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

<u>Present:</u>
Ms Louise Barry
Ms Elaine Bowker (Principal)
Ms Charlotte Burns (Student Governor)
Dr Martin Carey
Ms Sue Carmichael
Ms Gemma Charters (Staff Governor)
Mr Brian Cronin
Ms Clare Crowther
Mr John Denny
Mr Charles King (Student Governor)
Ms Vivienne Lacey (Vice Chair)
Cllr Nick Small
Dr Peter Tavernor
Mr David Wilson

<u>In Attendance:</u>
Ms Gill Banks (VP Curriculum)
Mr David Brennan (VP Partnerships & Business Development)
Ms Angela Cox (Deputy Principal)
Mr David McIntyre (VP Finance & Corporate Resources)

Ms Christine Lenderyou (Clerk to the Board)

Ms Sue Price (SFA)
Mr Mike Firth (EFA)

14.26. Welcome

The chair welcomed Brian Cronin to his first meeting and introductions were made.

Items 14.27 to 14.31 are confidential and held separately by the Clerk.

The presentation from members of staff was postponed.

14.32. Apologies

Apologies had been received from Mr John Nolan and Mr Ian Pollitt.

14.33. Declarations of Interest

Staff who were members of Merseyside Pension Fund declared an interest in item 17; no other governors declared an interest.

14.34. Minutes of previous meeting and outcome of actions

Minutes of the previous meeting were approved as a true record. The actions from previous meetings were noted as being in progress or complete.

14.35. Performance

The Principal shared with governors the feedback she had received from Ofsted the previous night which related to the final support and challenge visit on Thursday 6th March. The Principal believed the feedback was largely a true reflection of the College's position. The areas for improvement were all areas which the College had identified and presented to Ofsted. The review of Work Based Learning had been encouraging as the College had previously identified this as a risk area. A governor referred to the Ofsted report from the February 2013 inspection highlighting the need for teaching staff to check students' spellings and grammar and asked how this was being monitored. The Deputy Principal advised that the last report from Ofsted showed this to be improving. It was tracked internally using ProMonitor and curriculum review processes. The Deputy Principal agreed that English and Maths was an increasing focus for Ofsted.

14.35.1 Report from Performance and Quality Task and Finish Group

Dr Tavernor, the Chair of the group, was pleased to report the findings of the group matched the letter from Ofsted which had been tabled by the Principal. The group's purpose was to challenge the assurances given by the Executive team and to receive an in-depth analysis of particular areas of the College under direction from the Board. The PIAP and performance dashboard had both been interrogated and soft intelligence gathered via Heads of School, who had been invited to attend the meeting. The Chair commented that the improvement plans were very self-critical. The group had also wanted to test assurances on whether the information systems were capable of supporting the curriculum and were able to confirm that effective use was being made of systems such as ProMonitor. Both Heads of School recognised the performance data and were engaged with it. Some of the information the Principal had outlined in the transformation programme item had been demonstrated during the meeting and so the Board were able to make informed decisions having had access to a wide range of information. The Chair highlighted the work in the Access area of increasing the number of permanent staff from nine to 19 and the re-establishing of links with Liverpool University as being particularly positive points. Both Heads of School had analysed performance and had challenged themselves to improve it. Issues such as the timetabling and the equality agenda had also been discussed. The Chair emphasised that the level and speed of transformation was unprecedented in his experience. The Chair of the Board asked how the Executive team and staff had reacted to the establishing of the Performance and Quality Task and Finish Group. The Deputy Principal suggested that the Executive team had found it challenging although useful to view things from a different perspective. The staff who had attended had been apprehensive, but had welcomed the opportunity to give context and feedback directly to governors and were pleased that the response from governors validated their efforts. Governors agreed that it was important to celebrate good performance and this would be incorporated in future meetings. The school of ICT, Computer Sciences & Digital was referenced by the Principal as being a particularly high performing school. Governors were interested to know if there were any strategies which could be applied to other areas. Ms Charters was able to give insight as she taught in that area and expressed the view that the ethos of teamwork and mutual support had contributed to the success of the department.

Governors commented that in contrast to the last inspection, assurances could be taken from robust and reliable performance data. Mr Wilson highlighted the role of link governors in trying to get an understanding beyond the headlines which came to Board meetings and this was another way of gathering soft intelligence.

14.35.2 Post Inspection Action Plan (PIAP)

Governors noted the percentage of completed appraisals had improved. Student retention was rated as amber but the Deputy Principal explained that a cautious approach had been taken. The in-year target had been based on last year's data but that was not necessarily as accurate. The Principal gave further context by pointing out that if the end of year retention target was met, this would contribute to an 8% improvement in overall success rates on the basis of effective tracking student progress this year. Governors appreciated that the measures quoted were conservative and asked for examples of what was tracked. The Deputy Principal explained that it was possible to check whether students were meeting their expected grades or if a student was more than two weeks behind in submitting work to be marked and this meant that targeted strategies such as extra workshops could be put into place. The PIAP had taken account of feedback from Bryan Davies (ex-HMI) who had said some judgements were too loose so the PIAP was now more prescriptive but a result of this was that achievement seemed lower than it actually was. The Principal gave an example of this, explaining that within the Engineering and Logistics school, it was possible to see immediately that on a particular programme all except three students had completed their portfolio and the same number were still to pass their exam. The Principal underlined how important it was to have that detail in the absences of any new success rates. Dr Tavernor agreed with this, stating that as success was the product of retention and achievement, being able to demonstrate the actual retention rate along with the predicted achievement would be crucial to how the College was judged. Dr Tavernor also commented that while he understood that the Executive team were cautiously optimistic about the retention figures, he could see no reason the decline from the same point in the previous year would be repeated and was confident the information available pointed to a good College. Governors agreed that the trajectory appeared positive but asked what risks there were and how they were being managed. The Deputy Principal advised that some factors were a risk every year such as holidays and students taking up employment. The College wanted to reward students with high levels of attendance and provide incentives. A-level and GCSE exams would start on 15th May and the Assistant Principal for City 6 was confident that attendance would be maintained as a result of the feedback she had from students. The VPC suggested that this was as a result of aspirations and high expectations being built in to programmes at the start of the year and reiterated throughout. Credit was also given to the better planning of assignments to prevent overwhelming students.

Governors thanked the Deputy Principal for her in-depth report and made some comments on format and context. It was requested that the text be simplified to note form. The Chair also suggested that the appraisal figures should be adjusted so that they were not impacted by staff who were off sick. Dr Tavernor agreed as this was a theme which had been discussed at the Performance and Quality Task and Finish Group as it was evident staff on long term sick distorted the appraisal figures.

Act: AC/DMcI

14.35.3 Performance dashboard

The VPPBD highlighted that there was some crossover with the PIAP which was to be expected. Punctuality continued to be closely monitored with schools having their own strategies to address any issues. While punctuality was slightly below target, it was acknowledged that this was in some part due to the improved accuracy of registers. The Deputy Principal explained that benchmarking data from Ofsted was not available, but at the February 2013 inspection, Ofsted estimated the College had a c65% punctuality rate so the improvement was clear to see. Governors accepted that there would be some movement between the target and actual rates due to the improved data available this year, but sought clarification over how much movement away from the target would be a concern. Governors also asked what additional assurances the Board could receive regarding punctuality. The VPPBD explained that in addition to the register information, punctuality was also recorded during Observations of Teaching and Learning (OTLs) so there would be a concern if those two information sources were inconsistent. Sample tests could also be conducted. The Deputy Principal added that ProObserve would become increasingly important to monitoring punctuality. Governors queried the lack of comparators in the sector. The VPPBD advised that while there were no national benchmarks for punctuality, Ofsted had carried out a study of colleges in London, so a similar inner-city environment, and the College compared well with rates for good London colleges.

Governors noted that staff turnover had increased in a month. While national comparators were available, the Principal suggested the lack of context limited their usefulness, particularly when considering the scale of the transformation programme. Nevertheless, the Chair felt it could be of interest to the Board to understand what "normal" looked like. The age profile of staff could also be considered a factor and this had been discussed at the previous Performance and Quality Task and Finish group meeting.

The Board welcomed hearing a student perspective from Ms Burns and were pleased to hear that she considered her tuition to be excellent and very distinct to her experience of sixth form with much more emphasis placed on independent learning.

14.36. Financial position and mid-year update

Some detail removed due to commercial sensitivity.

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The month six management accounts were discussed in detail. As required, the mid-year forecast had been presented to the Skills Funding Agency (SFA) and this was shown within the management accounts as part of the forecast column.

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The Board were reminded that in 2012/13 the College had a £2m overdraft and delivered a deficit. In 2013/14 the College had no overdraft and was anticipating a surplus.

The VPFCR illustrated that while the College had received some additional income, in some areas, income targets had not been met. Overall the College's income would be about £… less than target. Reductions in expenditure were forecast for staff costs which were being tightly controlled and examination fees plus some delivery had not occurred so the predicted staff costs had not materialised. Increases in expenditure were forecast (£601k) but this was offset as it would facilitate additional income.

The VPFCR referred the Board to the balance sheet. Fixed assets had shown a depreciation. …

Looking towards the end of the year the health score ratios looked healthy while there was a mixed outlook for the loan covenants. The debt service cover was proving most difficult as it needed to be a minimum of … and was expected to be … which illustrated the extremely fine margins and how important it was to ensure income and expenditure continued to be closely controlled. Governors queried whether there was any way to mitigate the debt servicing. The VPFCR explained that as this was based on the debt repayment divided by the net cash inflow with debt repayment being a fixed obligation, the only part of the equation that the College could influence was its own incomings and outgoings. In the short term there would be no further investment in fixed assets, with the focus being on preserving income or reducing expenditure.

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Governors acknowledged that the situation was uncomfortable but took assurance from the transparency of the information and the close monitoring of the cash flow. The Principal pointed out that there were three issues affecting the College: there had been a shift in the sector with banks less prepared to give overdraft facilities to colleges; the bank would not lend money to the College unless the SFA had said it would not give an advance against funding; and the College had delivered a deficit in 2013/14 but was on course to deliver a surplus in 2013/14. A £2.5m surplus had been targeted. The surplus could not drop below £… without risking breaching the loan covenant. The sensitivity analysis from Deloittes was crucial. The Board were informed that reductions in funding meant the College might lose up to £4m in 2014/15. In order to minimise the impact of reduced funding, the College must diversify. The Board appreciated that it was difficult to react quickly when efforts were focussed on improving performance and financial stability. Dr Carey felt that the FE sector was facing challenges similar to those which the HE sector had faced in previous years and offered to be involved in discussions over possible future directions.

The VPFCR defined the immediate challenges as ensuring commitments such as wages and student bus passes were met and that business critical supplies were maintained. Governors asked to be kept fully informed.

Mr Cronin … offered to discuss further with the VPFCR. Governors suggested that the £4m reduction in funding may mean expenditure should be reduced in advance as ability to raise income so quickly was debateable but cautioned that short term reductions may undermine the College's long term ambitions and in some cases, such as redundancies, could cause expenditure to rise. Additionally, as salaries were part of a monthly cost base, the effect would be lagged for up to six months if redundancy was included. The Principal stated that not much of the money allocated for redundancy payments had been used yet this year. Governors highlighted that as the College's staffing costs were already at around 62% of income, other measures may be required.

14.37. Risk management

Some detail removed due to commercial sensitivity.
Most of the risks had been covered earlier in the meeting. The risks regarding commercial income and changes to pastoral support had increased while the risks relating to the UTC had decreased... There was one new risk which related to an issue discussed earlier in the meeting which had since been resolved. It was queried whether there was a cost implication regarding … confirmed there was no cost implication.

Dr Tavernor left the meeting at this point.

14.38. Health and safety annual report

The annual report used the Association of Colleges (AoC) report for benchmarking information. The College compared well, especially given its size. The Chair noted that the number of incidents had started to flat line rather than continue to reduce so he suggested he may meet with the Health and Safety Manager to see if there were initiatives which could be introduced to maintain the momentum. The VPFCR commented that in comparison to the AoC benchmarks, the College was either particularly strong on accident prevention or incidents were being under reported; he would report back after reviewing the minutes of the Health and Safety management group meeting. The Chair highlighted that the number of slips and trips in the nursery seemed high. The VPFCR would see if it was more appropriate to use different benchmarking for the nursery. **Act: DMcI**

14.39. Tuition fees 2014/15

The fee policy was largely the same as for 2013/14 remaining similarly simple and transparent. The College would try to stimulate overseas fees. Evidence from the current year had shown that take up of 24+ loans was not price sensitive so this was reflected in the policy. Governors asked how students were supported in the process of loan applications and were advised that assistance was given, along with early progression events and attempts to raise the profile of loans within the College. The VPPBD gave some additional information regarding the College's maximum loan allocation, explaining that achievement of the loan allocation was based on the amount of loans applied for rather than taken up so in theory, the College's full allocation could be met but then there was a risk that students may decide not to take up the loans and the facility could not then be used by other prospective students.

The fee policy for 2014/15 was approved.

14.40. Merseyside Pension Fund discretionary elements

The Board was required to review the discretionary elements on an annual basis. There had been some new regulations which had resulted in the changes outlined in the appendix to the report. The discretionary elements did not appear to impact on membership of the scheme.

The Board approved the Local Government Pension Scheme Discretionary Policy Statements in the report.

Ms Carmichael left the meeting at this point.

14.41. Financial regulations

The Board were required to review the financial regulations annually. The changes and rationale were listed in the report with the full document having been circulated to governors electronically.

The changes to the financial regulations were approved.

14.42. Committee minutes

The minutes of the most recent strategic planning event and Finance, Estates and General Purposes Committee were circulated to governors.

14.43. Confidentiality of items

Items 1-6 taken under the confidential section of the agenda
Commercially sensitive elements of the Financial Position item and Risk Management item.

14.44. Date of next meeting

The next Board meeting would take place on 6th May 2014.

Meeting closed at 7.40pm.