

MORLEY COLLEGE LONDON



GOVERNING BODY

Minutes of a Meeting held at Morley College, 61 Westminster Bridge Road London SE1 7HT on Monday 1 April 2019 at 5.30 pm.

Present:

Dr Stuart Edwards, External Governor (**Chair**)
Ms Pauline Egan, External Governor (**Vice-chair**)
Mr Martin Bamford, Student Governor
Mr Nic Durston, External Governor
Ms Heather Fry, External Governor
Dr Andrew Gower, Principal and Governor
Mr Luke Howson, Staff Governor
Dr Steve Ketteridge, External Governor
Ms Susan Lindsey, Student Governor
Ms Marilyn McMenemy, External Governor
Mr Victor Olowe, External Governor
Ms Sara Robertson-Jonas, Staff Governor
Dr Fiona Stephen, External Governor

In attendance:

Mr Marco Macchitella, Deputy Principal
Mr Nick Rampley, Vice-Principal
Mr Kevin Jones, Director of Finance
Dr Bolatito Ariyo, Head of School of Humanities and Applied Science (Items 1-3 only)
Mr Martin McNeill, Clerk to the Governing Body and Company Secretary

Absent:

Miss Justine Brian, External Governor
Mr Mash Seriki, External Governor
Ms Heather Smith, External Governor

RESOLUTIONS

- To confirm the minutes (including the confidential minutes) of the meeting held on 10 December 2018, subject to the omission of personal details relating to a member of staff in Minute 7.3 (Minute 4.1)
- To approve the Quality Enhancement Plan for Governance for 2018-19 (Minute 7.2)
- To approve a revised Disciplinary and Capability Procedure and a revised Grievance Procedure for Senior Post-holders, subject to any minor amendments that might be necessary to ensure consistency between the two procedures (Minute 8.1)
- To approve an amendment to paragraphs 9.9 and 9.10 of the Code of Good Governance (Minute 8.2)
- To adopt the Senior Post Holder Remuneration Code (Minute 8.2)
- To approve the Senior Post Holder Remuneration Policy (Minute 8.3)
- To approve the Pay and Rewards Policy and Strategy (Minute 9.2)
- To approve the Data Protection Policy (Minute 10)

- To approve the Risk Management Framework (Minute 10)
 - To note that eleven risks in the current Risk Register are rated 'high' for impact and/or probability (Minute 10)
 - To re-appoint RSM UK Audit LLP as the College's financial statements and regularity auditor for 2018-19 (Minute 10)
 - To approve a revised schedule of meetings for 2019-20 (Minute 12)
 - To approve a revised Work Programme for 2018-19 (Minute 12)
 - To confirm the reserved minutes of the meeting held on 10 December 2018 (Minute 13.2)
 - To confirm the date of the next meeting as 15 July 2019 at 5.30 pm at the Stockwell Centre (Minute 15)
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1. Apologies for absence and quorum

Apologies for absence were received from Justine Brian and Mash Seriki, both of whom were having to address unexpected and urgent work issues, and from Heather Smith, who had given birth to a daughter on 28 March. The Clerk confirmed that the meeting was quorate.

2. Welcome, introduction and declarations of interest

- 2.1. The Chair welcomed Susan Lindsey to her first meeting since her appointment as a student governor.
- 2.2. Governors asked the Clerk to pass on their congratulations and good wishes to Heather Smith and her family.
- 2.3. Fiona Stephen told the Board that it was her intention to retire from the Board at the end of the summer term. She would, however, remain a lifelong friend of the College.
- 2.4. There were no declarations of interest.

3. Programme area presentation

- 3.1. The Head of the School of Humanities and Applied Sciences introduced the work of her school, which covered a wide range of disciplines (Appendix 1). She drew attention to the high proportion of accredited learning at Level 3 and above, the high levels of student retention and improving levels of attendance. Attendance levels on unaccredited courses had risen significantly, but there was room for further improvement. The School had a strong tradition of innovation, and planned some important curriculum developments in 2019-20, including a Level 4 counselling programme (building on the high demand for counselling courses over the last two years and offering further progression opportunities) and some courses in African languages.
- 3.2. In response to questions from governors, the Head of School said that practical work was an important element of science courses (which were growing in popularity). As well as a well-equipped laboratory, tutors were making use of outside spaces, including the gardens at Westminster Bridge Road and at Stockwell to integrate practical and classroom work in horticultural and plant-based sciences. Questioned further about demand for Stockwell-based courses, the Head of School outlined her plans for a broader curriculum offer in 2019-20, which should result in more intensive use of the Stockwell facilities.
- 3.3. Governors invited the Head of School to identify the key risks to which the School would be exposed over the next year. While acknowledging that the team would

need to maintain a steady focus on enrolling sufficient students and recruiting suitably-qualified staff, she said that her priority would be to improve the quality of learning and teaching so that all curriculum areas delivered as good a student experience as the best.

4. Minutes of 10 December meeting

4.1. The minutes (including the confidential minutes) of the meeting held on 10 December 2018 were confirmed as a correct record and it was agreed that they should be signed by the Chair, subject to a minor amendment to Minute 7.3 to omit certain personal details.

11 December 2017: Minute 5.2 Principal's Report (Google classroom)

11 December 2017: Minute 7.4 SAR and QEP (progress and progression)

4.2. The Clerk reported that a revised Governor Engagement Programme would be launched in time for the start of the summer term and that this would include an opportunity to visit a Google classroom, as well as encouragement (in the related guidance) to focus on student progress and progression.

11 December 2017: Minute 7.8 SAR and QEP (ESOL)

4.3. The Board noted that this matter had been considered further by the Quality and Standards Committee (see Minute 4.1 of that Committee's minutes, presented as Item 11a). The Committee had been satisfied that case studies were available on EMMA and that a concise report would be presented to its June meeting.

26 March 2018: Minute 7.5 College performance (Higher Education (HE) Fees)

4.4. The Board noted that consideration of a revised Fees Policy had been deferred to the summer term (see Item 12b – Work Programme).

16 July 2018: Minute 5.6 Principal's Report (Governance KPIs)

4.5. The Board noted that the Search and Governance Committee had deferred consideration of this matter until its May meeting, when it would consider a revised approach to the Board's self-assessment of its own effectiveness.

10 December 2018: Minute 6.3 College performance (attrition rates among managers)

4.6. It was agreed that this issue should be addressed by the Finance, Resources and Fundraising Committee in November 2019 in the context of the annual HR report.

10 December 2018: Minute 7.4 Principal's Report (AEB Funding)

4.7. The Board agreed that, although the new devolved funding arrangements had been carefully considered by the Finance, Resources and Fundraising Committee, there was a need to ensure that all governors understood the impact of the changes. This should be covered either at the Strategy Development Session on 3 June or in the Board Development Session on 15 July

10 December 2018: Minute 8.6 Property Strategy (hoardings)

4.8. Governors congratulated the Vice Principal on the new hoardings, which made effective use of the delay in completion of the works to publicise the College and its activities.

10 December 2018: Minute 11.3 Annual Report (publication)

4.9. Governors welcomed the enhanced presentation of the Annual Report on the website, which would help to support the fundraising campaign.

10 December 2018: Minute 17.3 Audit Committee (risk management)

- 4.10. The Board noted that the Risk Management Committee's assessment of the likelihood of the key strategic risks would now be considered by the Audit Committee at its June meeting.

Other matters

- 4.11. Governors were content that all other outstanding actions had been satisfactorily addressed, were addressed elsewhere on the agenda or were not yet due to be addressed.

5. Minutes of 19 March meeting

- 5.1. The Chair reported that discussions were still taking place to ensure that the minutes reported the meeting not only accurately but also unambiguously. He hoped that it would be possible to produce complete minutes that could, following board confirmation, be placed in the public domain. Approved draft minutes would be circulated to all governors shortly.
- 5.2. He reminded governors that the decision at the 19 March meeting had been 'to work towards a merger with Kensington and Chelsea College (KCC), subject to securing the required support of funders and strategic stakeholders and to subsequent full due diligence'. This resolution committed the College to proceed with Stage 2a of the merger process, focusing on three priority areas: obtaining assurance as to the availability and sufficiency of funding; undertaking market research to validate the growth assumptions in the headline business case; and securing the support of the local community. The intention was to complete this stage by the end of May, enabling the Board to take a decision on 3 June whether or not to proceed to Stage 2b (due diligence, consultation and detailed planning); at the end of that stage final decisions would be taken by both Colleges.
- 5.3. The Principal reported that good progress had been made on all three strands of Stage 2a. In relation to funding and the College's financial requirements, the Education and Skills Funding Agency (ESFA) had proposed the establishment of an implementation group, involving the Greater London Authority and (when needed) the Royal Borough of Kensington and Chelsea. Terms of reference were under discussion; the College was pressing for agreement as early as possible on how the 'asks' set out in the proposal would be addressed. Broad agreement had been reached on the approach to be taken to financial modelling.
- 5.4. Tenders had also been invited (and some had already been received) for a comparative study of demand for adult education programmes in the Lambeth/Southwark and Chelsea/Kensington. A series of consultation events was planned to 'market test' the findings of the study.
- 5.5. At the same time, the Principals of Morley and KCC were jointly consulting a wide range of community groups, and meetings between the Morley Principal and KCC staff had also been arranged. These consultations were to build confidence in the Morley proposal within the KCC community, as well as demonstrating Morley's commitment to provide a framework for effective community involvement in shaping local provision.
- 5.6. In this context, the Principal reported that he had declined an invitation to a public meeting on 2 April which was being presented as an opportunity to revisit the evaluation undertaken by the FE Commissioner and the Evaluation Panel. Governors supported the Principal's decision, but asked him to ensure that the reasons were set out in a formal letter that could be read out at the meeting and

that, if possible, a member of Morley staff should attend the meeting to observe and report back.

- 5.7. Governors sought assurance on the arrangements in place to manage communications during Stage 2a and on the mechanisms through which the Governing Body would scrutinise the process. In relation to communications, the Principal said that a member of the Marketing and Communications Team had been identified as the main point of contact, and that she was receiving professional support from an experienced communications consultant. Governing Body scrutiny would be provided through the existing Merger Working Group and through careful consideration both of the College's negotiating strategy and of its assumptions as to the viability of the proposed curriculum by the Finance, Resources and Fundraising and Quality and Standards Committees.
- 5.8. The Chair proposed and it was agreed that the governor members of the Merger Working Group (the Chair, Vice-chair and Principal, Dr Ketteridge and Mr Bamford) should also serve as the Morley representatives on the Joint Transition Committee (JTC) to be set up by the two colleges. The JTC would report to both college boards.
- 5.9. In subsequent discussion, governors asked for the following issues to be taken into consideration in dealings with funding bodies and other stakeholders over the next two months:
 - Given the deterioration in KCC's financial position (as reported to the board meeting of 19 March) it was likely that a realistic business plan would require an increase in the financial and funding 'asks'.
 - If additional finance or funding were to be requested, it would be important to provide full justification and to demonstrate that the revised 'asks' were both reasonable and proportionate.
 - The growth projections also needed to be re-considered in the light of Morley's recent experience; more cautious modelling might be necessary.
 - Morley should endeavour to reach out to the staff and students of KCC, recognising that they had had experienced a great deal of turbulence in recent years, while continuing to be mindful of the needs of its own students and stakeholders, particularly for improved learning and study facilities at Westminster Bridge Road.

6. College performance

- 6.1. The Director of Finance reported that most of the uncertainties that had been apparent when the half-year accounts had been considered by the Finance, Resources and Fundraising Committee had now been resolved. In particular, the accounting entries relating to the contract income due from Lambeth had been reconciled, and it had become apparent that the College should expect to receive not only the amount budgeted but also some additional income in recognition of over-delivery. Higher levels of fee income were also now forecast for the second half of the year; fee income for the full year was, however, still projected to be £200k below budget, and as a consequence of this shortfall, and of the under-recruitment to HE courses of which the Board was already aware, total income was now forecast to be £379k below budget.
- 6.2. This negative variance would (the Director of Finance said) be partly offset by an expected reduction in costs of £208k (bringing the net forecast deficit to £171k), and by further income growth in the summer term. Action was also in hand to reduce in-year costs: meetings had been held with the College Management Team and Staff

Forum at which the need for both higher income and cost savings had been made clear, and the SMT was developing a detailed cost reduction plan. Good progress had been made over the two months since 31 January: while full income and expenditure figures as at 31 March were not yet available, the cash position at the end of March was some £50k better than forecast. The Director of Finance told the Board that, even if the College were not able to improve on the forecast for the full year, its financial position should still be assessed by ESFA as 'good' at the year end.

- 6.3. The Principal added that, in past years, the forecast deficit of £225k (compared with a budgeted deficit of £54k) might have been substantially offset by additional payments for prior year over-delivery, but the £140k that the College had claimed from the ESFA in this respect for 2017-18 had been withheld on the grounds that the College was subject to a Notice to Improve (relating to under-performance on a small number of accredited programmes in 2016-17). The Principal said that he had now received confirmation that the Notice to Improve had been lifted; Governors encouraged him to continue to press the College's case for this additional funding.
- 6.4. The Director of Finance drew the Board's attention to the summary of financial performance by programme area. While there was more work to do to ensure that all income streams were correctly allocated, the closer analysis of the financial contributions of the different areas that was now possible allowed questions to be asked about the future balance of the curriculum. He acknowledged, however, that the impact of discounting in the autumn term (and particularly around Black Friday) on individual courses had yet to be analysed in detail.
- 6.5. A number of governors commented that, for a number of years, the College had budgeted for higher rates of growth than it had been able to achieve. Some HE programmes, in particular, were yet to recruit students in anything like the planned numbers. The Board agreed that it would be essential to set a realistic budget for 2019-20, given the additional risks to which the College would be exposed as it pursued the possibility of merger.
- 6.6. Responding, the Deputy Principal said that, following the pricing and markets review and the pricing pilots (the latter mainly involving Music programmes), the College had a much better understanding of demand for individual programmes within curriculum areas. A new pricing strategy was being developed and would be in place by September, supported by enhanced marketing. The new website would also provide an e-commerce platform, streamlining enrolment processes.
- 6.7. With specific reference to the curriculum planning issue, the Principal added that action had already been taken, in response to a vacancy at programme manager level, to consolidate the Preparation for Work and Study and Business, Enterprise and Professional Skills programmes within the School of Community and Foundation Learning. The SMT had identified other programme areas, including Complementary Health, for review in the course of the summer term.
- 6.8. In relation to HE, the Principal said that the market continued to be highly competitive, with many HE institutions failing to recruit their planned numbers of students. He was hopeful that the new, more flexible course structure, with one-, two- or three-year options, would encourage a wider range of students to apply and (in the longer term) that the Government's Review of Post-18 Education and Funding would propose changes to the fee charging arrangements that would benefit the delivery of HE in FE settings. While in due course there might be scope to introduce part-time HE courses, he argued that it was necessary first to achieve critical mass by ensuring a sufficient volume of delivery. Morley had a distinctive HE product which was highly regarded by those students who had experienced it; the

challenge was to build on the experience of those students to reach out to new markets.

6.9. Turning to the Principal's Report, the Board was pleased to note that the 19 per cent of staff and 15 per cent of students who were citizens of EU countries other than the UK were being made aware of the EU settlement scheme for those who wished to remain in the UK post-Brexit. Governors also noted that the insolvency regime for colleges was now in effect: although many of the changes simply extended to FE Corporations the application of laws that already applied to Morley, the provision for 'education administration' potentially applied to all Colleges. The Clerk had already provided governors with details of the changes.

6.10. From among the other topics covered in his report, the Principal drew governors' attention particularly to:

- two HE conferences that Morley would be hosting in early May;
- the impact of devolution, which would mean the loss of some £15k of Adult Education Budget (AEB) funding in respect of students living in areas outside London that were governed by combined authorities;
- the Erasmus+ 'Bigger Picture' project in which Morley was participating;
- the College's plans to complete Phase 1a of the Property Strategy; and
- its recent bid for a further £2 million (over four years) of procured AEB funding.

6.11. The Board was pleased to note the Principal's Report as evidence of good progress towards the College's strategic objectives.

7. Search and Governance Committee

7.1. Presenting the minutes of the January meeting of the Committee, the Chair drew the Board's attention to main outcomes of the governor development interviews and, in particular, to the draft Quality Enhancement Plan (QEP) for Governance which the Committee had recommended for approval. This addressed the main issues identified by governors (both in their interviews and in their responses to the annual board effectiveness questionnaire) and by the National Leader of Governance who had reviewed the College's governance processes in 2018.

7.2. The Board agreed to receive the minutes and to approve the Governance QEP.

8. Remuneration Committee

8.1. The Board was pleased to receive the minutes of the meeting and welcomed the revised senior post-holder disciplinary, capability and grievance procedures, which showed very clearly how the different procedures worked. It agreed to approve the revised procedures, subject to further consideration being given to two respects in which the procedures were inconsistent: the arrangements for chairing appeal committees (paragraph 9.2 of the disciplinary and capability procedure and paragraph 5.2 of the grievance procedure) and for managing procedures directly involving the Clerk (paragraphs 4.2, 4.5 and 4.9 of the disciplinary and capability procedure and paragraph 1.2 of the grievance procedure).

8.2. The Committee Chair outlined the background to the proposed Senior Post Holder Remuneration Code and the Senior Post Holder Remuneration Policy and Procedure. The College had been consulted on an earlier draft of the Code, and some of our observations had been taken into account. Despite some initial reservations, the Committee had finally concluded that compliance with the Code would not be onerous, and asked the Board to adopt both the Remuneration Code

itself and two changes to the Code of Good Governance. These proposals were agreed.

- 8.3. Governors noted that the new Remuneration Code expressly prohibited the consolidation of performance-related pay (PRP), but recognised that there might be cases of exceptional performance where non-consolidated PRP might be appropriate. The Senior Post Holder Remuneration Policy was agreed to be a clear and comprehensive statement of the approach that the college would take to rewarding these key staff, and was duly approved.

9. Finance, Resources and Fundraising Committee

- 9.1. In the absence of the Committee Chair and Vice-chair, the Chair presented the minutes and the Committee's recommendation. Governors noted that the issues raised at the meeting in relation to the College's financial performance had largely been addressed under Item 6.
- 9.2. The Board approved the Pay and Rewards Policy and Strategy; governors agreed that it provided a clear framework for the determination of pay levels, as required by the Articles. It was appropriate that it should be considered at the same time as the Senior Post Holder Remuneration Policy, as the underlying principles were the same. Governors expressed the hope that, if the College were at some future date to achieve a larger surplus of income over expenditure on a sustainable basis, they might be in a position to recognise the hard work and commitment of staff by paying a bonus at a set rate. They noted that the policy had been drafted to allow for such a payment, should it become possible.

10. Audit Committee

The Board was pleased to receive the minutes of the Committee's recent meeting and accepted all its recommendations: to approve the draft Data Protection Policy and Risk Management Framework; to take note of the eleven risks assessed as having high impact and/or high probability; and to reappoint the financial statements and regularity auditor. Governors noted that good progress was being made in putting in place new arrangements for risk management and looked forward to having sight of the new Risk Register at its July meeting.

11. Quality and Standards Committee

- 11.1. The Committee Chair reported that, following scrutiny of progress in implementing the 2018-19 Quality Enhancement Plan, the Committee had been encouraged by the progress made, while recognising that there remained more work to be done in some areas (as set out in the committee minutes, which were received and considered). She said that the Committee was keen to look in more detail at the quality of learning spaces and learning resources and their impact on the student experience, and would be returning to this issue in the summer term. In answer to a question, the Committee Chair assured the Board that the Committee would look carefully at the implications of the new Ofsted inspection framework when it was finalised; she noted that governors had welcomed the initial proposals when they had been presented at the recent strategy development session.
- 11.2. The Clerk told the Board that further discussions had taken place following the Committee's request for amendments to the admissions policies, and these would now be presented for approval at the July board meeting (see Item 12b – Work Programme).

12. Schedule of meetings and work programme

The Board agreed to approve the revised schedule of meetings for 2019-20 and the revised work programme for 2018-19.

13. Reserved matters (Principal and external governors only)

13.1. Having sought confirmation from the external governors and the Principal that they had considered the reserved minutes of the 10 December Board meeting and the 4 February meeting of the Remuneration Committee and that none of them wished to raise any matters arising from either set of minutes, the Chair invited the staff and student governors to remain in the meeting.

13.2. The external governors and the Principal then confirmed the reserved board minutes as a correct record and agreed that they should be signed by the Chair.

14. Other business

14.1. The Chair reported on a meeting that he had recently held with the Vice-Chancellor and the Director of Corporate Affairs at London South Bank University (LSBU), at their invitation. LSBU had brought him up to date with their progress in integrating Lambeth College within the LSBU Group, and had sought to explore opportunities for closer collaboration with Morley in adult education. The Chair said that he had updated LSBU on developments with KCC; he had also made clear that, while Morley was keen to do more in partnership with LSBU (in accordance with the Memorandum of Understanding signed in 2016), the Morley Board was (in his view) unlikely to support any proposal that compromised its continued organisational autonomy.

14.2. See confidential minutes

14.3. See confidential minutes

15. Date of next meeting

Confirmed as Monday, 15 July 2019 at 5.30 pm at the Stockwell Centre (but with the strong likelihood of an extraordinary meeting being required before then, probably on 3 June).

The meeting ended at 7.55 pm

Martin McNeill
Clerk to the Governing Body

Confirmed as a correct record at the meeting held on

and signed by.....Stuart Edwards (Chair of that meeting)

SCHEDULE OF OUTSTANDING ACTIONS

Minute	Action	Responsible	By when	Progress
17 July 2017				
11.3	Governors to consider whole Risk Register at least once a year Update March 2019 New Risk Management Framework approved; new RR being developed	Audit Committee	15 July 2019	
11 December 2017				
5.2	Provide governors with the opportunity to experience a Google classroom Update March 2019 To be included in new Governor Engagement Programme	Deputy Principal/ Clerk	30 April 2019	
7.4	Ensure that, where possible, governor engagement visits include a focus on progress and progression Update March 2019 To be included in guidelines for new GEP	Deputy Principal/ Clerk	30 April 2019	
7.8	Explore good practice in raising achievement of ESOL students Update March 2019 Case Studies available; concise report to be prepared	Deputy Principal	10 June 2019 (QS Committee)	
26 March 2018				
7.5	Consider HE issues (including quality, partnerships and fees) when reviewing curriculum delivery and 2018-19 curriculum plan Update March 2019 Quality/ partnerships issues already addressed; fee structure from 2020 to be covered by Fees and Refunds Policy	FRF Committee	14 May 2019	

Minute	Action	Responsible	By when	Progress
16 July 2018				
5.6	Re-consider Governance KPIs Update March 2019 To be considered further by SG Committee	SG Committee	20 May 2019	
10 December 2018				
6.3	Consider attrition rates among managers Update March 2019 To be addressed in context of annual HR Report	Head of HR	18 November 2019 (FRF Committee)	
7.4	Report on differences between old and new AEB regimes Update March 2019 To be covered in next Board Development Session	Director of Finance	15 July 2019	
12.3	Include brief account of validation process in 2018-19 SAR	Deputy Principal	December 2019	
17.3	Scrutinise Risk Management Committee's assessments of likelihood Update March 2019 Likelihood ratings of key strategic risks to be considered by June Audit Committee meeting	Audit Committee	18 June 2019	
1 April 2019				
5.6	Write to organisers of public meeting in North Kensington giving reasons for non-attendance	Principal	2 April 2019	