

MORLEY COLLEGE LONDON



GOVERNING BODY

Minutes of a Meeting held at Morley College London (Stockwell Centre), 1 Studley Road, London SW4 6RA on Monday 15 July 2019 at 5.35 pm.

Present:

Dr Stuart Edwards, External Governor (**Chair**)
Ms Pauline Egan, External Governor (**Vice-chair**)
Mr Martin Bamford, Student Governor
Miss Justine Brian, External 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 Marilyn McMenemy, External Governor
Mr Victor Olowe, External Governor
Ms Sara Robertson-Jonas, Staff Governor
Mr Mash Seriki, External Governor
Dr Fiona Stephen, External Governor

In attendance:

Mr Marco Macchitella, Deputy Principal
Mr Nick Rampley, Vice-Principal
Mr Kevin Jones, Director of Finance
Ms Donna Clifford, Merger Project Manager
Ms Alexandra Cutler, Head of Learning and Teaching (Items 1-3 only)
Mr Martin McNeill, Clerk to the Governing Body and Company Secretary

Absent:

Ms Susan Lindsey, Student Governor
Ms Heather Smith, External Governor

RESOLUTIONS

- To confirm the minutes (including the confidential minutes) of the meeting held on 1 April 2019 (Minute 4.1)
- To confirm the minutes of the meeting held on 19 March 2019 (Minute 5.1)
- To confirm the minutes (including the confidential minutes) of the meeting held on 3 and 11 June 2019 (Minute 5.2)
- To proceed to Stage 2b of the merger process subject to receipt of a formal letter from the ESFA offering the same level of financial support as outlined in the draft letter tabled and allowing for further negotiation of detailed terms (Minute 6.18)
- To appoint Bates Wells as provider of legal due diligence on Kensington and Chelsea College (KCC) and RSM as provider of financial due diligence on KCC and on the merger business plan (Minute 6.22)

To authorise the Joint Transition Committee to approve the final version of the consultation document (Minute 6.23)

To approve changes to KPIs T2, T6, T10, A1, A2, A10 and A11 and the introduction of two new annual KPIs measuring overall QAR student achievement and minimum standards performance (Minute 8.3)

To set KPI targets for 2019-20:

- where targets are yet to be met, or where KPIs exceed 90 per cent, at 2018-19 levels;
- where targets have been met but KPIs are below 90 per cent, at 1.5 per cent above 2018-19 levels; and
- at

2.2. In relation to Item 6b, Victor Olowe reported that one of the partners of Bates Wells (the recommended provider of legal due diligence) was the son of a personal friend. The partner concerned was not a member of the proposed due diligence team, and

11 December 2017 Minute 5.2

6. Proposed merger

- 6.1. The Board received the minutes of the Joint Transition Committee (JTC), noting that many aspects of the merger had moved forward since 17 June. In particular, it was apparent that a 1 November or 1 December merger date was no longer realistic, and the two colleges were now working towards a merger date of 1 February,
- 6.2. The Principal tabled a copy of a letter that the Mayor of London had sent to the Minister for Grenfell Victims and the Minister for Apprenticeships and Skills, expressing strong support for the merger (Appendix 1). He also tabled the latest draft of the letter that the Education and Skills Funding Agency (ESFA) hoped to be able to write to the College

Property purchase and renovation

6.8. The Principal reported that the Royal Borough of Kensington and Chelsea (RBKC)

information, if possible, from the ESFA about other cases in which security had been sought for 'repayable grants' and what had been the outcomes.

Financial sustainability

- 6.15. The ESFA had made clear in its draft letter that any financial support would depend on its being satisfied as to the financial sustainability of the merged college. The Director of Finance said that he was in course of preparing an eighth iteration of the financial model. This would then be tested by the Provider Market Oversight team within the ESFA and subsequently through financial due diligence.
- 6.16. Governors emphasised the need for the College to continue testing its own assumptions and warned against over-reliance on due diligence. This was particularly important given the very small margins with which Morley currently operated; these might be expected to improve in the medium term if growth forecasts were met, but would provide little leeway in the first three years following merger. This leeway could be further reduced if the merger date were delayed beyond 1 February 2020.
- 6.17. The Principal and Project Manager were asked to draw up a list of the contracts that the College would be entering into from the merger date; the firm that was providing financial due diligence in relation to the financial projections could then be asked to test whether the College's expectations (on which its projections depended) were realistic. The due diligence process should also prompt additional questions for Morley to ask of itself.
- 6.18. Following further discussion, the Board asked the Principal to respond to the ESFA's draft letter, welcoming the proposal but seeking clarification on the matters raised, particularly in relation to the lease terms for the North Kensington Centre and the basis on which cash flow support would be available. Subject to a formal letter being received from the ESFA that offered the same level of financial support and allowed for further negotiation of the detailed terms, the Board agreed to move forward to Stage 2b and to put in hand due diligence and (through KCC) formal consultation.
- 6.19. The Board then considered the appointment of due diligence providers. For legal due diligence, the Project Manager reported that Bates Wells had submitted the most competitive tender, and had the additional advantage of having worked with other Institutes for Adult Learning.^{0 1 Feth oth}

a clear and compelling account of the case for merger. Governors were asked to pass any detailed comments to the Project Manager no later than 19 July.

- 6.24. The Principal reported that some of the governors present at the KCC board meeting on 8 July had expressed reservations about the proposal to retain the name of Morley College London for the merged college. The Board took the opportunity to re-affirm its view that the continued use of the Morley name would greatly strengthen the North Kensington and Chelsea Centres that Morley would be inheriting from KCC

Property Strategy to providing access to the upper floors of the Art Block. The availability of funding for this purpose could be explored further following the launch of the fundraising campaign in September; in the mean time, it was important to ensure that any improvements to the Gallery that might be put in hand did not preclude the future provision of a lift or risk making it significantly more expensive.

- 7.7. The Board was also pleased to note that the Lewington crèche was continuing to provide a good service, with high levels of parent and user satisfaction; this had been confirmed by an internal review, verified independently by the Student Services Manager.

8. College performance

- 8.1. The Board noted the conclusions of the Finance, Resources and Fundraising and Quality and Standards Committees, following their detailed reviews of the KPIs, and asked the two committees to continue to pay close attention to the areas where targets were not being met, or where there were variances between different groups of students.

- 8.2. The Board also welcomed the steps being taken to reduce the forecast deficit for 2018-19 and to place the College on a sounder financial footing in 2019-20.

- 8.3. The recommended changes to the specification of the KPIs and the proposed approach to target-setting for 2019-20 were both approved. Governors asked for further thought to be given to reducing the number of KPIs (it was not clear that all the performance indicators presented were really 'key') and to changing the headline presentation so that trends could more easily be identified.

10. Financial Regulations

- 10.1. The Director of Finance told the Board that essential changes had been made to the draft regulations; a more thorough review would be undertaken over the next six months, to ensure that up-to-date regulations were in place from spring 2020. The Board agreed to approve the changes recommended, subject to a full review within the year.
- 10.2. A governor referred to the recent suggestion by the FE Commissioner that all colleges make monthly management accounts, with commentary, available to all board members. The Director of Finance said that this practice would be followed consistently from the autumn of 2019. It was agreed that it was not a matter that needed to be covered by the Financial Regulations

11. Search and Governance Committee

- 11.1. The Board received and considered the minutes of the May meeting of the Committee. The Chair commended the self-assessment questionnaire, which had been informally reviewed by Committee members following discussion at the meeting, and the Board agreed to adopt this for use in 2019.
- 11.2. The Board noted that the recommended changes to the Articles of Association and to the scheme for appointing Patrons and Fellows and conferring awards had been approved at its meeting on 3/11 June, as had two specific proposals for the award of fellowships. The changes to the Articles had subsequently been ratified at an extraordinary general meeting of members.
- 11.3. The proposals to re-appoint Sara Robertson-Jonas as a staff governor for a further term of up to one year, to appoint a replacement Lead Governor for Equality and Diversity and to make appointments to the Audit Committee and Finance, Resources and Fundraising Committee were approved. The Board also agreed, on the recommendation of the Chair, to re-appoint Pauline Egan to serve as vice-chair of the Governing Body for 2019-20 and to appoint Martin Bamford to serve for a term of up to one year as a co-opted governor following the termination of his period of office as a student governor on 30 November 2019.

12. Quality and Standards Committee

The Committee Chair told the Board that she would not be seeking any changes of substance to the draft minutes, which were received and considered. The Board resolved to approve the Student Admissions Policy, which the Committee had considered at its March meeting and (with one amendment) agreed to recommend for approval.

13. Audit Committee

- 13.1. The Board was pleased to receive and consider the draft minutes of the Committee's June meeting. The Vice-chair of the Committee expressed his and his

