

CORPORATE BOARD

NORTH WEST KENT COLLEGE

Minutes of a meeting of the CORPORATE BOARD

held at 5.00pm on Wednesday, 15 December 2010 at Oakfield Lane, Dartford

Present: Mr E Anderson (Chairman)
Dr R Finney
Ms E Birchenough
Mr J Parkes
Mrs S Adams
Mr D Gleed
Mr G Moody
Mr N Butterfield
Mr R Singh Gill
Mr B Newell
Mr O Oguns

In attendance: Mr D Holland (Clerk to the Corporation)
Mrs P Morgan (Vice Principal)
Mr G Parrett (Director of Finance and Systems) (Items P-4, R-5, I-4, I-6, I-7)
Mrs C Hopkins (minuting secretary)

The Chairman announced that, in light of the uncertainty regarding funding, the Skills Funding Agency's presentation was no longer considered appropriate. Further details regarding funding would be provided in the Principal's Report (Paper No CB/15.12.10/P-4).

P-1 APOLOGIES

Apologies for absence were received from Mr A Parkinson, Mr R Higgins and Mrs P Jones.

The Clerk reported that Ms Wroblewski had been absent from Corporation meetings for six months and was now ineligible to serve, without the approval of Board members. Members of the Search Committee expressed surprise as commitment to the role had been discussed during interview. Members agreed that the Clerk and Chairman should speak to Ms Wroblewski in the first instance and, if a commitment to attend and contribute was not forthcoming, then Ms Wroblewski would be obliged to leave the Board.

Action

Clerk/
Chairman

P-2 DECLARATION OF INTERESTS

Action

The Clerk reported that declarations of interest would be invited at the commencement of each meeting, in addition to the written summary declaration submitted annually. He noted that the Chairman had decided that such action would commence with effect from January 2011, prior to the suggestions made recently by the Provider Financial Assurance auditors, during the Ofsted inspection.

No declarations of interest were submitted in respect of this Board meeting.

P-3 MINUTES

3.1 The minutes of the meeting held on 6 October 2010 were approved and signed as a correct record.

3.2 Matters Arising

3.2.1 None was raised.

3.3 The minutes of the extraordinary meeting held on 9 October 2010 were approved and signed as a correct record.

3.4 Matters Arising

3.4.1 None was raised.

3.5 The minutes of the Second Corporate Conference held on 9 October 2010 were approved and signed as a correct record.

3.6 Matters Arising

3.6.1 None was raised.

P-4 PRINCIPAL'S REPORT

Members received and noted the Principal's Report (Paper No CB/15.12.10/P-4).

OFSTED Inspection

The Principal reported that the inspection week had run relatively smoothly. The draft report had been received and, although he was pleased with the narrative, the overall grades had been somewhat disappointing in light of the efforts undertaken by all College staff. He pointed to the number of references to the College being 'good', despite the outcome of 'satisfactory', noting that interpretations of data and information differed amongst inspectors.

It was felt that areas of good practice existed within the College, but that these had to be shared and utilised by all.

The Chairman reported that he had attended the Ofsted feedback session at the end of the inspection week and had been struck by the disparity between the comments made by inspectors and the grades awarded, with the main argument being inconsistency across the College. He was pleased to note that Ofsted had agreed with the College's own assessment in all but two instances. The Principal added that the most commonly-awarded grade at present during inspection was a '3'. Interestingly however, it was unusual for a college being graded by inspectors as a '3' to record no lesson observations during inspection as 'unsatisfactory', although that had occurred during this College's inspection. He considered that to be subjective on the day.

The Chairman noted the Vice Chairman's personal assessment at the end of the feedback session, that this College is a Grade 2 College and that the Board and Staff should assume that mindset.

On behalf of the Board, the Chairman thanked all staff for their contribution and efforts to the College. Further, congratulations were offered to the Director of Curriculum, Dartford, for the grade of 'outstanding' awarded to Performing Arts, and to the Director of Curriculum Improvement and Partnerships, who was responsible for the running of the inspection. Members agreed that the Clerk should draft a letter to all staff, on behalf of the Board, to express appreciation of their efforts relating to the inspection and their contribution to the College overall.

SFA PFA Findings

Referring to the Principal's Report and the overall grade of 'Good', the Director of Finance and Systems reported his overall disappointment with the outcome of the Provider Financial Assurance audit, particularly as auditors had been unable to provide examples of changes that were required in order to achieve a grade of 'outstanding'. He confirmed that no significant recommendations had been made.

The Chairman of the Audit Committee, who had met with auditors, reported that auditors had raised a number of issues which they believed should be addressed by Audit Committee, however SFA's thoroughness should be questioned as many of the recommendations were already being undertaken by the Committee. He believed there to be no substantive issues raised.

The Clerk reported that two governance points had been raised. Firstly, auditors believed that the Estates Committee received insufficient information regarding the capital project, despite citation of the Monthly Status Reports prepared by Norman Rourke Pryme. Although the Director of Finance and Systems received greater details regarding the project, he believed that such fine detail was inappropriate for governors.

Action

Clerk

Contrary to auditors' opinion, members believed that the reports provided appropriate information for the purposes of monitoring.

Secondly, auditors believed that the Board required a formal Fees Policy, despite the Clerk having produced correspondence on this very point with the College's audit partner, which confirmed that the current reporting arrangements were entirely satisfactory.

Members were advised that, when the final report was received, it would be circulated to governors.

Overall, members were disappointed with some gradings, despite the narrative, but were grateful for the efforts of all staff.

Funding for 2011/12

The Principal referred to the three announcements made recently:

- (1) Browne Review on the future of HE funding – specifically: funding would be removed and replaced with a system of student loans; the possibility of loans being available to part-time students; the possibility of FE delivering HE courses directly;
- (2) Comprehensive Spending Review – specifically: the removal of EMA (currently costing £500m), which would have an impact on the students at this College, although an 'enhanced Learners Support Fund' was expected (expected to be £75m);
- (3) Government's Skills Strategy – specifically: changes to 19+ funding which will continue to fall over the next three years, excluding adult apprenticeships; the demise of Train to Gain at the end of this academic year, notwithstanding a partial replacement; reduction in ESOL rates; minimum contract sizes on private providers.

Despite an initial indication of funding having been received from the Skills Funding Agency, sources suggested that funding may alter by as much as 30%. Final funding allocation details were not expected until March 2011.

RESERVED

Official Opening of Dartford

The Principal reported that the official opening of the Dartford campus was being proposed for March 2012, with the Vice Principal Estates leading the event. Students would be involved in the opening at Dartford. Discussion was underway concerning the opening being phased across the three buildings involved in the project.

Action

Clerk

To conclude, the Principal was very pleased to report that written notification had been received from the Skills Funding Agency confirming that £2m of funding would be forthcoming. Members agreed that the College had been most fortunate with its capital projects and, ultimately, achieving funding for the SusCon project.

R-1 STANDARDS COMMITTEE

1.1 Corporation Performance Indicators

Members received and noted the Corporation Performance Indicators (Paper No CB/15.12.10/R-1.1). As proposed by Mr Newell and seconded by Mrs Adams, it was

RESOLVED to adopt the Corporation Performance Indicators, as detailed in Paper No CB/15.12.10/R-1.1).

1.2 Standards Committee Performance Indicators

Members received and noted the Standards Committee Performance Indicators (Paper No CB/15.12.10/R-1.2). As proposed by Dr Finney and seconded by Mr Singh Gill, it was

RESOLVED to adopt the Standards Committee's Performance Indicators as set out in Paper No CB/15.12.10/R-1.2.

R-2 ESTATES AND FACILITIES COMMITTEE

2.1 Members received and noted the Annual Report on Health and Safety (Paper No CB/15.12.10/R-2).

As proposed by Mr Singh Gill and seconded by Mr Newell, it was

RESOLVED to accept the Annual Health and Safety Report to Governors for the Academic Year 2009/2010 as set out in Paper No CB/15.12.10/R-2.

R-3 AUDIT COMMITTEE

3.1 Audit Committee Annual Report

Members received and noted the Audit Committee Annual Report (Paper No CB/15.12.10/R-3.1).

	Action
<p>3.2 Appendix 1: Audit Committee Terms of Reference</p> <p>Members received and noted the Audit Committee Terms of Reference (Paper No CB/15.12.10/R-3.2) which had been approved by the Corporate Board on 6 October 2010.</p>	
<p>3.3 Appendix 2: Annual Internal Audit Report</p> <p>Members received and noted the Annual Internal Audit Report (Paper No CB/15.12.10/R-3.3) which had been approved by the Corporate Board on 6 October 2010.</p>	
<p>3.4 Appendix 3: Financial Statements Post-Audit Management Letter</p> <p>Members received and endorsed the Financial Statements Post-Audit Management Letter (Paper No CB/15.12.10/R-3.4) which had been discussed in detail by the Audit Committee on 24 November 2010.</p>	
<p>3.5 Appendix 4: Regularity Audit Letter</p> <p>Members received and endorsed the Regularity Audit Letter (Paper No CB/15.12.10/R-3.5) which had been discussed in detail by the Audit Committee on 24 November 2010.</p>	
<p>3.6 Appendix 5a: Performance Indicators: Audit Committee</p> <p>Members received and endorsed the Performance Indicators of the Audit Committee (Paper No CB/15.12.10/R-3.6) which had been discussed in detail and completed by the Audit Committee on 24 November 2010.</p>	
<p>3.7 Appendix 5b: Performance Indicators: Internal Auditors</p> <p>Members received and endorsed the Performance Indicators of the Internal Auditors (Paper No CB/15.12.10/R-3.7) which had been discussed in detail and completed by the Audit Committee on 24 November 2010.</p>	
<p>3.8 Appendix 5c: Performance Indicators: Financial Statements Auditors</p> <p>Members received and endorsed the Performance Indicators of the Financial Statements Auditors (Paper No CB/15.12.10/R-3.8) which had been discussed in detail and completed by the Audit Committee on 24 November 2010.</p>	
<p>3.9 Appendix 5d: Performance Indicators: Regularity Auditors</p> <p>Members received and endorsed the Performance Indicators of the Regularity Auditors (Paper No CB/15.12.10/R-3.9) which had been discussed in detail and completed by the Audit Committee on 24 November 2010.</p>	

3.10 **Appendix 6: Status Report on Auditors' Recommendations, November 2010**

Action

Members received and endorsed the Status Report on Auditors' Recommendations dated November 2010 (Paper No CB/15.12.10/R-3.10) which had been discussed by the Audit Committee on 24 November 2010.

As proposed by Mrs Adams and seconded by Dr Finney, it was

RESOLVED *to endorse the Audit Committee's recommendation to approve the Audit Committee Annual Report for 2009/2010, as set out in Paper Nos CB/15.12.10/R-3.1 to CB/15.12.10/R-3.10 inclusive, and to authorise the Chairman of the Audit Committee to sign the report prior to its submission to the Skills Funding Agency.*

3.11 **Financial Management and Control Evaluation**

Members received and noted the Financial Management and Control Evaluation (Paper No CB/15.12.10/R-3.11). As proposed by Dr Finney and seconded by Mrs Adams, it was

RESOLVED *to endorse the Financial Management and Control Evaluation document, as detailed in Paper No CB/15.12.10/R-3.11.*

3.12 **Letter of Representation**

Members received and noted the Letter of Representation (Paper No CB/15.12.10/R-3.12). As proposed by Mr Butterworth and seconded by Mr Oguns, it was

RESOLVED *to endorse the Letter of Representation, as detailed in Paper No CB/15.12.10/R-3.12.*

3.13 **Risk Register and Risk Reduction Plan**

Members received and noted the Risk Register and Risk Reduction Plan (Paper No CB/15.12.10/R-3.13). Following discussion on the definition of "risk" and members concluding that the Risk Register and Risk Reduction Plan identified the appropriate risks within the College, as proposed by Mr Butterworth and seconded by Mrs Adams, it was

RESOLVED *to accept the Risk Register and Risk Reduction Plan, as detailed in Paper No CB/15.12.10/R-3.13.*

3.14 Policy Lists

Members received and noted the Policy Lists (Paper No CB/15.12.10/R-3.14). As proposed by Mrs Adams and seconded by Dr Finney, it was

RESOLVED *to approve (1) the continued monitoring by the Audit Committee of policies and procedures on a termly basis and (2) that the lists should form an appendix to the Audit Committee Annual Report.*

R-4 POLICIES

4.1 Flexible Working Policy

Members received and noted the Flexible Working Policy (Paper No CB/15.12.10/R-4.1), part of the agenda of the Finance and General Purposes Committee which had been cancelled due to the weather conditions. Members noted inconsistencies with the language used in the document, together with inconsistencies relating to 'carers'.

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

RESOLVED *to adopt the Flexible Working Policy, as set out in Paper No CB/15.12.10/R-4.1, subject to consistent language being adopted throughout, such amended wording to be circulated to all members by the Clerk.*

4.2 Staff Equality and Diversity Policy

Members received and noted the Staff Equality and Diversity Policy (Paper No CB/15.12.10/R-4.2). Members noted that the policy had formed part of the agenda of the cancelled meeting of the Finance and General Purposes Committee.

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

RESOLVED *to adopt the Staff Equality and Diversity Policy, as set out in Paper No CB/15.12.10/R-4.2.*

4.3 Student Equality and Diversity Policy

Members received and noted the Student Equality and Diversity Policy (Paper No CB/15.12.10/R-4.3). Members believed some text was inappropriate in the circumstances.

Members requested the following amendments be made to the draft policy:

Action

Clerk

Page 1 – removal of the text after “sexual orientation” in the list of bullet points as it was considered tautologous;

Page 4 – the fourth paragraph under clause 4.6 (Harassment) should read “The College is committed to ensure that no form of harassment ...”

Page 4 – under clause 4.6 (Harassment), removal of the sixth paragraph, together with sub-paragraphs, relating to racial and sexual harassment, unless there was an explicit statutory requirement to include it.

As proposed by Dr Finney and seconded by Mrs Adams, it was

RESOLVED *to adopt the Student Equality and Diversity Policy, as set out in Paper No CB/15.12.10/R-4.3, subject to the above amendments.*

R-5 MEMBERS’ REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2010

Members received and noted the Members’ Report and Financial Statements for the Year Ended 31 July 2010 (Paper No CB/15.12.10.R-5). The Director of Finance and Systems introduced Paper No CB/15.12.10/I-5 prior to outlining specific areas within the Financial Statements.

The Director of Finance and Systems drew members’ attention to the consolidated income and expenditure account on page 17 of the Report, specifically that income had increased by over £4m, as had expenditure, “other income” related mainly to the SusCon project, and an overall deficit of £319,000 for the year ended 31 July 2010 had been recorded.

On page 19, the Director of Finance and Systems reported that assets had increased from £57.7m to £75.5m, due to the capital projects. The net pension liability was noted at £4.9m, compared to £6.1m last year. Overall, total reserves had increased from £9.1m to £10.3m due to the local pension scheme.

On page 29, members’ attention was drawn to Revenue Capital Project Costs of £1.018m, which was the hire of the mobile accommodation.

Members were satisfied with the Members’ Report and Financial Statements for the year ended 31 July 2010 and, as proposed by Dr Finney and seconded by Mrs Adams, it was

RESOLVED *to endorse the Members’ Report and Financial Statements for the year ended 31 July 2010, as detailed in Paper No CB/15.12.10/R-5.*

R-6 LEARNER SUPPORT FUND: PROPOSED UNIT RATES 2010/2011

Action

Members received and noted the proposed unit rates for the Learner Support Fund for 2010/2011 (Paper No CB/15.12.10/R-6). Members were advised that the rates being proposed were the same as the previous year, which appeared to have been satisfactory.

As proposed by Mrs Adams and seconded by Mr Singh Gill, it was

RESOLVED *to endorse the proposed unit rates for 2010/2011 as detailed in Paper No CB/15.12.10/R-6.*

R-7 PROCEDURE FOR COMPLAINTS AGAINST THE CORPORATION, BOARD MEMBERS AND THE CLERK

Members received and noted Eversheds' document entitled "Procedure for Complaints against the Corporation, Board Members and the Clerk" (Paper No CB/15.12.10/R-7).

The Clerk advised that, if agreed, the document should be published on the College website. As proposed by Mr Moody and seconded by Dr Finney, it was

RESOLVED *to adopt the Procedure for Complaints against the Corporation, Board Members and the Clerk, as set out in Paper No CB/15.12.10/R-7.*

D-1 HEALTH AND SAFETY CHAMPION

The Chairman referred to previous discussion relating to the possibility of a governor becoming the Health and Safety Champion, along the same lines as the Safeguarding Champion. Members believed that such a role might be useful. Mrs Adams volunteered for the role, which members wholeheartedly supported.

RESERVED

D-3 STRATEGIC AIMS

The Chairman noted that following reconsideration of the College's strategic aims, a fourth aim had been suggested. He advised that further discussion would take place at the next Conference in March 2011, in light of the SFA audit and the Ofsted report.

Clerk

I-1 STANDARDS COMMITTEE

1.1 The minutes of the meeting of the Standards Committee held on 12 October 2010 (Paper No CB/15.12.10/I-1.1) were received and noted.

1.2 Matters Arising

There were no matters arising.

I-2 ESTATES AND FACILITIES COMMITTEE

2.1 The minutes of the meeting of the Estates and Facilities Committee held on 9 November 2010 (Paper No CB/15.12.10/I-2.1) were received and noted.

2.2 Matters Arising

There were no matters arising.

I-3 AUDIT COMMITTEE

3.1 The minutes of the meeting of the Audit Committee held on 24 November 2010 (Paper No CB/15.12.10/I-3.1) were received and noted.

3.2 Matters Arising

There were no matters arising.

I-4 MANAGEMENT ACCOUNTS, OCTOBER 2010

Members received and noted the Management Accounts as at October 2010 (Paper No CB/15.12.10/I-4).

The Director of Finance and Systems reported that the key indicators highlighted that the College was at 86% of contract for 16-18 year old students, against 94% at the same time last year, and Adult Learner Responsive was at 83% of contract, against 100% at the same time last year. Referring to funding for the Adult Learner Responsive funding, members noted that it was different from last year, courses had been removed, fees had increased and income has now also increased. As far as 16-18 funding was concerned, the introduction of the Diploma was explained to members and the re-enrolling of students in April to complete the Diploma, when further funding was available. The Director of Finance and Systems noted that with an additional 130 students this year and an increase in the key indicators during November, he believed that the College should meet both funding targets this year.

Members' attention was drawn to the surplus at this time of £526,000, against a budgeted surplus of £345,000. The current ratio was at 1.46, which was a comfortable position for this time of year. The pay expenditure as a percentage of income was slightly lower than at the same time last year, although will increase over the year, as will the total borrowing as a percentage of income over the next few months until the next grant for the capital project is received in April.

Appendix 1 highlighted income for the period at £145,000 above budget, with course fees having increased, as well as grants due to SusCon performing well. Non-pay was at £5,000 overspent, due mainly to an increase in Enterprise activity (SusCon) and Finance (depreciation). The Director of Finance and Systems believed the accounts to be reasonably strong as at Month 3.

Appendix 3 provided the breakdown of monthly activity by age and category being funded, apprenticeships, pre-employment training and Train to Gain.

Referring to Appendix 4, the Director of Finance and Systems reported that prior to the next capital grant, of £11.6m, due in April 2011, the short term loan, previously agreed by members, would be utilised and carefully managed.

The Balance Sheet as at Month 3 was noted at Appendix 5 where the increase in assets, due to the capital project, was evident.

Appendix 6 related to funding for 2010/11 and highlighted the reduction of approximately £1.4m in funding.

Appendices 7a, 7b and 7c provided the student profile by school (NSTC statistics to be quadrupled), taught hours by school, gross income by school. At the request of members, appendices 7b and 7c (taught hours and gross income by school) would be produced on one graph. The Director of Finance and Systems drew members' attention to Appendix 7d, which showed an eight year trend in full-time students across the school. He believed very few colleges could show similar growth, without having undergone a merger or taken similar action. In future, a similar graph to 7d would be produced for part-time students.

Director
of Finance
and
Systems

I-5 FINANCIAL STATEMENTS REVIEW OVER THE LAST TEN YEARS

Members received and noted the Financial Statements Review over the Last Ten Years (Paper No CB/15.12.10/I-5).

Members were reminded that the 2000/01 financial year showed a turnover of £15m compared to £36m for 2009/10. The Director of Finance and Systems reported that, although a deficit of £319,000 was recorded for this year, if it had not been necessary to include FRS17 in the income and

expenditure account, the College would have shown a surplus of £46,000. He noted that the FRS17 figure had been provided by actuaries. Members were also referred to the interest on capital project loans, totalling £591,000, which many colleges capitalised into their accounts. If this College adopted the same view, a surplus of £637,000 would have been recorded but this College chose to include the payments prior to completion of the project.

I-6 FINANCIAL HEALTH

Members received and noted the letter from the Skills Funding Agency dated 28 October 2010 (Paper No CB/15.12.10/I-6).

The Director of Finance and Systems referred members to Table 1 which provided the grades for 2009/10 to 2012/13 which were as expected when undertaking a capital project.

Referring specifically to Table 2, the Director of Finance and Systems believed the College's income and expenditure to be robust. Staffing costs were similar to other colleges and cash generated from operations as a percentage of income was slightly lower than average but arose due to the capital project. He noted that the current ratio should be above one and this was evident in the Table. Cash days in hand were always in issue during a capital project and the borrowings as a percentage of income and of reserves and debt were also high during capital builds. Members were reminded that many colleges had no borrowings.

Members were satisfied with the state of the College's financial health and noted that capital projects impaired the figures.

I-7 CAPITAL PROJECT STATUS REPORT, NOVEMBER 2010

Members received and noted the Capital Project Status Report as at November 2010 (Paper No CB/15.12.10/I-7).

The Director of Finance and Systems reported that the Gravesend project was nearing completion.

Referring to the Dartford project, the financial risks were outlined on page 8 of the report. Members were reminded that the two new buildings and the refurbished theatre were due to be completed by the summer and ready for occupation in September, for the new academic year.

Members wished to express their thanks to the Vice Principal Estates and the Estates Development Manager for their efforts with both capital projects.

RESERVED

I-8 GOVERNOR TRAINING EVENT: TRUSTEE TRAINING WORKSHOP

Action

Members received and noted that the Report of Mr Parkes following his attendance at a governor training event, "Trustee Training Workshop" (Paper No CB/15.12.10/I-8).

I-9 USE OF CORPORATION SEAL 2010/2011

Members noted that the Corporation Seal had not been applied between 29 September 2010 and 7 December 2010.

I-10 LEARNER SUPPORT FUND 2009/2010 – PROVIDER FINANCIAL MONITORING DATA

Members received and noted the Learner Support Fund return for 2009/2010 (Paper No CB/15.12.10/I-10).

I-11 LEARNER SUPPORT FUND 2010/2011

11.1 Positional Statement as at 22 November 2010

Members received and noted the Positional Statement of the Learner Support Fund as at 22 November 2010 (Paper No CB/15.12.10/I-11.1).

11.2 Analysis of Applications and Awards as at 22 November 2010

Members received and noted the Analysis of Applications and Awards as at 22 November 2010 (Paper No CB/15.12.10/I-11.2).

11.3 Bank Account Statement as at 22 November 2010

Members received and noted the Bank Account Statement as at 22 November 2010 (Paper No CB/15.12.10/I-11.3).

11.4 Welfare Loans

Members received and noted the breakdown of Welfare Loans for 2010/2011 (Paper No CB/15.12.10/I-11.4).

C-1 ANY OTHER BUSINESS

The Chairman reported that an area would be created for governors within the College Sharepoint (intranet), where agenda, papers, minutes and other documentation could be uploaded. Governors would be provided with secure log-on details, in due course.

Ms Birchenough referred to the enforcement powers recently acquired by the Environment Agency, in the form of new Civil Sanctions Regulations, with effect from January 2011. Civil sanctions could be used against a business which committed certain environmental offences, as an alternative to prosecution and criminal penalties of fines and imprisonment. Further, the Environment Agency was empowered to inspect a College, without prior notice and impose a fine. Members thanked Ms Birchenough for the information and the Principal agreed to highlight the legislation to the Vice Principal Estates and the Estates Development Manager.

Action

Principal

C-2 DATE AND TIME OF NEXT MEETING

5.30pm, Wednesday, 26 January 2011 in the Training Restaurant, Gravesend