



## KINGSTON COLLEGE CORPORATION

Minutes of a meeting of the  
Governing Body held on Thursday 9<sup>th</sup> December 2010

*(All resolutions passed were the unanimous decision of  
the Governing Body unless otherwise stated.)*

### **Membership:**

Dr. J. Farmer	Chairman
Mr. J. Perry*	Vice Chair
Ms. Z. Ahmed	Student
Mr. B. Ash*	
Mr. J. Azah	
Mrs. A. Bell	
Dr. J. Brumwell	
Mr. D. Cane	
Mr. D. Cheema	
Mr. C. Fogg*	
Mr. P.C. Gray	
Mr. A. Hetherington*	Staff
Mr. M. Hopkins	Staff
Dr. D. Mackintosh	
Mr. P. Mayhew-Smith	
Cllr. S. Mirza*	
Mr. D. Spratling	
Mrs. J. Wackett	
Mr. G. Willett	
Mr. S. Zaher	Student

*\*Denotes Absence*

### **In Attendance:**

Ms. L. Ayling	Director of Finance
Mr. R. Lowe	Deputy Principal
Mrs. J. Wallop	Director of Personnel
Mr. C. Vickery	Clerk to the Corporation

41. **Apologies / Welcome to New Governors**

*App. A*

The Chair announced the appointment of the two new Student Governors, Ms. Ahmed and Mr. Zaher, and welcomed them to their first meeting of the Governing Body.

Apologies for absence were received from Mr. Ash, Mr. Hetherington, Mr. Fogg and Mr. Perry.

The apologies were accepted.

The Chair announced that Mr. Ash had resigned as a Governor. His letter of resignation was read to members.

It was **resolved**:

that the Chair should pass on to Mr. Ash the gratitude of both the Governing Body and the management of the College for the committed service and valuable business experience that Mr. Ash had provided during his years as a Governor of the Corporation. Members also wished to express their best wishes for the health of Mr. Ash and of his family.

42. **Declaration of Interest**

Members confirmed that they did not have any pecuniary or other interest in any item on the agenda.

43. **Minutes of the meetings:**

It was **resolved** that the minutes of the meeting held on 1<sup>st</sup> July 2010, subject to Mr. Willett's name being corrected (*Minute ref. 10/14*) and the concerns raised by Mr. Hopkins at that meeting (*re Minute ref. 10/22*) being reported under 'matters arising', were a correct record and that they be signed by the Chairman.

It was **resolved** that the minutes of the meeting held on 22<sup>nd</sup> July 2010 were a correct record and that they be signed by the Chairman.

It was **resolved** that the minutes of the meeting held on 25<sup>th</sup> October 2010 were a correct record and that they be signed by the Chairman.

#### 44. Matters Arising

##### 44.1 Minutes of meeting on 1<sup>st</sup> July 2010

Mr. Hopkins requested that his concerns, originally raised at the meeting on 1<sup>st</sup> July, be reported. He had, at that meeting stated a belief that setting a budget indicating three consecutive years of deficit was breaking existing guidelines. He had however been assured by the Director of Finance that such was not the case.

##### 44.2 Minutes of 22<sup>nd</sup> July 2010 and of 25<sup>th</sup> October 2010.

There were no matters arising.

#### 45. Governance

##### 45.1 Terms of Reference.

*App. B*

Governors reviewed the proposed Terms of Reference and Delegated Authority of the 'Finance, Planning & Resources Committee', the 'Quality, Learning & Standards Committee', the 'Audit Committee', the 'Search Committee' and the 'Remuneration Committee'.

It was **resolved**:

that the Terms of Reference and the Delegated Authority of the Committees of the Governing Body be agreed.

##### 45.2 Timetable for Committees

*App. C*

Governors were presented with the most recently published timetable for Committee meetings over the years 2010-2011 and 2011-2012.

It was **resolved**:

that the timetable be noted.

## 46. Principal's Report

The Principal updated members on the position regarding the College's plans over payroll adjustments. The requirement for Public Sector pay restraint had been followed. There would be no pay increases awarded other than to those at the lower end of the pay scale and those that resulted from incremental progression within the pay scales. He reported that UCU remained in dispute over the negotiations; other Unions had accepted the proposals.

### 46.1 Strategy Development

The Principal gave a Power-Point presentation entitled "Making More" which summarised the College's agreed strategy for 2011-2014. It highlighted the College's values around Versatility, Opportunity, Inclusion, Choice and Excellence.

Governors and management accepted that it would not be acceptable for the College to be graded as 'adequate' in future inspections.

Student Governors recommended that efforts also be directed at improving the learner experience by improving the social aspects at the College. They also recommended that consideration be given to selecting and adopting a "motto" for the College.

Governors recognised the likely financial problems that would be faced by students over the withdrawal of the government's EMA scheme, and expressed concern that some students might feel forced to leave.

It was suggested that students be canvassed over ideas to make the Fresher Fair a more interesting event.

The meeting agreed with the objective of making the College "a great place to come to".

It was **resolved** that:

- (i) the strategy continue to be followed
- (ii) management would focus on ensuring that the College was recognised as "a great place to come to".

## **46.2 Systems Implementation**

The Principal reported on the demise of KCOD, the College's previous curriculum and student system, and the progress in converting to the replacement software.

Governors supported the College's conclusions regarding the dangers of relying on internally developed software. They were assured that the new software was a propriety product and that the College would not be reliant on continuing to employ internal software designers.

It was **resolved**:

that the College should, whenever feasible, utilise proprietary software rather than rely on in-house developments.

## **46.3 Institutional Review**

The Principal reported on the initial consequences of the institutional review. The Senior Management Team had been reduced from 19 to 15 members and the number of faculties had been reduced from 5 to 3; and, there were now fewer layers of management.

It was acknowledged that restructuring was inevitably stressful for members of staff and recognised that some members of staff were very unhappy at the outcome.

Governors were assured that the College had taken great care over the way in which the process had been managed and management were of the opinion that, in the circumstances, the consequences were the best that could have been achieved.

Mr. Hopkins, expressed his opinion that Governors had not received sufficient details on the success of the restructuring exercise, that without this detail staff lacked confidence in the outcome, and that recent actions such as the pay freeze had de-motivated staff.

In general, Governors recognised the necessity of taking tough action to combat the serious financial pressures that the College was facing and supported the actions taken by management.

It was **resolved** that:

- (i) the College should continue to follow the agreed strategy to enable the College to survive the current financial pressures and to return to a position of financial stability,
- (ii) the College would evaluate and report on the impact of the restructuring programme.

47. **Merger: Initial Outline Proposal**

*App. D*

The Deputy Principal introduced the Initial Outline Proposal for the merger between Kingston College and Carshalton College. It was acknowledged that the proposed timetable for the merger was very challenging, but management confirmed their belief that the targets were achievable.

The table of comparative strengths within the report was cited as confirmation that the initial opinion of management regarding the two institutions being a good fit had now been confirmed. It also highlighted areas of significant opportunity, such as engineering, that would be created following the merger.

The Principal reported that initial SFA feedback on the proposals had been supportive. Some additional content had been suggested, such as how the merged institution would support smaller suppliers in the area.

**Governors were advised that a requirement from this meeting was to agree a resolution as to whether or not work on the proposed merger should be continued.**

Governors confirmed that any decision to proceed would, as already resolved, be subject to a satisfactory Due Diligence exercise. They stressed that:

- the quality of the Due Diligence exercise was paramount,
- the need to appoint experienced external professionals to undertake the Due Diligence process was essential.

Governors also stressed the importance of:

- staff not being unduly diverted by merger activity,
- the planned Quality Improvement Programme not being delayed by merger activity,
- the merger not distracting staff from achieving established targets.

There was a lengthy debate, during which Governors questioned management closely regarding the detail within the report and raised their individual issues and concerns regarding the merger for general consideration and debate by colleagues.

The issues that were considered by Governors led to the following conclusions:

- funding was likely to continue to be cut,
- we faced the most uncertain times for decades,
- rates of pay at the College were already excellent,
- increasing staff costs further was not affordable,
- the nervousness of staff was understandable,
- we needed to expand our curriculum offer,
- we needed to grow the International Student cohort despite tighter visa controls,
- we should aim to attract students deterred from university education because of cost issues,
- we needed to attract new replacement funding,
- we needed to enter into more partnerships,
- the merger would enable a £1 million saving to be achieved across the combined structures,
- the merger would benefit students,
- larger institutions gained diversity opportunities,
- the merger would increase the long term viability and survivability of the institutions,
- the College was being as open as possible with staff,
- there were identifiable risks of not proceeding with the merger, and
- the Principal was providing strong leadership.

During the discussions, Mr. Hopkins again raised his own concerns regarding the lack of detail regarding the effectiveness of the current recovery programme, his belief that the merger could be a distraction, his opinion that staff were not motivated, and his conclusion that the merger risked building on a weak foundation.

The views of Mr, Hopkins were not shared by other Governors.

Governors suggested that consideration be given to the following enhancements to the draft proposal:

- outlining plans for partnerships to support the government's 'Big Society' initiative,
- detailing the financial assumptions used in the report,
- adding details of risk appraisals,
- adding data on capital disposals and acquisitions.

In response to a question from the Student Governors, the Deputy Principal confirmed that the consultation process, which would follow a resolution to continue with the merger, would cover Staff, Students, and Partners.

When asked by Governors for his own opinion, the Deputy Principal, confirmed his belief, based on the detailed work he had undertaken, that the proposed merger would be in the best interests of all parties and that the project should continue.

**Governors were advised that a requirement from this meeting was to agree a resolution as to the proposed name for the merged institution.**

Governors debated a range of possible names that might clearly identify the merged institution to its users without raising any justifiable objections from other Colleges, sponsors or institutions.

**Governors were advised that a requirement from this meeting was to agree a resolution as to details of a request enabling the size of the Governing Body to be increased for a limited period of time.**

The Clerk presented an analysis highlighting the required changes to the membership of the Governing Body that were being proposed within the Initial Outline Proposal document.

Governors expressed concerns and regret over the loss of valuable experience that would result from any decision not to offer re-appointment to some of those whose 'Terms of Office' was ending in 2011.

It was **resolved** that:

- (i) the Corporation should enthusiastically grasp the opportunity and the challenge of the proposed merger.
- (ii) Subject to consultation, permission be sought for the name of the Corporation of Kingston College, following the successful completion of the planned merger with Carshalton College, to be changed to '**Kingston and Sutton College**'.
- (iii) permission be sought to amend the Instrument and Articles of Governance to permit an extension to the size of the Governing Body to 25 members for a period of 3 years to enable a representative mix of Governors from both Kingston College and Carshalton College to be recruited from the date of the actual merger of the two parties. The permitted number of Governors then to revert to 20 members after such 3 year period.
- (iv) in response to such changes as may be approved to the permitted size of the Governing Body, the Search Committee be instructed to identify and implement actions to create the required vacancies in Kingston College membership and to examine and recommend the appointment of appropriate new Governors from the then current membership of Carshalton College to achieve the desired mix of skills and experience to serve the merged Corporation.
- (v) a small workgroup of Governors be established to overview the merger progress.

*Ms. Ahmed left the meeting at this stage; the meeting remained quorate.*

48. **Accommodation Plan**

*App. E*

The Deputy Principal presented a paper on the Accommodation Plan.

The paper acknowledged the impact that a merger would have on our accommodation plans and outlined the consequences of the necessary delays that had been introduced awaiting the merger decision.

The added complexity of the still awaited decision regarding collaboration with RBK and with Kingston University over a new secondary school in North Kingston was also recognised in the paper.

The Deputy Principal reminded Governors of the need for addressing ongoing problems with the estate such as the available electricity capacity at the main site, the heating arrangements at Richmond Road, and the frailty of some aspects of the estate.

The paper described a 4 phase development project that would be adjusted to reflect the final outcome of the proposed merger and of the proposed new secondary school.

Governors were advised that Phase I of the plan was underway.

It was **resolved** that:

- (i) the outline and concept of the project be supported, and
- (ii) management be requested to develop detailed proposals.

49. **Self Assessment Report**

*App. F*

It was reported that work was still be undertaken to finalise the College's Self Assessment Report. The completion target was stated to be the 20<sup>th</sup> December. The final report was planned to reflect the findings from the recent Ofsted inspection.

It was **resolved** that:

- (i) a Governors' Group be convened for 20<sup>th</sup> December to review the SAR and associated Action Plan,
- (ii) sight of the final Self Assessment Report be awaited.

*Mr. Zaher left the meeting at this stage; the meeting remained quorate.*

**50. Revised Budget and Three Year Plan**

*App. G*

Governors were reminded that the Plans presented were not in respect of a merged institution. They did include the recent restructuring costs and did recognise the anticipated resultant savings. They also included the effect of Phase I of the Accommodation Plan.

The Director of Finance presented the details of the Plan and invited discussion of the assumptions used. Governors considered the various sections of the Plan and debated the likely achievability of the forecast income levels and the likely ability of management to keep expenditure to the levels forecast. The critical importance of keeping pay costs to forecast levels was recognised by Governors.

Governors expressed concern over the achievability of forecast International Student Fee Income given the government's tightening of visa allocations. Management responded that the status of the College as a 'trusted' provider was expected to avoid such problems in this area.

The lack of management accounting data at a faculty level was raised. The Director of Finance confirmed that such reporting, which was recognised as being vital to improving ownership of financial data, was under development.

It was **resolved** that:

- (i) the Revised Budget and Three Year Plan be adopted
- (ii) faculty reporting would be introduced by Easter 2011.

**51. Reports from Committees of the Governing Body**

**51.1 Quality, Learning & Standards**

*App. J*

The Vice Chair of the Committee reported on the discussions and resolutions from the meeting. Governors were informed that there had been considerable discussion regarding the setting of targets for Success Rates (*Minute ref: 10/8 of Appendix J*) with a view to setting a

demanding but achievable target. An 83% Success Rate had been adopted after members had established that such a target was realistic.

It was **resolved**:

that the minutes be noted

### **51.2 Finance, Planning & Resources**

*App. K*

The Chair of the Committee reported on the discussions and resolutions from the meeting. The resolution re 'Charges to Students and Fee Policy 2011/12' was proposed to the Governing Body with a recommendation for approval. Other resolutions were stated to be the subject of scheduled Agenda Items for the current meeting.

It was **resolved**:

that the 'Charges to Students and Fee Policy 2011/12' be approved

### **51.3 Audit**

*App. L*

The Chair of the Committee reported on the discussions and resolutions from the meeting. The following resolutions were proposed to the Governing Body with a recommendation for approval:

- (i) that the FMCE be approved
- (ii) that the revised Memorandum of Understanding with KCTC Ltd. be approved.

Other resolutions were stated to be the subject of scheduled Agenda Items for the current meeting.

It was **resolved** that:

- (i) the FMCE be approved
- (ii) the revised Memorandum of Understanding be approved

#### **51.4 Audit Committee's Annual Report**

*App. M*

The Chair of the Audit Committee presented the report outlining the work of the committee during the financial period 2010/11. The report contained extracts from the management letter of the Financial Statements Auditor and from the Internal Auditor's Annual Report.

Member of the Audit Committee expressed thanks to the finance staff, led by the Director of Finance, for the professional way in which they had operated during the year.

It was **resolved**:

that the Audit Committee's Annual Report to the Governing Body be noted.

#### **52. KCTC Ltd: Financial Statements**

*App. N*

The Director of Finance highlighted the reported results which had been included within the consolidated financial statements of the College. Governors were pleased to note the progress made towards the repayment of the loan from the College.

It was **resolved**:

that the Report and Financial Statements for KCTC Ltd for the year ended 31 July 2010 be noted.

#### **53. Kingston College**

##### **53.1 Draft Financial Statements**

*App. P*

The Director of Finance introduced the Report and Consolidated Financial Statements and replied to questions raised by Governors. Mr. Spratling updated Governors on the situation regarding the Local Authority based Pension Scheme. It was noted the financial statements had been discussed in depth by members of the Finance and Personnel Committees and the Audit Committee. Both committees had recommended the statements to the Governing Body for approval.

It was **resolved**:

that the Report and Consolidated Financial Statements for the period ended 31 July 2010 be approved and that the Chairman and the Principal be authorised to sign them.

### **53.2 Letter of Representation**

*App. Q*

The Director of Finance explained the purpose of the Letters of Representation that were required by our Financial Statement Auditors.

Governors were advised that the College's bankers had given verbal assurance that a waiver would be issued in regard to the loans with the bankers that were now technically in breach of covenant because of the loss recorded in the period.

It was **resolved** that:

- (i) the Chair and the Principal be authorised to sign the Letter of Representation in respect of the College, and
- (ii) the Chair and the Principal be authorised to sign the Letter of Representation in respect of the College's Regularity Audit.

### **53.3 Lloyds Bank Covenants**

*App. R*

The Director of Finance advised Governors that the College was in technical breach of covenants with Lloyds Bank regarding two loan facilities.

The options available to Governors were to accept the terms of the waiver and amendment letter as presented or to refuse the same and risk the loans being recalled within 7 days.

It was **resolved** that:

- (i) the loan facility in an original principal sum of up to £1,410,000 with Lloyds TSB Bank plc (the "Bank") pursuant to a letter dated 4 September 1998 be further amended in the manner proposed in a letter from the Bank dated 20 July 2010 (the "Amendment Letter") and that Mr. Roger Lowe and Ms. Louise Ayling be

authorised to make the necessary arrangements with the Bank and to sign on behalf of the Borrower the Amendment Letter which was produced to the meeting and its terms and conditions approved.

- (ii) the loan facility in an original principal sum of up to £600,000 with Lloyds TSB Bank plc (the "Bank") pursuant to a letter dated 7 June 1994 as subsequently amended in a letter dated 2 November 1998 be further amended in the manner proposed in a letter from the Bank dated 20 July 2010 (the "Amendment Letter") and that Mr. Roger Lowe and Ms. Louise Ayling be authorised to make the necessary arrangements with the Bank and to sign on behalf of the Borrower the Amendment Letter which was produced to the meeting and its terms and conditions approved.

#### **54. Policies and Procedures**

##### **54.1 Complaints against the Corporation**

*App. S*

The Clerk advised Governors that 'Best Practice' indicated the need for the Corporation to adopt a procedure for complaints against the Corporation, Board Members and the Clerk to the Corporation. Appendix S was presented as a draft for such a procedure.

It was **resolved**:

that the new Procedure, detailed in 'Appendix S', be adopted.

##### **54.2 Code of Conduct for Corporation Members**

*App. T*

The Clerk advised Governors that 'Best Practice' indicated the need for the Corporation to update its Code of Conduct for Corporation Members. Appendix T was presented as a draft for such a revision.

It was **resolved**:

that the Code of Conduct for Corporation Members, detailed in 'Appendix T', be adopted.

### 54.3 Financial Regulations

*App. U*

The Director of Finance advised Governors of the necessity to update the College's Financial Regulations to reflect revisions to the organisational structure and changes to the responsibilities of key members of staff.

It was **resolved**:

that the revised Financial Regulations, detailed in 'Appendix U', be adopted.

### 55. **Other administrative business**

Mr. Azah updated Governors on the huge success of the Play "Boy X" and associated workshop with Mr. Neville Lawrence which had focussed on gangs, bullying and violent crime. The workshops had been run 12 times during the student induction period.

### 56. **Date of Next Meeting**      **Thursday 24<sup>h</sup> March 2011.**

Signed: \_\_\_\_\_

Date: \_\_\_\_\_