**The City of Liverpool College**

**Meeting of the Corporation Board**

**Held on 17th May 2017 at 4.30pm**

Present: Dr Peter Tavernor, (Chair), Viv Lacey (Vice Chair), Louise Barry, Elaine Bowker (Principal), Tony Cobain (late arrival), Clare Crowther, Lydia Field, Hilene Henry, Lawrence Kenwright, Benjamin McGowan (Student), John Nolan (Staff), Abdi Saed (Student), Phil Sheard, Steve Sankson, Gill Williams (Staff)

In attendance: Julie Barnes (Deputy Chief Executive), Mike Firth (Observer – SFA), Nicola Kumar (Strategic Development Manager), Damien Kilkenny (Director of Learning), Christine Lenderyou (Clerk), Ann Monk (Group FD)

**17.44 Welcome and apologies**

The Chair welcomed everyone to the meeting. Apologies had been received from Heather Bebbington, Patrick Hurley and Sarah Peet. Tony Cobain had sent apologies for late arrival. Simon Pierce (VPC) was unable to attend, so Damien Kilkenny was attending in his absence.

**17.45 Minutes of Previous Meeting**

The minutes were approved as a true record.

**17.46 Actions**

The Chair summarised the actions, noting progress against each.

- The latest national success rates as per the QAR were contained within the latest PIAP.
- The Clerk would liaise with the Director of Pastoral Support to ensure any governors who had missed the February 2017 session on safeguarding and Prevent was provided with the necessary training. Individual sessions would be arranged if required. **Action: CL**

**17.47 Quality Update**

The Principal delivered a presentation to the Board. Key points were:

- A new quality measure of grade improvement was applicable to the College – for English and maths, 50% of students needed to improve by at least one grade. The Principal referred back to discussions at previous Board meetings around the College's target setting and the grade improvement strategy. Research had shown that this was not always possible for more challenging students but targets were a combination of realism and aspiration.
- The trend was negative across FE for example students would come with a grade D but leave with a grade E. This didn't necessarily mean that students were being "made worse", but there was context to be considered such as the impact of breaks in learning leading to a lack of consolidation. The position was not unique to the College: feedback suggested that students with a "strong" grade D had the potential to achieve grade improvement and a move to C, but with a "weak" grade D they may move to E. There had been some corroboration of this view when discussing with the Senior HMI working with the College as part of Ofsted's Support and Challenge programme.

- The predictions for A*-C showed a decline but this reflected that this year's cohort had lower starting grades on average due to the change of policy and mix of provision, with many students starting from Es and Fs and targets of a one grade improvement.
- Improvement rate increases for the previous year showed the College had moved from 200/218 colleges to the top 50%. Validated 15/16 data was not yet available but the DoL had some data from the AoC's quality network and the College seemed to be outperforming the national trend. The AoC had advised that most colleges in the North West had seen a decline in achievement rates but this was not the case for the College, which had maintained its upwards trend.
    - Inspection data showed 22 colleges in the North West had been inspected this year.
    - Only three had improved (two from grade three to grade two, one from grade four to grade three).
    - Ten General Further Education (GFE) colleges in the North West had declined.
    - Wigan and Leigh College had improved from a grade three to a grade two but had also cut A level provision and other poorly performing provision. The Principal added that Wigan & Leigh had been praised for their strong student voice.
    - Bolton College had improved from a grade three to a grade two but had relatively equal amounts of provision at levels one and two as level three so wasn't directly comparable to the College, which was weighted towards level three.
    - Grades for large city colleges nationally had also been reviewed with the majority of grades declining over the last 18 months.
    - Ten sixth form colleges in the North West had been inspected over the same period with good/outstanding grades.
- The Chair referred to the Area Based Review (ABR) using inspection grades as a measure despite often significant periods of time having passed since a previous inspection and inspections being conducted under different inspection frameworks. The Chair said the changing grades needed to be contextualised, citing at least one merger that had collapsed since the ABR process had been concluded.
- The Senior HMI had visited in May for the second and last Support and Challenge visit. The College had used the visit as an opportunity to get an external view for benchmarking and assurance as well as taking the opportunity to use Ofsted as a critical friend throughout the process, including taking the Senior HMI to areas where there had been an intensive focus such as English and maths.
- The Senior HMI acknowledged that the College's achievement rates compared well against national rates. Although the achievement rates were the best the College had ever achieved, the Principal cautioned against complacency as the inspection would be far more wide ranging. The focus was on week by week improvement for each student and ensuring this was clearly recorded.
- Some elements which were successful in schools and sixth forms would be adopted, particularly for English and maths.
- The College had a large amount of level three provision and it had been clarified to the Senior HMI that A level provision made up c7% with most other being vocational. Vocational students on level three provision often did not have English and maths which had a significant impact on the College due to volumes (e.g. 4,500 students needing to obtain level two in English and/or maths in less than a year).
- Data collected at the beginning of the year needed to be useful and robust. This would help planning, but also assist showing distance travelled.

- Over 50% of students at the College received the pupil premium.
- Most students came from schools below the national average for attendance so the College had to change learned behaviour very quickly.
- While the Senior HMI had indicated that attendance needed to improve further, she had been able to provide no benchmarking information. Nonetheless, the College would continue to target 90% attendance, although based on Ofsted training attended by the Principal and DoL, few GFE colleges achieved this (if any).
- The feedback provided by the Senior HMI had been in line with what management had expected, and reflected the Post Inspection Action Plan (PIAP). Positive feedback had been received in respect of City 6, English and maths and ProMonitor use. No inadequate teaching had been witnessed although there had been inconsistencies in some aspects of City 6. Following joint lesson observations in English and maths, some College resources had been taken away by the Senior HMI for sharing elsewhere as good practice. There had been clear evidence of streaming students and teaching for relevance.
- WBL and eportfolio had been reviewed by the Senior HMI as well as the appraisal and performance management systems, with no concerns raised.
- 16-18 and 19+ provision were both predicted to be above national averages again (5% and 3% above respectively).
- All identified achievement gaps in classroom based provision were closing. The male/female gap had reduced to 0.2%.
- Grade improvement – 50.7% were predicted to improve grades in English but only a third for maths so focus had been increased further with additional interventions where possible.
- Apprenticeships – timely achievement had the potential to slightly increase to 64% (+0.2%, National Rate 58.7%), Overall achievement potentially in decline to NR (-5%, 67%). The impact of carry in was noted.
- AS Level – achievement rates and value-added score (ALPS) were predicted to improve with achievement rates predicted at 80.9% (average for GFE college was 74.6%) and the Alps grade looked as if it would improve from 7 to 5 in a scale of 1-9 with 1 being the "best".
- A2 Level – achievements rates were predicted to be similar to 2015/16 at 92.9% against average for GFE colleges of 94.2%. The ALPS score would decline from 3-5 but it was noted that the previous 3 had been borderline (3/4). Governors appreciated that the small numbers in A2 cohorts meant a significant impact of any variations and noted that that the A2 offer contained a variety of sciences which was not always the case in GFE with the Chair saying the science results in particular should be clearly outlined and celebrated.
- AS & A2 were felt to be a risk in terms of the difficulty posed in forecasting given the structure of the provision. As in previous years, an extraordinary meeting of the Board would take place at the very beginning of the year solely to receive results.

The Board were in consensus that the presentation had been informative and useful. The student governors offered some practical suggestions around how initial information gathered could be improved, while the Chair commented that it signified real cultural change that teaching staff were updating ProMonitor in a timely manner. Governors also commented that the format of the Quality Improvement Action Plan cover sheet was useful and requested that the same format be carried forward. [removed for confidentiality].

Staff governors were able to confirm that there was an intense focus on individual learners with clear actions and deadlines whereas the student governors commented that underlying issues could hinder attendance at English and maths so it was essential that students were engaged with and were pleased to hear about some of the initiatives underway to support this.

*Tony Cobain joined the meeting at this point.*

[removed for confidentiality]

Referring back to the colleges which had improved their inspection grade, one governor asked whether there had been a correlating increase to entry requirements and emphasised that the College's mission was based around inclusivity. The Principal said this was not clear, but was aware that a number had removed poorly performing provision and that it was unusual for a GFE to offer A Level provision. When making this point to the Senior HMI the Principal had been advised that it may be useful for the College to carry out analysis of how long the College's students had been out of education and any correlation with attendance etc although as discussed at previous Board meetings attendance didn't always correlate directly with success rates and not all learning was classroom based. In response to a question around learning styles, governors were advised that research questioned the effectiveness of particular learning styles but the DoL believed that all learning styles should be accommodated with rounded teaching which provided stretch and challenge.

The Chair believed that colleges did cut poorly performing provision rather than invest resources in improvement and suggested this had wider ramifications as there was less incentive for colleges to try and reach young people who were Not in Employment, Education or Training (NEETs) as attendance of this cohort was often poor.

Governors challenged whether the Support and Challenge visit had yielded any surprises and were advised that this was not the case. The DoL commented that it had been interesting to see the balance of what was examined, as 2-3 years ago the College's success rates would have been intensely scrutinised as they had not yet benefitted from sustained improvement; it was felt that there was less focus on the outcomes data once the improvement in this aspect was felt to be secure. The Senior HMI indicated that English and maths had improved significantly at the College and had advised that some of the good practice she had seen ought to be shared more widely, which the DoL and Principal agreed.

**17.48 Post Inspection Action Plan and Performance Dashboard**

These items had been largely covered already in the extensive discussion earlier in the meeting. A request was made that the executive summary accompanying the PIAP was RAG rated. **Action: DoL**
The Principal highlighted that the PIAP itself was RAG rated and included benchmarking. The Performance Dashboard was also RAG rated.

**17.49 Finance Update**

Governors were reminded that the financial recovery plan tracked against the management accounts and therefore the two items would overlap.

The P8 management accounts were reviewed.

<u>First 4 Skills</u>
[Removed for confidentiality]

<u>Outturn variances</u>

Governors' attention was drawn to Adult Education Budget (AEB) income. AEB income and provision was not linear and was difficult to measure with absolute numbers with earning basis maybe being more appropriate. The risks had been flagged to the Board and Group Finance Committee previously. Some of the risks identified had now crystallised. Demand wasn't quite in line with expectations, for example ESOL and some other adult learning was down so operational delivery was being reduced and this was reflected in the P8 forecast […] and expenditure mitigations were being put into place where possible. The DCEx highlighted that staff costs were below the original budget and in response to a question confirmed that staff costs were offsetting in line with the income not achieved and agreed with the Chair's point that this was a managed position. The Principal added she had been in contact with the Combined Authority and AEB seemed to be down across the region; it was not yet clear whether this was due to the impact of FE loans being extended, although the Combined Authority had indicated 16-18 didn't seem to be as difficult for providers as 19+. The College was working to stimulate demand via Job Centre Plus. Mr Firth was asked whether he concurred with the points made around AEB and he agreed with that broad picture. The Chair appreciated the efforts which had been made but pointed out that outturn would determine future AEB funding so it was essential for the matter to be addressed. The DCEx confirmed the variance was c£600K to date although this had been offset by the payment of additional AEB from the previous year.

16-18 apprenticeships were tracking lower than anticipated but this risk had been clearly highlighted previously. 19+ was broadly on target and any over-delivery would slightly mitigate the under-delivery against 16-18 apprenticeships. Governors reflected that the impact of the levy was not yet fully known but there was clearly an impact on market and demand. The forecast had been reduced slightly (£62k), but there remained scope for some opportunity in that area. The previous month had seen strong recruitment but this would not necessarily be a sustained trajectory. AM2 was identified as a growth area but there had been issues with timing relating to feeder colleges so some of the provision may fall into 2017/18 instead. Governors challenged on whether the remaining associated income would be delivered in-year and the Group FD was able to confirm that delivery had been booked for the rest of the year and only minor variations would be anticipated.

Governors reflected that the original budget predicted a Cash Based Operating Surplus [had been] revised down again to £1.4m and this was largely related to income. Confirmation was sought and received that the loss from F4S had been included[…]; the adverse variance relating to F4S formed a significant part of the downgraded Cash Based Operating Surplus and was a contained issue. Governors challenged on how confident they could be that a £1.4m Cash Based Operating Surplus would be delivered and were advised this was realistic, with less room for additional variance approaching year end and many factors having crystallised. 100% of the loss relating to F4S had been included but this wouldn't actually end up being 100%. The DCEx pointed out that while a £1.4m Cash Based Operating Surplus was below the original forecast, it still represented a £6m positive variance from the previous year.

Governors acknowledged the points made but challenged on areas of further risk. The DCEX advised that there was some risk around partnership activity as the net contribution affected the bottom line but as the year progressed, the risk reduced. Furthermore, if the risk crystallised, the associated costs would be removed in mitigation. The Chair of the Group Finance Committee was asked whether she was comfortable that the risks to the outturn were being sufficiently flagged and she confirmed this was the case, referencing previous discussions at the Group Finance Committee where the risk around AEB had been highlighted […]. The DCEx advised that in terms of residual risk, there was very little AEB income remaining in the forecast; […] Apprenticeship forecasts had been prudent. Achievement was not a risk. The Principal emphasises that the cost base was very tightly controlled. The Chair asked Mr Firth whether the SFA had carried out any modelling regarding the effect of the Apprenticeships levy and was advised that it was not just the levy, but the pausing of the procurement process which would need to be factored in and that issues such as invoicing employers, receiving money in etc would need to be considered but until the carry-in in July was known, it was difficult to say. Members of the Group Finance Committee stated that its next meeting would examine forecasting and controls to provide additional confidence to the Board.

**Action: GFC**

<u>Vauxhall Road car park</u>
The Group FD advised that the P8 accounts included an estimate of the profit on disposal of Vauxhall Road car park […]. This fell below the bottom line and although it had been included, would need to be finalised by the auditors.

**17.50 High Level Budget 2017/18**

This high-level budget had been presented to the Group Finance Committee. Governors were advised that the high-level budget reflected what the situation would be if no savings were made and everything else remained largely the same, worked through to demonstrate the corresponding impact on the financial health score, bottom line and Cash Based Operating Surplus.

<u>Income</u>
The only real increase to income was £300k relating to an increased HE offer with first year students progressing to the second year. This was a conservative estimate and £120k of corresponding staff costs had been included too.

<u>Staff Costs/Transformation</u>
No transformation activity had been included in the high-level budget and staff costs had been based purely on the March 2017 payroll. If no further action was taken, the high-level budget would deliver a Cash Based Operating Surplus of £1.7m but an Historical Cost Deficit of £649k. [removed for confidentiality]. Payments for the Apprenticeship levy, pension costs, incremental progression etc had been included and a prudent approach had been taken which meant natural turnover of staff had not yet been included. If £1m staff cost savings were included this would give a Cash Based Operating Surplus of £2.7m and an Historical Cash Surplus of £351k leading to a good financial health score, and well within the ratios required to protect the bank covenants. If no savings were made, then the budget would be right at the edge of what was required to protect the bank covenants. [removed for confidentiality]

Members of the Group Finance Committee had examined in detail the high-level budget at an earlier meeting and were able to take assurance from the work undertaken on the cost base. While there was some risk around the Apprenticeship levy and income, there would need to be further work done around the worst-case scenarios, but the Committee had been able to take comfort from the visibility of income and expenditure. That said, the Chair of the Group Finance Committee stated that while the focus of the Board had been on the short-term challenges, the improved financial position should enable a longer-term strategy and the Group Finance Committee would want to increase their focus on this in the coming year. Governors agreed that it was useful to hear the perspective and assurances of the Group Finance Committee.

Governors challenged how staffing reductions would be managed to ensure that the student experience did not suffer. The Principal explained that the transformation programme had always had a dual imperative: to improve the College and to reduce costs. More detail would be provided under that agenda item.

**17.51 Transformation Programme**

*John Nolan left the meeting during this item due to a conflict of interest.*

The Principal summarised that the transformation programme had run alongside a three-year (soon to be four year) trajectory of improved student outcomes and had delivered approximately £15m of cumulative savings. There was a strong track record for transformation. [rest of minute removed for confidentiality].

*John Nolan returned to the meeting.*

**17.52 Financial Recovery Plan**

The financial recovery plan had been largely covered already in earlier items with AEB being the main issue. The Board approved the updated financial recovery plan.

**17.53 Letter from Peter Launer (Chief Executive of EFSA) to the Sector**

The Board noted the letter, paying particular attention to the three bullet points. The points made could be tested against via the Group Finance Committee or the Board.

**17.54 Group Finance Committee Update**

Most items had been covered already with members providing commentary where relevant. A detailed presentation had been received which helped members to understand the governance around the transformation programme and provided assurance as to work underway to establish additional savings for 2017/18. 2017/18 had been discussed and how the risks would be tracked and mitigated. Management accounts had also been reviewed and the meeting had also covered risks, quantifying risks, the impact of F4S and the cash situation/Close Brothers facility. The Committee had felt comfortable with the positive movements, but cautioned against complacency.

**17.55 Tuition Fee Policy 2017/18**

The updated version had been presented after feedback from the Strategic Leadership Team's meeting the previous day. Fees for part time HE courses were now in line with those for full time courses. The cover report explained the rationale for any exceptions. Relevant extracts from the funding guidance had been provided. The SLT had extensively debated the cost of replacement ID cards (£2 rather than £5) as the safeguarding issue needed to be balanced against affordability. Fee reassessment was also included.

The Board considered the policy and the funding guidance and approved the policy.

**17.56 Appointment of Financial Statements Auditor**

[removed for confidentiality] The Board approved the extension as outlined in the paper.

**17.57 HR Policies**

The policies were due for renewal. Changes had been outlined in the accompanying report and confirmation was received that all statutory requirements were met and the necessary consultations had taken place. The Board approved the following:

- The proposed revisions to the Maternity, Adoption, Shared Parental Leave, Disciplinary, Disciplinary for Senior Post-holders, and Redundancy Policies.
- The Grievance Policy and Procedure, and the Grievance Policy and Procedure for Senior Post-Holders remaining unchanged as they were fit for purpose in their current form.

**17.58 Capital Projects**

The main ongoing project was the Digital Academy, representing a significant investment in the student experience and supporting one of the Liverpool City Region's growth areas as part of the Creative and Digital sector economy. Total expenditure was £2.5m which was 85% LEP funded. The College was contributing £385k which was included in the cash flow. Some work had commenced having gone out to tender in January through the appropriate framework. Three companies were invited to present and Crossfield Construction had been appointed. The work had been split into two contracts to allow some initial work to be done in the Easter break and the rest to be carried out over the summer break. A phased handover was required and this was being done in close consultation with the curriculum teams.

The Clerk added that Cllr Patrick Hurley had recently been appointed as link governor for Creative and Digital. Other governors said they would like to visit the site and the Clerk advised that she was trying to arrange the next strategic planning event there.

The Principal highlighted the sterling contribution of the Strategic Development Manager in the bid which was submitted to the LEP and the Board recorded its appreciation.

**17.59 Area Based Review Update**

The Combined Authority were working on the implementation of the action plan. Governors were pleased to hear that two of the suggestions put forward by the College (an Apprenticeship Hub and a shared back office function) during the process were now being taken forward. The Principal commented that the College had maintained a strong relationship with the Combined Authority and would continue to be involved in the outcomes from the Area Based Review process.

**17.60 Intervention Update**

[removed for confidentiality]

*The Chair advised that the Board was due to receive some legal advice on a specific matter. Everyone except for external governors and the Clerk were asked to leave the meeting. Kerstie Skeaping (Hill Dickinson) joined the meeting at this point.*

**17.61 Legal Advice**

*This minute will remain confidential to Board of The City of Liverpool College.*

**17.62 Recruitment of Chair**

The Clerk's report was noted and the actions described were endorsed by the Board.

**17.63 Any Other Business**

There were no items of other business.

**17.64 Confidentiality of Items**

All items which were commercially sensitive or related to third parties/individuals would remain confidential.

**17.65 Date of Next Meeting**

The next meeting would take place on 5th July 2017.

*The Chair thanked everyone for attending and brought the meeting to a close.*