

MORLEY COLLEGE LONDON



GOVERNING BODY

Minutes of a Meeting held by Microsoft Teams on Thursday 28 January 2021 at 6.00 pm.

Present:

Dr Stuart Edwards, External Governor (**Chair**)
Ms Pauline Egan, External Governor (**Vice-chair**)
Miss Justine Brian, External Governor
Miss Shola Bryan, Student Governor
Mr Pedro Dias Ferreira, External Governor
Mr Nic Durston, External Governor
Ms Gill Evans, External Governor
Ms Heather Fry, External Governor
Dr Andrew Gower, Principal and Governor
Mrs Gail Le Coz, External Governor (from Item 6)
Ms Susan Lindsey, Student Governor (Items 1-6 only)
Mr Victor Olowe, External Governor
Mrs Debbie Ryle, Staff Governor
Ms Moyra Samuels, External Governor
Ms Heather Smith, External Governor
Charlotte Thompson, Staff Governor
Mr James Ward, External Governor

In attendance:

Mr Marco Macchitella, Deputy Principal
Mr Ralph Moran, Chief Finance Officer (CFO)
Mr Martin McNeill, Clerk to the Governing Body and Company Secretary

Absent:

Mrs Irene Lax, Co-opted Governor

RESOLUTIONS

- To confirm the minutes (including the confidential minutes) of the meeting held on 14 December 2020 (Minute 3.1)
 - To approve for submission to the Education and Skills Funding Agency (ESFA) and for publication the College's Annual Report and Financial Statements for the year ending 31 July 2020, subject to some minor amendments (Minute 5.7)
 - To approve for submission to the ESFA the Annual Report and Financial Statements of Kensington and Chelsea College (KCC) for the period ending 2 February 2020, subject to one amendment (Minute 5.10)
 - To authorise the Chair of the Governing Body and the Principal to sign the Annual Reports and Financial Statements of both colleges and the associated letters of representation (Minute 5.11)
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1. Apologies for absence and quorum

The Clerk reported that no apologies had been received and confirmed that the meeting was quorate.

2. Welcome, introduction and declarations of interest

- 2.1. The Chair thanked the CFO and his team and the auditors for all the work that they had done to bring two sets of accounts to the Board for approval, in circumstances that had been difficult for all concerned. To his knowledge, there were still at least 20 colleges that had not yet succeeded in getting their accounts to a point at which they could be agreed.
- 2.2. He asked governors, in scrutinising the Annual Report and Financial Statements, to focus on ensuring that they had assurance on all key issues, and were satisfied with the process that had been followed.
- 2.3. All governors confirmed that they had no interests that they were under a duty to disclose in accordance with Article 5 of the College's Articles of Association.

3. Minutes of 14 December meeting

The minutes of the meeting held on 14 December 2020 (including the confidential minutes) were confirmed as a correct record and it was agreed that they should be signed by the Chair.

4. Matters arising

13 July 2020 Minute 10.8 FRF Committee (Property Strategy Phase 1b)

- 4.1. Governors noted that because of the continuing impact of the Covid-19 pandemic the re-launch of the Morley Gallery had had to be postponed from January. The Principal said that the works were proceeding satisfactorily; a six-week extension of the contract had been necessary to enable some unexpected construction issues to be addressed, but he expected the Gallery to be open for exhibitions in the summer term. The campaign to publicise the new Gallery would begin in September.

2 November 2020 Minute 3 Pre-meeting presentations and videos

- 4.2. The Chair reported that the arrangements to circulate videos in advance of board meetings had been discussed at the recent meeting of the Search and Governance Committee. The Committee had agreed that these should continue to take the place of board development sessions while board meetings continued to be held online.

14 December 2020 Minute 3.1 Pre-meeting presentations and videos

- 4.3. Governors were pleased to note that the North Kensington video had been shared with the members of the Stakeholder Advisory Group (SAG).

14 December 2020 Minute 3.2 Pre-meeting presentations and videos

- 4.4. Governors were pleased to note that the 15 December meeting of the North Kensington SAG had received assurance from LocatEd as to the safety of the materials to be used in the renovation of the Centre.

14 December 2020 Minute 9.7 SAR and QEP

- 4.5. Governors were pleased to note that target audiences for documents requiring the Board's approval (such as the Annual Report and Financial Statements: Item 5a on this agenda) were now being clearly identified in reports.

14 December 2020 Minute 13.5 FRF Committee (contractual issue)

- 4.6. See confidential minutes.

14 December 2020 Minute 14.3 Succession Planning

- 4.7. Governors were pleased to note that a proposal had been sought and obtained from Nurole.

14 December 2020 Minute 14.4 Succession Planning

- 4.8. Governors noted that the requested meeting of the Search and Governance Committee had been convened and that committee members had been provided with draft criteria for choosing a recruitment partner.

Other matters

- 4.9. Governors were content that all other outstanding actions were not yet due to be addressed. There were no other matters arising from the minutes.

5. Annual Reports and Financial Statements

- 5.1. Revised versions of both Morley's Annual Report and Financial Statements for 2019-20 (Appendix 1) and the Annual Report and Financial Statements of KCC for the period ending 2 February 2020 (Appendix 2) were tabled. These included changes suggested by the Audit Committee, and other changes to the narrative section of the reports (highlighted in both cases). In the KCC Report and Accounts, the changes reflected the fact that, over the period covered by the report, the Morley Board was not responsible for the governance of KCC, even though, as the advice from Eversheds Sutherland made clear, it was required to certify KCC's cessation accounts.
- 5.2. The Chair of the Audit Committee reported on the outcomes of the committee meeting held the previous day. Although the Committee had seen draft versions of both the Morley and the KCC accounts at its November meeting, more substantial assurance was now available from the auditors following the completion of all audit work. The Committee Chair thanked all concerned for their efforts to make this possible in a difficult set of circumstances, working from home with two sets of accounts to produce and running two separate accounting systems for much of the year. Morley's annual report for 2019-20 presented a very different college from that described in the 2018-19 report, and that in itself had been a challenge.
- 5.3. The Committee had been pleased to note the favourable comments of the auditors on the quality of the financial information presented to them; although there had been some timetabling and communications issues, it was acknowledged that other colleges had struggled to produce timely accounts in the circumstances. While there had been debate about the approach to be taken to accounting for the merger, it was encouraging that there had been very few adjustments (and no significant adjustments) required to either set of accounts as a result of the audit. The Committee and the auditors had also had to reach their conclusions on the quality of corporate governance and financial control at Morley without the benefit of an annual report from the internal auditors: the Committee had taken the view that the additional cost and effort of commissioning such a report would not be justified in the circumstances.

- 5.4. The Committee Chair drew governors' attention to the strong asset base of the merged college and the high level of liquidity: when considered in the context of the merger plan, these provided strong support for the judgement that the College remained a going concern, despite the negative impact of the Covid-19 pandemic on the income and expenditure account. The temporary breach of the liquidity policy between December 2019 and February 2020 had been placed in context in the Annual Report as a control issue.
- 5.5. Turning to the KCC accounts, the Committee Chair outlined the steps that had been taken to obtain assurance in relation to those accounts and the governance and control arrangements in place at KCC prior to the merger. Although no former KCC governors had joined the Morley Board, governors from the two colleges had worked closely together in the period leading up to merger: the Joint Transition Committee had included the Chairs and Finance Committee Chairs of both colleges. The Audit Committee had also taken assurance from:
- the care taken by the Morley Governing Body throughout the merger process to establish the precise circumstances of KCC, not least through both financial and legal due diligence;
 - the audit work undertaken by RSM at both Morley and KCC; and
 - the continuity of financial management provided by the CFO, who had formerly held the corresponding position at KCC.
- 5.6. Reviewing, first, the Morley accounts for the year, governors questioned the CFO about the basis on which KCC's assets and reserves had been combined with those of (pre-merger) Morley. The CFO explained that the transfer of KCC's assets (including the lease of the North Kensington Centre) had been treated as a gift; as a result, the accounts showed a large surplus of income over expenditure, despite a loss from operations (this latter as budgeted). He also pointed out that, because of the nature of the recorded accounting surplus, it had not been applied to the development reserve as would normally have been the case. Instead, the element relating to the lease had been added to the revaluation reserve, while the balance had been retained in the income and expenditure account and would be applied against the income deficits that the College expected to incur over the early years of the merger plan.
- 5.7. The Board agreed to approve Morley's Annual Report and Financial Statements, subject to a small number of minor changes to the narrative.
- 5.8. In relation to the KCC accounts, the CFO assured the Board that the numbers had not changed significantly since the Audit Committee review in November. The presentation had, however, been substantially altered in the revised version now tabled to make clear that Morley governors took responsibility for the statements made but not for the governance arrangements that were actually in place at KCC prior to merger. They were, nevertheless, required to approve those statements and could only do so on the basis of the assurance provided.
- 5.9. The CFO advised that, in addition to the sources of assurance mentioned by the Chair of the Audit Committee and listed in Minute 5.5, governors could take comfort from:
- the review of KCC's income and expenditure to the end of December 2019 undertaken by Alliotts and subsequently reviewed by the FRF Committee;
 - the fact that KCC governors, in signing off KCC's 2018-19 accounts on 13 December 2019 had confirmed that no matters had come to their attention since the year-end that required disclosure;

- the continuing involvement of Mazars as KCC's internal auditors up to the date of merger; and
- the CFO's own professional standing as a Chartered Management Accountant responsible for financial management and accounting at KCC up to 2 February 2020 and at the merged college thereafter.

5.10. On the basis of those assurances, the Board agreed to approve the cessation accounts of KCC, subject to the re-drafting of the section on student achievements (page 10 of the revised version – Appendix 2) to align the judgements made more closely with those in the 2019-20 Self-Assessment Report.

5.11. The Board also agreed to authorise the Chair of the Governing Body and the Principal to sign the Annual Reports and Financial Statements of both colleges and the associated letters of representation (Appendix 3) which were tabled.

5.12. Governors sought and received confirmation that electronic signatures would be acceptable to the ESFA provided that they were accompanied by emails from those signing confirming their agreement. The CFO was asked also to ensure that the Regularity Self-Assessment Questionnaires approved at the December meeting were submitted to the auditors for onward transmission to the ESFA

At this point Gail Le Coz joined the meeting

6. Internal audit

See confidential minutes

At this point Susan Lindsey left the meeting

7. Succession planning

7.1.
to See confidential minutes
7.4.

8. Other business

None

9. Date of next meeting

Confirmed as Monday 1 February 2021 at 5.00 pm by Microsoft Teams.

The meeting ended at 7.15 pm

Martin McNeill
Clerk to the Governing Body

Confirmed as a correct record at the meeting held on 22 March 2021



and signed by

(Stuart Edwards) (Chair of that meeting)