

The City of Liverpool College
Minutes of the Board meeting held on 11th July 2014

Present:

Ms Elaine Bowker (Principal)
Dr Martin Carey
Ms Sue Carmichael
Ms Gemma Charters (Staff Governor)
Ms Clare Crowther
Mr John Denny
Mr Peter Grieve (Chair)
Ms Vivienne Lacey (Vice Chair)
Mr Ian Pollitt

In Attendance:

Ms Angela Cox (Deputy Principal)
Mr David McIntyre (VP Finance & Corporate
Resources)

Ms Christine Lenderyou (Clerk to the Board)

14.75. Welcome and Apologies

Apologies had been received from Louise Barry, Charlotte Burns, Brian Cronin, Lydia Field, Charles King, John Nolan, Nick Small, Peter Tavernor and David Wilson. The Chair thanked everyone for attending this additional Board meeting.

Some text has been removed as it was commercially sensitive information or may relate to third parties/individuals.

14.76. Budget Setting for 2014/15 and Three Year Financial Plans (2014/15 – 2016/17)

The VPFCR reminded governors that the item was always anticipated to come to the Board after the 1st July Board meeting and tabled some amendments to the paper they had received; one amendment related to First 4 Skills (F4S) and arose from a decision made at the F4S Board meeting earlier that week regarding an additional £x of staff costs. This resulted in the EBITDA changing from £x to £x which also had an impact on the group figures.

The Board were informed that the plan was to deliver a surplus of £2.5m despite the expected funding cut of c£2m. Governors' attention was drawn to Appendix A which showed the key movements to balance sheets while Appendix B showed the strengthened position at the end of 2013/14 although the final column for 2014/15 had been amended to show 16 cash days rather than 20. The cash flow would dip to £90K in March 2015. The situation would be managed carefully.

Appendix D related to the College's bank covenants. While the financial position was judged on a group basis, it was important to separate out the underlying position of the College. The VPFCR clarified that while 2015/16 indicated there may be a breach of the covenant, this was only in relation to *[part of sentence removed]* so would not present a problem as this would be managed in order to avoid such a breach. Operational gearing suggested a breach in 2014/15 but this was eliminated when taking a group position. The VPFCR circulated the paper relating to Barclays.

[Two paragraphs removed]

The VPFCR referred governors to the College's Financial Health Score (FHS). The College on its own would be "satisfactory" but on a group basis the health score would be "good". There was a chance the FHS would be good this year, but it would be at least satisfactory. Governors expressed that there was plenty of capacity for F4S in Liverpool. The Principal emphasised that the figures

presented were conservative and highlighted the new national contract with *[company name removed]*. The Chair commented that the Board would expect stretch next year.

Dr Carey had been chairing the Income Diversification and Business Development Group but felt the areas felt the areas of development identified would be more applicable to future budgets. The Principal agreed that the College needed to be able to adapt to the changing funding environment and replace lost income while protecting the core contracts, but had been cautious regarding how much had been included in the budget. Dr Carey explained to other governors that the group had tried to capture and focus on a few ideas for further development with international student and loan students being potential areas, however there were risks associated with both. Governors noted that the number of Access students had grown and appreciated the assurance from the Executive team that the quality of provision would be monitored and the courses were aligned to the requirements of universities.

The Vice Chair asked whether there were any co-dependencies that governors needed to be aware of. The Principal stated that the Business Development function would need to be more productive. There would be opportunities for synergy with F4S.

The VPFCR outlined capital investment of £1m which was realistically the limit of what was affordable. This would be prioritised with IT at the Arts Centre and music/media equipment being possible recipients. The Principal felt that £1m was a substantial amount of money but wouldn't go far enough. Sponsorship of certain areas was being examined. Other steps to increase income were being taken such as the restaurant exploring being open for five nights each week.

The Chair thanked the VPFCR on behalf of the Board for his efforts in the College's financial recovery. The Principal said this view had been endorsed by external bodies.

The Budget and three year financial plan were approved by the Board.

The staff governor left the meeting at this point.

14.77 Transformation Programme Update (Confidential)

14.78 Confidentiality of Items

All commercially sensitive elements or details relating to individuals were deemed confidential.