

**KENSINGTON & CHELSEA COLLEGE
FURTHER EDUCATION CORPORATION
GOVERNING BODY MEETING
11th December 2012**

PRESENT: Sheila Porritt (Chair)
Colin Matheson
Alicia Holiday
Peter Hay
Wendy Charles-Martin
David Adams
Margaret Butler
Monica Box (Interim Principal)
Don Nichols
Reg Kerr-Bell

IN ATTENDANCE: John Fowl (Clerk to the Governors)
Chris Ball (Interim Finance Director)
Paul Lawrence (Paul Lawrence XKP Ltd)
Amanda Hayes (VP Curriculum & Quality)

GB 12/12 Apologies for absence

Apologies for absence had been received from Tunde Banjoko and Naraindra Maharaj.

GB 12/13 Declaration of Interest.

Peter Hay declared that he had previously served as a Governor of City Lit College..

GB 12/14 To Approve the Minutes of the Meeting held on 19th September 2012 and the Extra- Ordinary Meeting held on 13th November 2012.

The Minutes were approved.

GB 12/15 Matters Arising.

There were no matters arising.

GB 12/16 Principals Report.

Members were informed of the introduction of student loans for students aged 24+ undertaking a level 3 course. These loans will be repayable unless the student progresses to Higher Education. The loan scheme will place an additional; administrative cost on the College. The Chancellors Autumn Budget statement has indicated that there will be further cuts in funding for 19+aged students, but it was too soon to assess the exact impact this will have on the College income. FE Colleges are being encouraged to take in 14-16 year old students and this will have the potential to alter the make-up of the student population of the College.

In considering the College 'Recovery Plan' members attention was drawn to the content of the 'Notice of Concern' letter received from the SFA dated 7th December 2012. Chris Ball pointed out that the funding reductions notified by the SFA are greater than assumed in setting the Recovery Plan.

Should the College decide to accept the Plan to continue as an independent entity it would require a significant number of redundancies amongst the support staff and the immediate closure of the Maxilla Centre.

Any partner college would have more flexibility as there would be an immediate saving on senior posts such as Principal and other Senior management positions but savings would still be needed elsewhere.

The view was expressed that continuing as an independent entity was the position of 'last resort' and that merger was the better option.

Whilst not stating this directly the letter from the SFA made it clear that they shared this view.

Governors were told that the Recovery Plan had also been seen by the Bankers and was considered by them to need tight monitoring and implementation. If merger was not the forward movement from 2013/14 they would need strong indications that the SFA can support a stand alone plan in order to be able to consider support from Barclays. . They are satisfied to date with the progress the College has made and are monitoring against the Plan on a monthly basis.

Members were told that enrolment for 2012-13 was on track to date with planned enrolment in January scheduled in.

It was **Resolved** that the Recovery Plan be approved.

(It was agreed that given the commercial sensitivity of the following discussion this part of the minute should be kept confidential.)

GB 12/17 **To Receive and Approve the College SAR 2011-12..**

The content of the College SAR and the Quality Improvement Plan had been robustly challenged at the Quality & Curriculum Committee and a full copy of the SAR was offered to Governors on request. The Quality & Curriculum Committee had recommended that the Board approves the documents.

It was **Resolved** that the Board approves the SAR 2011-12 and the Quality Improvement Plan..

GB 12/18 **To Receive the Unconfirmed Minutes of the Committees..**

The Board received and noted the minutes of the Quality & Curriculum Committee on 11th December 2012 and the Audit Committee held on 20th November 2012.

At the meeting of the Finance & General Purposes Committee on 21st November 2012 members had been informed of the potential costs of building a replacement 'Canoe Shed' for the Borough. Planning consent has been given and the estimated cost was £250,000.. The agreement between the College and the Borough had been signed in 2009. There was no indication that this will proceed in the immediate future.

It was **Resolved** that the Minutes be received..

GB 12/19 **To Receive and Approve the Financial Statements and Letter of Representation 2011-12.**

The accounts had been considered in detail at both the Finance Committee and the Audit Committees and had been recommended for approval by the Board subject to the Auditor signing them off. This had yet to occur as the auditor required a 'letter of comfort' from the SFA confirming funding up to December 2013. Once this is received the auditor has indicated that the accounts will be signed off.

It was **Resolved** that subject to the accounts being signed off by the auditor that they be approved by the Chair on behalf of the Board using Chair's Action and that they be signed and sent to the SFA.

GB 12/20 To Receive the Management Accounts October 2012.

The accounts show that the college is performing ahead of schedule.

It was **Resolved** that the Management Accounts October 2012 be received.

GB 12/21 To Receive the Annual Report to the Board from the Audit Committee 2011-12.

David Adams reported that he had taken over from Vikki Keilthy as Chair in February 2012.

The Committee had expressed concern that the interim Director of Finance worked just 2 days per week and the view was that this should be increased to 3 days per week. It was noted that this would exceed the budget but the additional issues arising from this meeting of the Board indicated that more time was needed. Governors asked that the costs of merger be extracted and identified separately from the accounts.

It was **Resolved** that;

- (i) The Interim Director of Finance work 2-3 days per week as required and approved by the Principal and Chair.
- (ii) That the Annual report of the Audit Committee be received.

GB 12/22 Any Other Business

- (i) Amanda Hayes notified the Board that an Inspection was expected within the next 14 months under the new Inspection Framework.
- (ii) Members were advised that on the recommendation of his doctors and his continued health problems, Allen Edwards had reluctantly been obliged to stand down from the Board.
Members were extremely sorry to receive this news and asked that their best wishes be sent to him.
- (iii) The Board was informed that the Clerk, John Fowl, having reached retirement age in September 2012 would be standing down after this meeting. He is to be replaced with an Interim Clerk, Jonathan Allen who will take up post from 1st January 2013.

It was **Resolved** that Jonathan Allen be appointed as Interim Clerk from 1st January 2013.

The Chair thanked John Fowl for his support and sound guidance to the Board, individual Governors and her as Chair, during the 8 years he had been Clerk at the College. The Governors wished him a long an happy retirement.

GB 12/23 Date of the Next Meeting

The next meeting will take place on 21st March 2013..

Signed.....
(Chair of Governors)

Date.....

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Commercially Sensitive - In Confidence.

GB 12/16 Principals Report.

(It was agreed that given the commercial sensitivity of the following discussion this part of the minute should be kept confidential.)

The Board was informed that following the Extra-Ordinary meeting of the Board on 13th November 2012 further discussions had taken place between the College, Ealing Hammersmith & West London College (EHWL) and City Lit College.

Having met with EHWL it was clear that they would want a 'Type B' merger with little scope for Kensington & Chelsea College (KCC) to influence how things would go forward in the future.

The Chair and Principal reported on the detail of the meeting with EHWL and remarked that it had not been entirely to the satisfaction of either the Chair or the Principal as it was felt that EHWL had a view of merger that left little or no scope for negotiation over how provision would develop and included some assumptions about the use of the Hortensia Centre as an International Student Centre that threatened current successful provision. The day to day management model suggested was very centrally controlled with KCC systems, procedures etc fitting into the EHWL model with poor regard for sound systems development at KCC. The Governors of KCC expressed their concern that this approach would not serve the needs of the local community currently served by the College.

When in discussions with City Lit there had appeared to be a greater sense of working together for the benefit of the students at both institutions and the local communities, As KCC was closer in size to City Lit there seemed to be more of a sense that the College would be more of an equal partner and that because of this it could help shape the future of any merged organisation. Both the SFA and the Bank have been given the opportunity to raise any potential problems that may arise from a merger with City Lit and none have been forthcoming.

It was suggested that to safeguard the future for the staff and the local community a merger with City Lit was the better option.

Members were informed that the Chair had received a request from the Chair of City & Westminster College to make contact. No conversation had as yet taken place. The Chair set out what she saw as the potential development opportunities for the College that would allow it to consider to stand as a separate and independent entity

rather than to hand the assets to another College. The Bank had given tentative support subject to support being given from the SFA.

Reg Kerr-Bell declared that he was Chair of the Audit Committee for Council Housing and that he had extensive contact with local councillors in the Royal Borough of Kensington & Chelsea that served on the Planning Committee and the Housing Development Committee. He stressed that he was not employed by the Borough and was not an elected councillor. Having made this declaration he set out what he saw as the potential to develop the Wornington Road Centre that would provide an initial payment 'upfront' from a developer partner to the College which would alleviate the current cash-flow problem.

The Principal confirmed that in a meeting with the Bank they acknowledged KCC's assets as free of any secured loans or liabilities and therefore a positive position for consideration of loans. Any such development would bring in immediate funding from any potential developer.

The Clerk pointed out to Governors that such a development would see capital receipts being used to fund revenue expenditure and that this would need to be confirmed as acceptable to the SFA, EFA and Auditors and that it would need to be properly and fully researched if it was to be seriously considered.

Colin Matheson put forward the view that such a development if possible would be a long term project and that it may not be practicable and that the best option was in his mind to merge with City Lit as this would address the immediate problems the College faced. This view was also supported by Alicia Holiday but both accepted that the majority decision of the Board should proceed provided there was a limited time set for the exploratory discussions to be conducted.

It was suggested that a feasibility study of the proposed development should be carried out if the Management Team felt able to do this whilst at the same time working with City Lit to discuss merger options.

Further discussions on merger with City Lit will only be engaged in at the point where it is clear that no alternative proposal can be supported.

Don Nicholls confirmed that the staff were in favour of a merger with City Lit.

There was a consensus that City Lit should be confirmed as the 'preferred partner' and that the Principal should inform them of this but that the College was still looking at options to stand alone.

It was accepted that the timescale for doing this was tight if finally a merger is agreed and the dissolution of the College is required. It was agreed that a deadline of 31st March 2013 should be set after which any 'Due Diligence' exercise would start with City Lit.

The Principal was instructed to contact the SFA to elicit their view of this decision of the Board.

It was **unanimously agreed** that;

- (i) City Lit should be the preferred Partner.
- (ii) should the SFA response be against the proposed course of action then the College should move immediately into talks with City Lit regarding merger.
- (iii) The Action Plan group be charged with exploring the development opportunities at Wornington Road Centre and that Reg Kerr-Bell be invited to attend the meetings when appropriate.

Signed.....
(Chair)

Date.....