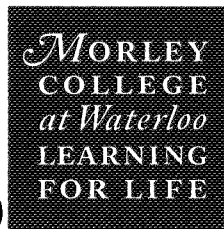


MORLEY COLLEGE LIMITED

GOVERNING BODY



MINUTES OF MEETING HELD ON 19 OCTOBER 2010

Present:

Jenny Scribbins (Chair)
Margaret Andrews
Karen Di Lorenzo
Stuart Edwards
Laurence Elliott
Linda Gainsbury
Mary Hawkey
Myra Kinghorn
Linda Linehan
Kathleen McLauchlan
Paul Mason
Ela Piotrowska (Principal)
Portia Ragnauth
John Stephens
Mark Windisch

Clerk:

Graham Cooper

In Attendance:

Cass Breen Deputy Principal
Nick Rampley Vice Principal

1. Apologies for absence

Apologies had been received from David Leighton and Gareth Julian.

The Chair welcomed Portia Ragnauth to her first meeting as Governor and also welcomed John Stephens' return following his leave of absence.

2. Minutes and Actions of the meeting of 12 July 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

a) Humanities Department – The Principal advised that, the previous Curriculum Area Manager having left, an interim appointment had now been made, and that the CLT had decided to retain this as an interim post for the current year whilst the impact of funding cuts and consequent actions were being evaluated. She further reported that staffing and quality issues had been stabilised.

b) Community Learning and Partnerships – The Principal advised of continuing success, the value of the contract with Lambeth local authority having been increased and the College having very recently learned of a further potential contract with them.

c) Three Year Financial Plan – The Vice Principal advised that the Three Year Financial Plan, as approved at the previous meeting, had been submitted to the SFA. Confirmation had subsequently been received from the SFA that classification of the College's financial health remained 'Good'.

4. Discussion on issues arising from SFA presentation on 'Future Scenarios: Facing up to the Challenges'

At the request of the Chair, Governors reflected on the presentation that had been made ahead of the meeting by representatives from the SFA, on challenges facing the sector and potential implications for the College. The presentation reinforced Governors' concerns regarding the potential impact of funding cuts arising from the current Government Comprehensive Spending Review.

Governors recollected previous discussions regarding the need for the CLT to review the financial viability of individual courses in order to inform decision-making. The Principal advised that it was only recently that sufficient data had been available to make accurate assessments and that these would be an integral part of the current year's Curriculum Review and Development. Governors recalled potentially worrying scenarios mentioned during the course of the earlier presentation, such as that certain categories of courses might be deemed more appropriately funded by students themselves, and that science-related study might be given greater priority than Art and Humanities. Both of these would have an adverse effect on the College.

Governors also reflected on the wider impact on colleges generally, and particularly FE colleges that did not currently charge fees. They observed that many colleges had also already reached a stage where efficiencies had been maximised, and that any further funding cuts would inevitably impact on provision and colleges' financial health. The Principal advised that at a recent AoC meeting, it had been estimated that fifty per cent of College's would not survive, being either merged or federated. The struggle that the sector as a whole was facing was a matter of considerable concern and it was unrealistic to believe that non-accredited adult learning would escape cuts.

The Chair summarised that there were two aspects to the planning that needed to be undertaken. The first was to look at efficiency savings, the second was a review of strategic priorities and the College's provision. Deep concern was expressed that, depending upon the level of cuts, it might not be possible for the College to preserve everything it does, and that the College's mission could consequently be adversely affected.

5. Strategic Priorities 2010-11 (EP)

The Vice Principal left the meeting during the course of the discussion in this item.

The Principal presented her paper, which she explained included two key documents, as follows:-

- a) A schedule of key strategic priorities and targets for 2010-11. The Principal explained that the key strategic priorities had been developed over the course of the previous academic year, and reminded Governors that the six priorities listed had been endorsed at the July 2010 Governing Body meeting. For each priority area, a set of targets had been proposed, drawn from the the College's Balanced Scorecard. Noting that in the past that there had been issues regarding availability of data, the Principal explained that was a reflection of an organisation that had not previously been accustomed to using data as a performance management tool. She was now comfortable, however that the right measures were in place. Progress would be reported each term, using a 'traffic light' system, with appropriate commentary provided on areas of underperformance. The Principal invited Governors to comment on the proposed targets, and noting that many of these were based on the current year budget, suggested that they might not be considered sufficiently challenging in the context of the funding cuts that the College was likely to soon face.
- b) A proposed framework for managing the outcomes on the Government Comprehensive Spending Review. The Principal advised that in the past there had been inadequate control

of how managers managed their individual budgets. A better understanding was required regarding costs and the management of those costs, in Curriculum and Support Areas, to identify savings could be achieved by ceasing specific activities or doing things differently. This would be a key element of this year's Curriculum Review and Development. The College's Fee Strategy would also need to be reviewed. Governors had previously approved a strategy of increasing fee income by 40% over 3 years, but it was clear, in view of the impending cuts, that this would need to be revisited.

With regard to the first document, Key Strategic Priorities 2010-11, the Chair reminded Governors that what had been requested, following previous discussions, was a framework that captured the Colleges' absolute top priorities, with in-year targets and milestones against which performance could be measured. She invited Governors to comment on whether the framework now presented met those requirements, whether the targets were sufficiently challenging and whether there were others that might be added. The following observations and suggestions were made by Governors.

- a) 'Spare Capacity' measure – Whilst no current year target was included, an 09/10 out-turn figure of 27.1% was quoted for this measure, and Governors enquired whether this implied an under-utilisation of resources to this extent. The Vice Principal explained that for each Course, CAMs set a target number of students, but that for each there is also a maximum capacity. The maximum is needed to guide enrolment staff, and it is against this figure that 'spare capacity' is calculated. It should therefore be possible for a current year target to be calculated, but care needed to be used in interpreting the measure. The Vice Principal noted that the figure was an average, across all courses, and that some courses would recruit to a much lower level. It should not be expected that all courses would recruit to the maximum figure, and indeed the College would not have the classroom capacity to cope if that was the case. The Vice Principal highlighted that it was never clear beforehand, other than in a few cases, which classes would achieve their maximum, hence the complicated rooming allocation exercise that was needed at the start of each term once actual class sizes had become clear. Overall, therefore, the absolute figure quoted should not be read as suggesting that the College had spare capacity of this level, it was the trend that was more meaningful.
- b) Financial Health – Given the importance of monitoring financial health, in the context of funding cuts, it was suggested that financial measures should be added. Whilst noting that key financial measures were already included in the Finance Monitoring Report and scrutinised by the Finance & Resources Committee, it was suggested that a number of those measures should be incorporated within the strategic priority monitoring framework. The Chair asked the Chairman of the Finance & Resources Committee and the Vice Principal to decide on what those measures should most appropriately be.
- c) Developing Leadership and management – Governors commented that they considered that the measures included were focused too much on activity (such as the number of tutors attending courses and number of staff with qualifications) and insufficiently on the outcomes and impact of improved leadership and management. The Principal stated that the Leadership and Management section of the Self Assessment Report currently in preparation would once again only be rated as Satisfactory. Notwithstanding the efforts of the CLT and the excellent management that existed in some areas, there were still areas where this remained poor. The Principal also noted the use of Development Plans that provide staff with clear individual targets against which performance was measured. Whilst noting that some of the quality measures included in the reporting framework would reflect improving management, Governors asked that consideration be given to developing further measures, specifically to indicate whether leadership and management was improving in-year. The Chair asked that this matter be referred to the next meeting of the Quality & Standards Committee for due consideration.
- d) Governors questioned whether staff and student survey results should feature as part of the reporting. The Principal confirmed that such surveys did take place and results were measured, though in order to maintain focus on the really key measures, they were not included.
- e) In reflecting upon whether all the measures included in the framework were necessary, or too detailed, it was noted that many of these were items that an Inspection would expect to

have been reported to Governors. It was important therefore for this level of detail to continue to be reported to the relevant Committees.

- f) Optimum use of resources - Relating back to the earlier discussion regarding the 'spare capacity' measure, Governors noted that it would be useful to gain a better understanding of how far short the College was of optimal use of its assets, and how this was moving over time. The CLT were asked to consider further whether a clearer indicator of this could be developed.

Governors then reviewed the second document, the Chair reiterating the Principal's request for views on the suitability of this as a tool to take the College forward in its planning with regard to potential funding cuts. The Principal added that, whilst individual departments had not been managed as cost centres in the past, this was something that would need to change in-year, to support what needed to be done, and that this would be a part of the current Curriculum Review and Development. The following points emerged from the discussion:-

- a) The size of the challenge facing the management team, in terms of the amount of work that would need to be undertaken once the size of cuts was known, was acknowledged, and also that this would need to incorporate a significant risk assessment.
- b) The Principal highlighted that cost reductions could not be simply imposed evenly across the board, consideration needed to be given to aspects of the College's provision that were 'mission critical'. Asked if the CLT were aware of areas of activity where costs could be taken out quickly if necessary, the Principal advised that three specific areas were currently being looked at closely. She also confirmed that, in respect of any proposed action, full impact assessments, including scrutiny of the impact on quality of provision, would be undertaken.
- c) The Principal confirmed that Governors would be invited to the forthcoming Curriculum Review and Development meetings, which would be a critical part of the process leading to decisions regarding activity that the College might cease or new activity that might be introduced. CRD would also be about exploring opportunities to generate new revenue. The Chair of the Quality & Standards Committee noted that the next meeting of that Committee would provide a timely opportunity for Governors to review the criteria to be used for CRD and to be confident that these fitted with the strategic priorities. It would also provide an opportunity to review the learnings from last year's CRD.
- d) It was suggested that if Government strategy is heading in a direction where vocational non-accredited courses should be paid for by students, then maybe part of the planning should be to look at what can be done to run more accredited courses. The Principal confirmed that there was a drive to run more accredited courses but also that these were more expensive to run, given examination costs and the need to employ staff to manage the additional requirements of such courses.
- e) Market considerations should be brought into CRD. It might be that in some areas the College's courses are less expensive or offer substantially greater value for money than other providers, creating leverage in specific areas to increase fees. The Deputy Principal referred to a market comparison that had been undertaken in Visual Arts, where the college had been confirmed as less expensive than other providers in some subject areas.
- f) Governors re-affirmed the need to review costs, not just in curriculum areas, but also in support areas, noting that the earlier SFA presentation had suggested that relative to others, the College's administrative expenses represented a higher proportion of overall expenditure.

The Chair noted that Governors looked forward to receiving a progress report at the December meeting. She also mentioned that consideration had been given to bringing forward the Away-day to December to facilitate further discussion but that sticking with the originally agreed January dates seemed more sensible in order to give the CLT time to fully evaluate the potential impact of cuts and to fully explore options. The Chair noted, nevertheless that it may be necessary to have a longer than usual meeting in December. Taking a straw poll as to whether to start the scheduled meeting earlier or run later, it was agreed that the December meeting of the Governing Body would commence at 5.00pm.

Action:-

- i) **Chairman of the Finance & Resources Committee and the Vice Principal to consider which financial measures should be added to the Strategic Priority 2010-11 monitoring framework.**

- ii) **Quality & Standards Committee to give further consideration to the measurement and monitoring of the outcomes of improving Leadership and Management.**
- iii) **CLT to give further consideration to developing a more meaningful measure to demonstrate the extent to which optimal use of assets is being achieved, so that Governors can see more clearly how this is moving over time.**
- iv) **Criteria for Curriculum Review to be considered by the Quality & Standards Committee.**

6. Principal's Report (EP)

The Principal presented her report, highlighting the following aspects:-

a) Preliminary report on 2010-11 enrolments

On-line enrolments were slightly up on the previous year, though only just. 20% of enrolments had been made using the College's recently implemented on-line system, and even more encouraging, excluding 'tutor approval' courses for which on-line enrolment is not available, on-line enrolment was at 30%.

b) Update on BEC acquisition

The BEC acquisition had been completed and was regarded as a very positive step, increasing the College's current funding by almost £500k.

c) Summer School July 2010

The Principal advised that, whilst enrolments had been only marginally up on the previous year, the Summer School had nevertheless generated a gross surplus of £37k, an increase of £15k on the 2009 programme, exceeding the 2010 target by £5k. Music and Health had both been successful in attracting a reasonable percentage of students who were new to the College, whilst Visual Arts attracted only 36 new learners, though the Deputy Principal noted that the Visual Arts offering had been no less innovative.

d) Pay Award

The Principal sought Governing Body approval to a 2010 pay award in line with the AoC's pay recommendation of 0.2% or £50 pay increase (whichever was the greater). Additionally, approval was sought to honour the 'London Living Wage' of £7.85 per hour as a minimum, which would mean a higher increase than the AoC recommendation for the College's ten lowest paid staff, seeing their hourly rate increase from £7.74 to £7.85 per hour, an increase of 1.4%. These proposals were approved, effective from 1st October 2010.

Invited by the Chair for any observations or question on the Principal's report, Governors queried the cost of the College's branding review, noting the significant expense that could be involved in such projects. The Principal confirmed that the review was being financed from within the existing approved Marketing Department budget. The Chair asked that details of the College's new marketing strategy be presented to a future meeting.

The Chair congratulated the CLT, on behalf of the Governing Body, on recent achievements, including completion over the summer of projects to improve the College's facilities.

Action:- Details of College's new Marketing Strategy to be provided to a future meeting.

7. Company Business (GC)

a) Marcus McKenzie

At the previous meeting of the Governing Body, it had been reported that contact had been lost with Marcus, and as a consequence members deemed him to have resigned as Governor. However, the Chair advised that Marcus had now returned to the UK and had been in touch, expressing a wish to return to an active role as Governor. Members welcomed his return, and assumed his service would be deemed continuous, subject to confirmation by the Clerk.

b) Student Governor Appointment

The Chair noted that at the recent Student Executive Committee elections Ian Gorman, SEC Chair had been elected to serve as Student Governor, replacing Mark Windisch. Details of Ian's background had been circulated and the Governing Body ratified his appointment and would look forward to welcoming him to the December meeting. Members also expressed their gratitude to Mark Windisch for his service as Governor and the valuable contributions he had made during the course of his term of service.

The Chair left the meeting prior to discussion of the next item.

c) Chair of the Governing Body – Succession Planning

The Vice Chair summarised the position and events to date. He reminded Governors that the current Chair had agreed to remain in the role until the end of the academic year. Papers had been circulated ahead of the March 2010 meeting of the Governing Body, at which the matter was first discussed. As agreed, following that meeting, the Vice Chair had held discussions with individual members to establish whether any existing Governor would wish to take on the role, and subsequently reported back to the July meeting that no-one had come forward. It was then agreed that this October meeting would include a discussion on how to proceed. The paper circulated by the Clerk had summarised a number of options, including national advertising, direct approach by the College, use of a specialist recruitment firm to lead a search, or a combination of these, each with specific merits. The Vice Chair therefore invited Governors' views on:- (a) the options presented, (b) whether any Governors would wish to join the selection panel, and (c) whether Governors would wish to see any specific aspects added to the selection process over and above formal interviews.

Governors expressed the firm view that, in line with the College's ethos of equal opportunity, it would be best practice to advertise the role. In considering whether also to use a firm of specialist 'headhunters', Governors initially expressed concern regarding the likely significant cost, though the Vice Chair advised that the firm used in the search for the current Chair had undertaken the role on a somewhat 'pro-bono' basis, charging a much reduced fee, in the region of £4k. It was agreed therefore that whilst the Governors' preference in the first instance was to advertise the role, consideration should also be given to the use of a search firm, depending upon costs. Regarding the latter, Governors suggested that initial soundings should be taken from a number of firms. The need to avoid incurring significant expense was emphasised, as was the fact that there was no provision in the College's current year budget to cover this.

The Chair of the Audit Committee and the Chair of the Quality & Standards Committee agreed, subject to their availability at the time, to join the selection panel in due course.

The Clerk was asked to re-circulate to Governors the Job Specification that had previously been circulated with papers for the March meeting, and also a draft advertisement.

Governors suggested that, in addition to interviews, candidates should meet with Committee Chairs so that the latter could gain an appreciation of how candidates related to the issues relevant to Committees. The selection panel, as proposed, would be formed from a group including three of the Governing Body's Committee Chairs and members of the Search Committee, excluding the current Chair of Governors. (The Search Committee comprises The Chair of Governors, Vice Chair, Margaret Andrews and, importantly given the importance of her working relationship with the new Chair, The Principal).

The Chair re-joined the meeting.

d) Other Governor recruitment

It was noted that as a consequence of Marcus McKenzie's ongoing service as Governor, no vacancies currently existed on the Governing Body, as a consequence of which action to attract new Governors, other than a new Chair, would be deferred.

Actions:-

i) Vice Chair, with the Clerk, to continue to lead the search, with initial enquiries to be made with Search firms.

ii) Clerk to circulate draft advertisement and job specification.

8. Governing Body Self-Assessment (JS/EP/GC)

Following a review of the results of the Governing Body 2010 Self-Assessment at the July meeting, an Action Plan had been drafted from subsequent discussions between the Chair, Principal and Clerk. Governors reviewed and approved the action plan as submitted.

9. SFA Financial Management and Control Evaluation Return 2010/11

The Vice Principal had tabled the Financial Management and Control Evaluation return, as required for submission to the SFA. Governors reviewed and gave their approved the return as presented.

10. 2009/10 Financial Outturn – Preliminary Review (NR)

Governors received and noted the contents of a paper prepared by the Vice Principal which provided an overview of the financial performance for the year ended 21st July 2010. The Chair noted that this would be reviewed in detail at the forthcoming meeting of the Finance & Resources Committee and that Governors would have an opportunity to discuss the final Report & Accounts for the year ended 31st July 2010 at the December Governing Body meeting.

11. Any Other Business

There was no other business.

12. Date of Next meeting

The next meeting is scheduled to take place at the College on Monday 13 December 2010.

Graham Cooper
Clerk to the Governing Body

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