of commissioning an impact assessment.

- Changes in the criteria for students eligible for fee remission were also a major cause for concern. Students in receipt of only 'non-active' benefits would no longer be eligible, leaving only students in receipt of active (job-related) benefits eligible. This was likely to impact significantly on the working poor, disabled and single parents.
- The withdrawal of funding for Access students would not hit until the year after next, but it was unclear how the requirement for students to fund their own study would impact on demand for this provision.

Acknowledging the lack of clarity at the current time, but expressing a multitude of concerns, members noted the imminent arrival of notification of the funding allocation for 2011/12, and asked that a copy of the letter of notification be circulated to all Governors. It would then be important for the Governor and Staff conference in January to be provided with more detail regarding the implications on the various aspects of the College's provision, and on how the College might mitigate the impact of the cuts. Specifically, the Chair summarised that the January meeting would need to be provided, amongst other things, with:-

- Details of the cuts in funding for different types of learning for 2011/12.
- Details of the amount/percentage of the College's provision falling into each of these categories
- In so far as it was available, detailed information regarding the constitution of the College's current student population. In relation to students in receipt of benefits, details of the proportion of them in receipt of only non-active benefits (and therefore falling ineligible for fee remission).
- The CLT's future expectations regarding the further impact of cuts over the remainder of the three year period.

Additionally, it was evident that individual members had further questions that they considered needed to be addressed as part of January's strategic discussions, including questions relating to the composition of the portfolio of the College's provision and changes thereto arising from Curriculum Review and Development and the CLT's own thinking and vision. The Chair therefore requested all members to email any questions and issues they had to the Principal in order that they could be considered.

b) Report on College performance.

Data to the end of November indicated that enrolments were at almost exactly the same level as prior year – at 50% of the full year target, with significant variations between departments, and particularly poor performance in Drama and Humanities. Excluding Community Learning and BEC, the current year enrolments were 95% of enrolments at the same time last year. This was an area of significant concern for the College, and Governors debated the underlying causes and questioned what actions were being taken to tackle the issue. The Deputy Principal noted that there was evidence of static enrolment levels elsewhere, and highlighted the difficulty in identifying underlying reasons. Some feedback from CAMs suggested that ceiling levels had been reached on the price that could be charged for various courses. Additionally, it had been observed that, whilst the introduction of online enrolment had had the effect of a greater proportion of students enrolling early, it had not resulted in higher enrolments overall.

Governors noted that the current year had not had the full benefit of changes to the College's marketing capability, nor the ability to publicise the new facilities completed over the summer period. The Vice Principal also highlighted changes being made as part of the implementation of the College's new website, and a focus on search engine optimisation as part of this work. The Principal commented that marketing was crucial, but would only work if the College's course offering and pricing met the demands of the marketplace. The CLT had a planning session organised for the following day, and would be tackling some difficult issues and making some hard decisions, arising in part from the Curriculum Review and Development process. More would be reported to Governors at the January conference.

c) Governor representation on fundraising strategy group

The Principal reported that at the first meeting of the Fundraising Steering Group ('FRSG'), its members had felt that it would be useful to have Governor representation on the FRSG, given

the key strategic role fundraising was likely to occupy over the next few years. The Chair asked any Governor interested in joining the Group to liaise directly with the Principal.

d) Winter Fair

Having been held on 5th December, the fair was once again deemed to have been a very successful event for the College, with over a thousand visitors. Whilst a financial surplus had been made, the primary objective was not to generate a profit, but to host a community event to raise the College's profile, enticing new people through the College doors and showcasing its activities.

e) Update on web-site development and branding consultation

The Principal advised that the scoping phase of the web-site redevelopment had been completed. The first phase of the branding consultation had also been completed and work was underway with the design team to pull together comments and to move on to the design stage of the project. An interesting discussion arising from the consultation related to the position of the College within the adult learning market, and the potential use of 'Adult Education' as 'an identifier' of the role of Morley instead of the current strap-line 'Learning for Life' / 'Lifelong Learning'. Governors contributed to the debate, observing the descriptive and functional nature of 'Adult Education' as an identifier and the more aspirational nature of 'Learning for Life' or 'Lifelong Learning', though they also noted that the latter less clearly highlighted that the College does not deliver provision for under 18 year olds.

Action:-

- i) **Principal to circulate to members, once received, the notification of the College's funding allocation for 2011/12.**
- ii) **All Governors to email the Principal with questions and issues that they would wish to see addressed as part of the discussions at the January Governor and staff conference.**
- iii) **Governors to liaise with the Principal regarding interest in joining the Fundraising Strategy Group.**

6. 2010/11 Strategic Priorities 2009/10 - Progress Review (EP)

The Principal reported on progress in relation to the agreed strategic priorities for the current year. She advised that out-turns for 2009-10 had now been confirmed and had been reported in detail in the College Self-assessment Report. Whilst, for strategic priority monitoring, it was not possible to provide milestones for all measures, it should be possible to benchmark against prior year data, and the report to the next meeting of the Governing Body would therefore include an additional column with prior year data for comparison purposes. The Committee reviewed progress in relation to individual measures, focusing especially on areas of under-performance, with the Principal highlighting the following issues:-

Income from learners as a percentage of total income –This measure reflected the situation with regard to enrolment levels and tuition fees as discussed earlier in the meeting. A number of initiatives were in hand to try to improve the position, including discount offers and the closure of unprofitable courses. Additionally, the CLT were currently considering whether to re-launch the term 3 programme alongside the summer school, with the relevant brochure also containing some editorial to raise the profile of the College's new facilities.

Ratio of learning hours to teaching hours - This was a measure of efficiency, which the Principal noted varied significantly across curriculum areas. Efficiency had improved in Skills for Life, ESOL and Music, remained static in some areas, and had fallen in others, notably Visual Arts. An analysis by curriculum area had been provided to the Finance & Resources Committee in the Finance Monitoring Report for November, and would be the basis of further investigation and action.

Staff costs as a percentage of overall expenditure – Staff costs were skewed by front-loading of some costs, and a more meaningful analysis could be undertaken for review in January.

Percentage of tutors observed as good or better – Observations undertaken to date were not a representative sample, having been focussed on areas of weakness. The percentage was therefore expected to rise in future reporting.

Percentage of courses advertised but not run – The rate as at 1 October was 11%, a reflection of poor course planning and low levels of enrolment in some areas.

ILT Strategy Implementation – The ILT strategy would be presented to the next meeting of the Quality & Standards Committee.

Percentage of new learners – This was currently 54.4%, against a re-stated target of 50%. Comparison with the prior year was currently difficult, due to changed definitions. However, it would be possible in future reporting to include prior year figures using the same definition as current year to make comparison more meaningful.

Participation rate by BME – More work needed to be undertaken in some parts of the curriculum to reflect better diversity.

Members noted the improved reporting on progress on strategic priorities, but stressed the need, especially in the absence of in-year milestones, to have comparable prior year data. Additionally, they observed that it would be useful to have more headline information included on key actions being taken.

Action:-

- i) **ILT Strategy to be presented to the next meeting of the Quality & Standards Committee.**
- ii) **Reporting on progress on Strategic Priorities – Reporting to be further developed to include comparable prior year data and headline information on key actions being taken.**

7. College Self-assessment Report 2009/10 (EP)

The final draft College self-assessment report had been circulated for consideration by members. The report provided an overview of performance, including a self-assessment grade profile containing a summary of moderated grades for individual areas, as well as overall College grades. The Chair advised that the Quality & Standards Committee had already reviewed the report, including the SARs for individual curriculum areas. The Finance & Resources Committee had also been provided with the detailed reports for support areas within its remit of responsibility. She noted that the self-assessment process had involved a huge amount of effort and had been very rigorously carried out. The Principal expressed her thanks for the considerable amount of work undertaken by the Deputy Principal and the Quality Officer.

The Principal advised that the format and grading had been revised partly from the previous year, in order to align more closely with the Common Inspection Framework 2009 ('CIF'), and that further changes would be made the following year to align the report even more closely. However, some of the areas under the CIF were more relevant to FE colleges than to organisations such as Morley. Nevertheless, all aspect had been graded and had been through a moderation process undertaken by the CLT.

In reviewing the report, Governors noted throughout the improving trend regarding relationships with the local community, and the importance of this in relation to the future positioning of the College. They also suggested that it would be interesting to examine whether there was any correlation between the grades for the individual curriculum areas and their performance in terms of enrolments and income. The Vice Principal explained that an integral part of the moderation process by the CLT had been a review of enrolments and income, with that performance being a contributory factor in determining the moderated grades.

Whilst not expressly stated in the SAR, the Deputy Principal advised Governors of a peer moderation review undertaken with Working Men's College, which had proved a useful exercise and which would be repeated. The review had served to highlight the rigour of the College's approach.

Governors noted in particular the Overall Grade 1 for Visual Arts. They also highlighted that in some areas of the report the grades did not appear to entirely reflect the commentary provided.

The Principal advised that this was in part a result of areas not being sufficiently self critical, and whilst some grades had been lowered as a result of moderation by the CLT having identified areas for improvement, the commentary provided had not been entirely changed to reflect this. The Deputy Principal advised that generally the SAR process had been much better than the previous year, and the team expected to build on this improvement for the following year.

The Chair expressed the Board's thanks for the considerable work that had been undertaken in compiling the report, noting its value and importance in providing the College with a tool for continuing the process of self-improvement.

The Governing Body approved the final draft report for submission to the SFA.

Action: College Self Assessment Report to be submitted to the SFA.

8. Draft Statutory Report & Accounts 2009/10 (NR)

The Draft statutory Report and Accounts for the twelve months to 31 July 2010 were presented for approval, along with the Annual Report of the Audit Committee to the Governing Body, the Annual Internal Audit Report, the Financial Statement Auditor's post-audit management letter, a copy of the Charity Commission's guidance on 'Public Benefit', and a draft Letter of Representation to the Auditors. The Chair advised that the Report and Accounts had already been reviewed in detail by the Finance & Resources Committee and were recommended by that Committee for approval.

The Vice Principal provided a brief overview of the outcome shown in the Accounts, noting that this was in line with the preliminary results reported in the management accounts to the October Governing Body meeting. The £74k surplus in the management accounts translated to a final surplus in the statutory Report and Accounts of £22k, after number of adjustments. The largest of these related to a re-statement of pension liabilities following a Government driven change to the price inflation measure used as the basis of calculation. The Vice Principal also advised that the audit of the Accounts had gone particularly smoothly, with no observations arising.

The Chair of the Finance & Resources Committee highlighted the high standard of the management accounts now provided, and the confidence gained from the fact that the audited results confirmed the accuracy of those figures.

The Chair of the Audit Committee presented the Committee's Annual Report to the Governing Body detailing the work undertaken by the Committee and the Internal Auditors and Financial Statements Auditors. She advised that it was the role of the Committee to report on the effectiveness of systems for internal controls. She was pleased to report that the Committee considered that reliance could now be placed on these, noting that the lapse in risk management in the prior year had been rectified and that risk management systems had been deemed to be effective throughout 2009/10. The Audit Committee had been pleased to note a clean audit opinion and, having reviewed the draft statutory Report and Accounts, there were no issues which it considered needed to be brought to the Governing Body's attention.

The Vice Chair queried a statement in the Annual Internal Audit Report relating to an absence of procedures in relation to enrolment and attendance processes. The Vice Principal undertook to investigate the matter and to report back to Governors.

The Chair highlighted the good financial out-turn for the College as reflected in the Report and Accounts, as well as the quality of the information provided.

Members approved the Report & Financial Statements and authorised the Chair and the Principal to sign them. The Chair was also authorised to sign the Letter of Representation to the Auditors. The Clerk was asked to ensure that the Accounts were filed as required with the SFA, Companies House and Charity Commission.

Actions:

- i) **Vice Principal to investigate the statement in the Internal Audit report relating to the absence of procedures in relation to enrolment and attendance processes, and to report back to Governors.**
- ii) **Chair and Principal to sign Report & Accounts for the year ended 31 July 2009.**
- iii) **Chair to sign Letter of Representation to the Auditors.**
- iv) **Clerk to ensure that Accounts are filed as required with the SFA, Companies House and Charity Commission.**

9. Finance Monitoring Report for the period August to October 2010 (NR)

The Vice Principal presented the report, which showed a surplus for the period of £886k compared to that anticipated in the original budget for this point in the year of £1,016k. The report also provided a summary of how the adverse variance of £130k was made up, highlighting in particular a shortfall in tuition income.

The Chair advised that the report had already been reviewed by the Finance & Resources Committee. The Vice Principal also confirmed that members of that committee had also now been provided with copies of the FMR to the end of November, which had not been available at the time of distribution of papers for this meeting. The November report indicated a reduced adverse variance but a continuation of the underlying issue in relation to enrolments, and contained a more detailed analysis.

In reviewing the report, members questioned whether an appropriate level of scrutiny was given to the overall level marketing expenditure, and the split between spend on prospectus, course guide and advertising. Members highlighted the crucial importance of this activity in attracting new students. The Principal advised that a review of the College's marketing objectives and how the marketing budget was spent were planned as part of the following day's CLT planning meeting.

10. Committee Activity (GC)

Draft minutes of Committee meetings held during the term had been circulated and were reviewed by members. The Chair invited the Committee Chairs to highlight any key aspects:-

The Chair of the Property Strategy Committee noted the significant projects completed over the summer period, with further projects to go ahead in the Spring and Summer of 2011. She also advised of additional scope to progress projects, arising as a result of the College having received £225k of SFA Renewal Grant funding. The Committee was anticipating an update to its Spring term meeting on work being undertaken to explore ways in which the Emma Cons Hall and adjacent areas might be developed for the future.

It was noted that the main business of the Quality & Standards Committee, being the College's Self-Assessment Report, had already been reviewed.

The Chair of the Finance & Resources Committee advised that the Committee had reviewed a comprehensive report on HR matters, which had proved particularly informative to Governors and would also serve as a useful tool for management to focus on areas for improvement. Additionally, the Committee had reviewed two draft policies, but had not completely resolved all matters arising before papers had been distributed for this meeting. These would therefore come forward to the April Governing Body meeting. With regard to Health & Safety matters, an area of concern to Governors in the past, the Committee had noted the way in which management had resolved issues, and the very satisfactory way in which these were now managed.

The Chair highlighted the outcome of discussions by the Remuneration Committee, there being no recommendation arising to increase senior post-holder pay for the coming year.

The Chair of the Audit Committee advised the Board of a matter that had been reported to the Committee, arising from the acquisition of BEC. The College's legal advisors had recommended that, rather than a winding-up of BEC Ltd, it should be retained as a dormant company in order to protect the College's ability to benefit from any legacies in favour of BEC Ltd. The Vice Principal advised that he considered this might be a useful approach, at the same time merging the charitable status of BEC with that of the College. In retaining BEC Ltd, two members of the Governing Body would need to nominally take on the role of directors. The Governing Body agreed to the retention of BEC Ltd as a dormant company, to be taken forward by the Audit Committee and Vice Principal, under advice from the College's legal advisors.

The Chair of the Audit Committee also highlighted the intention to proceed with a re-tendering for the College's financial statements audit work, as required by the College's Financial Regulations. With regard to internal audit matters, she commented on a debate with the Internal Auditor regarding their view of a need for monthly reconciliation of learner numbers, and advised that the next meeting of the Committee would be reviewing progress on outstanding recommendations.

11. Any Other Business

The Clerk confirmed details of the planned Governor and Staff conference in January. This was scheduled to take place at the College, from 3.30pm to 6.30pm, followed by dinner, on Friday 21st January, and 9.30am to 3.00pm on Saturday 22nd January. Confirmation of these details would be emailed, with further information to be circulated in January.

12. Date of next meeting

The next meeting is scheduled to take place at the College on Monday 4th April.

Graham Cooper
Clerk to the Governing Body

Signed.....*Jenny Scribbins*.....
Jenny Scribbins, Chair