

CORPORATE BOARD

NORTH WEST KENT COLLEGE

Minutes of a meeting of the CORPORATE BOARD

held at 5.30pm on Wednesday, 28 January 2009, at Dering Way, Gravesend

Present: Mr J Hill (Acting Chairman)
Mr J Parkes
Dr R Finney
Mr B Newell
Mrs S Adams
Mrs L Rowan
Mrs P Jones
Mr A Ajiyo
Mr G Moody
Mr R M Bell

In attendance: Mr D Holland (Clerk to the Corporation)
Mr T Knight (Vice Principal)
Mr G Parrett (Director of Finance and Systems)
Mrs C Hopkins (minuting secretary)

I-1 APOLOGIES

Apologies for absence were received from Mr B Williams, Mr E Anderson, Ms E Birchenough and Ms S Nicholson.

I-2 MINUTES

2.1 The minutes of the meeting held on 16 December 2008 were approved and signed as a correct record.

2.2 Matters Arising

2.2.1 There were no matters arising.

I-3 ESTATES COMMITTEE

3.1 The minutes of the extraordinary meeting of the Estates Committee held on 20 January 2009 (Paper No CB/28.01.09/I-3.1) were received and noted.

Action

3.2 Matters Arising

Action

3.2.1 (D-1) Capital Project – Monthly Status Report

The Principal explained that, on 5 January 2009, informal notification had been received from the LSC advising that approvals in relation to capital projects had been deferred.

Referring to page 2 of the minutes, the Acting Chairman stressed the Committee's belief that management actions taken during January had been prudent and served to minimise the Corporation's risk and expenditure in the capital project. He also reiterated the Committee's thanks to the IS team in relation to the moving of servers to K Block.

The Acting Chairman drew members' attention to the fact that capital support would now be spread over a five year period rather than three. The Principal stated that the extension of time brought with it cashflow implications on a short-to-medium term basis, which could increase the College's debt significantly. Members were advised that the relationship with the bankers, Lloyds, was good and the bank had made clear that the College was an established client, whose needs would be met in preference to any applicant colleges which now found themselves short of funds as result of recent government action.

Members' attention was drawn to the Principal's comments on page 4 of the minutes concerning no apparent prioritisation by the LSC to the geographical location of capital projects. The Acting Chairman endorsed the Principal's belief that the College would be well placed in the event of any retrospective prioritisation, due to its position within the Thames Gateway regeneration zone.

In answer to the question, whether the College would be operational at the end of Phase 1 if Phase 2 did not proceed, the Acting Chairman noted the Vice Principal's comments that the curriculum could be delivered if Phase 2 was halted, although it would not be the ideal situation. The Vice Principal added that staff and students were actually preferring the temporary accommodation.

He confirmed that he had revisited the conditions attached to the planning consent and was pleased to report that the only stipulation was to commence works within five years, which had already been achieved following the commencement of the enabling works.

[Further discussion on the project followed in the course of the Principal's Report (Paper No CB/28.01.09/D-1).]

I-4 MANAGEMENT ACCOUNTS TO DECEMBER 2008

Action

Members received and noted the Management Accounts to December 2008 (Paper No CB/28.01.09/I-4).

The Director of Finance and Systems reminded members that Standard Learner Numbers (SLNs) were the new 'currency' for funding and that one SLN was equivalent to 450 guided learning hours (GLH). Members noted that the College was on target to achieve the contract relating to 16-18 year old students (5,065 SLNs) as SLNs totalled 5,048 at Month 5. The Adult Learner Responsible contract at 84% of contract, ahead of the same time last year, was expected to grow throughout the year as this group involved the NSTC and short-term courses. The Director of Finance and Systems reported that the financial performance for the period was strong, as were debtor and creditor days. Pay expenditure was in line with the sector at 67% of income. Total borrowing was at 35% of income, although the Director of Finance and Systems advised that the percentage would increase during the capital project. He stressed that the LSC's measure of the College's borrowing was based on three years after the completion of the project, at which time he expected the total borrowings to be 30%-35%.

Members were referred to Appendix 1, *Income and Expenditure*. The Director of Finance and Systems stated that although the total income as at Month 5 was in line with expectations, some areas of income, such as the 'other LSC income', 'capital grant income' and 'course fees' were under budget. 'Other operating activities' had a positive variance of £143,606 against its annual budget of £127,814. The Director of Finance and Systems explained that the variance was due to the receipt of funds of £150,000 following the closure of the Kent and Medway Hub. He also explained that the larger variances in non-pay (Personnel) were due to the cost of recruitment specialist magazines and medical expenses, while the overspend in Enterprise was due to the costs associated with the development of new courses. An underspend overall for the period was noted.

Staffing was noted in Appendix 2. Appendix 3, *Summary of Learner Responsive Funding*, provided the breakdown of 16-18 funding and adult funding, although members were advised that the funding rate of £2,860, as specified in the document, was incorrect as the College receives slightly more than £2,900 per SLN.

Appendix 3a highlighted the numbers of students involved in Train to Gain programmes and the levels involved. The Director of Finance and Systems advised that he was reasonably confident that the College would achieve its contract of 500 students, based on 355 students as at December 2008. Members noted that last year's contract was 250 students. Appendix 3b highlighted employer responsiveness through NVQs in the workplace, specifically that there were 161 learners involved in NVQ1 through to NVQ4 as at December 2008.

Referring to Appendix 4, *Cashflow Forecast*, the Director of Finance and Systems advised that members should consider the figures with caution as they would be subject to change as a result of recent events concerning the LSC and capital projects.

Appendix 5 detailed the balance sheet as at 31 December 2008. Appendix 6 provided a summary of LSC funding under the categories applicable to the new funding regime. Members noted that funding was set within the categories and could not be vired.

I-5 USE OF CORPORATION SEAL 2008-2009

Members received confirmation from the Clerk that the Corporation Seal had not been used during the period 10 December 2008 to 20 January 2009 (Paper No CB/28.01.09/I-5).

I-6 PROSPECTUS 2009/2010

6.1 Full-time Course Guide

6.2 Higher Education Opportunities

Members received and noted the *Full-time Course Guide* (Paper No CB/28.01.09/I-6.1) and the *Higher Education Opportunities* prospectus (Paper No CB/28.01.09/I-6.2). Members expressed their satisfaction with the presentation of the documents. Dr Finney suggested that guidance relating to application dates could be included within the *Higher Education Opportunities*' document. Mrs Jones, referring to the entry relating to Foundation Studies within the *Full-time Course Guide*, suggested caution regarding one-to-one support, as stated within the document, as it was not always best or appropriate for some students. The Vice Principal thanked members for their comments.

D-1 PRINCIPAL'S REPORT

Members received and noted the Principal's Report (Paper No CB/28.01.09/D-1).

The Principal noted that the Ofsted Annual Monitoring Visit was due to take place on the day following this meeting. He advised that feedback would be provided to members as soon as possible and more in-depth notes would be discussed by the Standards Committee on 24 February.

Members noted that in March this year The Learning Shop would have been operating out of Bluewater for ten years. The Principal acknowledged that the retail focus had been lost in the last couple of years and the Senior Management Team considered that the College should refocus on that area, particularly in light of recent economic events. Members also noted that the

College was working towards becoming the first National Retail Academy.

Action

The Principal advised that discussions regarding 2009/10 funding would commence on 6 February, when he was due to attend a meeting with the LSC, together with the Vice Principal and the Director of Finance and Systems. The Kent County Council would shadow the LSC with a view to sharing a unified front of operation when the KCC assumes the role for 2010/11.

Capital Project

At the outset, the Principal reiterated that he was yet to receive any direct, formal notification from the LSC regarding the delay to the capital projects. He stressed that all projects 'in the pipeline' had been delayed, rather than simply the twenty-two projects mentioned in the media.

The Principal referred to a BBC news bulletin (Paper No CB/28.01.09/D-1.1 (tabled)) which reported the announcement by John Denham, Secretary of State for Innovation, Universities and Skills, that Sir Andrew Foster is expected to head a programme to renovate colleges and sixth form premises. He also reported that Dr Howard Stoate, MP for Dartford, had contacted him and requested information concerning the delay and impact for this College, in order that he might raise concerns with the Secretary of State.

The Principal detailed the current status of the capital projects:

Application in Principle received for the entire project.

Phase 1 at Gravesend – construction proceeding; accommodation to be available for occupation in September 2009;

Phase 2 at Gravesend - work in progress, was due to be submitted for approval in early summer 2009;

Phase 1 at Dartford - Application in Detail was submitted in December 2008 and approval had been expected on 12 March to enable construction to commence on 13 March;

Phase 2 at Dartford - work in progress, was due to be submitted late 2009/early 2010.

The Principal believed the College to be in a stronger position than others, as the overall programme had received Application in Principle approval. However, he was hopeful that any change in criteria would not cause too many difficulties for the College. He noted that the anticipated date of construction at Dartford had been 13 March 2009 with accommodation being available for occupation in September 2010, however with the current delay overall, he did not now expect occupation to be until September 2011.

Regarding Phase 2 at both Dartford and Gravesend, the Principal advised that approximately £1m was 'at risk' in preparing this phase for approval. As explained at the extraordinary meeting of the Estates Committee, work had been stood down pending the receipt of new criteria. The Principal believed that phase 1 at Dartford was a priority and that the progression of Phase 2 at Gravesend could be evaluated after the LSC advice due on 4 March 2009. Phase 2 at Dartford involved a longer timeframe as a result of the current delays and the expected occupation of Phase 1 accommodation in September 2011 rather than 2010.

Mrs Adams believed that Phase 1 at Dartford would proceed, although was now of the opinion that Phase 2 was at risk. She further believed that those colleges where no formal designs were in place would be unsuccessful in securing capital funding.

The Principal outlined the current borrowing of £13m:

- £10m – Phase 1 at Dartford, Phase 2 at Dartford and Phase 2 at Gravesend
(within the £11m approval at Corporate Board in October 2008)
- £7m – Purchase of Oakfield Lane
(balance outstanding = approximately £6m)
- £7m – Phase 1 at Gravesend

The Director of Finance and Systems referred to the graph on page 5 of the Principal's Report, which provided details of the expected borrowings if (i) support was received from the LSC, and (ii) if no support was received. He advised that the two month delay in grants had been incorporated into the chart. The Director of Finance and Systems believed that the LSC were obliged to pay the professional fees invoices of Phase 1 at Dartford and advised of the possibility that the grant of professional fees may be received shortly, following the recent meeting with the LSC, which would assist with the cashflow of the College.

Members noted the Clerk's advice that the issue of current monies 'at risk' would have to be considered as far as timescale was concerned in order to extend it from the end of February 2009, as previously agreed, such resolution to be made under Item R-5 of the agenda.

[Further discussion on the project followed by reference to the resolution at Item R-5 of the agenda (Paper No CB/28.01.09/R-5).]

D-2 ANNUAL HEALTH & SAFETY REPORT 2007/2008

Members received and noted the Annual Health & Safety Report to Governors for the year September 2007 to August 2008 (Paper No CB/28.01.09/D-2).

Mr Parkes believed that two key issues had been omitted from the report: (1) the number of accidents that had occurred during the year, and (2) what

systems were in place to mitigate them. Dr Finney explained that there appeared to have been an increase over the year in the number of accidents, although acknowledged that the reason was unclear, ie whether the higher numbers were due to better reporting or whether there were more accidents overall. The Vice Principal advised that the Risk Manager had encouraged a better culture within the College regarding reporting of accidents, incidents and events and reminded members that full details were presented to members of the Estates Committee.

The Principal referred to the statistical information and charts contained within the report and confirmed that incomplete data had been provided to the Risk Manager. He tabled details of the amendments, together with the revised statistical information and charts. Concern regarding the AoC statistics was expressed by the Principal, who explained that the sample of fifty colleges involved in the survey in one year may be a different fifty colleges from previous years which would result in inconsistent data being available. Referring to the report generally, the Principal acknowledged that Health and Safety Committee decisions should be incorporated into the report. He suggested that the Annual Report should, as a matter of future course, be submitted to the Estates Committee prior to the Corporate Board. Members believed that to be an appropriate action. Members were in also in agreement with Mr Parkes that assurances regarding accident numbers and actions in mitigation were key issues for inclusion.

The Clerk advised that the Risk Manager had been asked to compile a summary document, given that the detail of matters raised had been presented to the Estates Committee during the course of the year under review. He explained that, following last year's criticism of the report, the Clerk and the Risk Manager had met with Mr Parkes to discuss the format and style of the report required by governors. The revised format of the report had subsequently been accepted by the Board.

The Clerk explained the difficulty in obtaining the LSC's report following their *Seeking Assurance Visit* last year and their statement that the College would be graded 'satisfactory and improving'. He also referred to the recent Health & Safety Executive visit in relation to work-related stress and the feedback, received this week, which had been encouraging.

The Clerk suggested that members might derive some assurance from the LSC and the HSE with regard to their expressed satisfaction with health and safety arrangements in the College.

Subject to the above observations, and change in the schedule of submission of future reports, requiring prior endorsement by the Estates Committee, it was agreed to accept the Annual Report, as presented with tabled amendments.

Action

Clerk

D-3 CAPITAL PROJECT MONTHLY STATUS REPORT

Action

Members received and noted the Capital Project Monthly Status Report as at December 2008 (Paper No CB/28.01.09/D-3).

The Vice Principal advised that all demolition work should be completed at Dartford by mid February. Contractors were on site at present to ensure that the site was safe during the delay in project works. He advised that during the College's 'open day' on Saturday, 13 June 2009, the new accommodation at Gravesend would be open to the public, albeit not furnished, to enable potential students, and their parents, to view the style of accommodation which would be available. Members noted that the official opening of the accommodation was expected to be held in September 2009.

Mr Moody sought an update on the 'potential anomalies' which had been highlighted on previous occasions. The Vice Principal advised that investigation was nearing completion and noted that the contractors, BAM, had undertaken the work at their own expense.

R-1 CALENDAR OF MEETINGS FOR 2009/2010

Members received and noted the draft Calendar of Meetings for 2009/2010 (Paper No CB/28.01.09/R-1).

As proposed by Mr Parkes and seconded by Dr Finney, it was

RESOLVED *to adopt the Calendar of Meetings 2009/2010, as set out in Paper No CB/28.01.09/R-1, subject to re-consideration by the Clerk of the date of the Standards Committee meeting during the autumn term.*

Clerk

R-2 CODE OF CONDUCT

Members received and noted the Code of Conduct (Paper No CB/28.01.09/R-2). The Clerk advised that the annual review of the document by the Corporation also incorporated Eversheds' suggested amendments following to the amendments to the Instrument and Articles of Government in January 2008. As proposed by Mr Newell and seconded by Mrs Adams, it was

RESOLVED *to adopt the Code of Conduct as set out in Paper No CB/28.01.09/R-2.*

R-3 STANDING ORDERS

Members received and noted the Standing Orders (Paper No

CB/28.01.09//R-3). The Clerk advised that no amendments had been made to the document. As proposed by Dr Finney and seconded by Mr Newell, it was

RESOLVED *to re-endorse the Standing Orders as set out in Paper No CB/28.01.09/R-3.*

R-4 ONE YEAR OPERATIONAL PLAN

Members received and noted the One Year Operational Plan (Paper No CB/28.01.09/R-4). The Vice Principal reported that it was intended that the document would remain an internal, working document. He noted that the Senior and Middle Management Teams had reviewed the document to address the issues and it is the intention for those staff members to respond to issues, within the Plan's framework, as and when they occur. He advised that the Plan would be revisited during the Autumn term in readiness for the 2009/2010 year.

As proposed by Mr Newell and seconded by Mrs Adams, it was

RESOLVED *to adopt the One Year Operational Plan as set out in Paper No CB/28.01.09/R-4.*

R-5 FURTHER BORROWING REQUIREMENT

Members received and noted the Preface prepared by the Clerk relating to the further borrowing requirement (Paper No CB/28.01.09/R-5).

The Principal advised that two resolutions were required this evening: (1) whether to increase the borrowings to £22m, and (2) whether to delegate discussion concerning the precise details of the borrowings to the Finance and General Purposes Committee prior to making recommendations to the full Corporate Board on 25 March 2009.

Dr Finney expressed his dissatisfaction with the proposal, believing that the Corporation was borrowing well beyond its means. No other member expressed dissent; those who spoke expressed the view that there was no option other than to borrow the necessary funds, due to the recent action taken by the LSC. As discussion had taken place under Items I-3.1 and D-1 of the agenda, the Acting Chairman sought members' endorsement of the increase in the Corporation's borrowings on a short-term basis from £15m to £22m. As proposed by Mrs Adams and seconded by Mr Newell, it was

RESOLVED *to approve an increase in the borrowings on a short-term basis to £22m; full discussion in relation to the details and term of the borrowings to be undertaken at an extraordinary meeting of the Finance and General Purposes Committee whose*

recommendations would be made to the full Corporate Board at its next meeting on Wednesday, 25 March 2009.

Action

Clerk

C-1 ANY OTHER BUSINESS

Mrs Rowan provided members with an update on the work that the Financial Services Authority was undertaking with colleges. She explained that this College had been involved with the national strategy from the outset and that in the case of this College, the work was quite significant.

C-2 DATE AND TIME OF NEXT MEETING

Annual Corporate Conference: 8.45am, Saturday, 7 March 2009 at The Learning Shop, Bluewater Shopping Centre

Ordinary Meeting: 5.30pm, Wednesday, 25 March 2009, Gordon's Restaurant, Dering Way, Gravesend.