The City of Liverpool College
Meeting of the Corporation Board
Held on 5th July 2017 at 4.30pm

Present: Peter Tavernor (Chair), Louise Barry, Heather Bebbington (by phone), Elaine Bowker (Principal – joined after confidential session), Martin Carey, Tony Cobain, John Denny, Lydia Field, Patrick Hurley, Lawrence Kenwright, Viv Lacey, Ian Pollitt, Phil Sheard, Gill Williams (staff governor – joined after confidential session)

In attendance: Christine Lenderyou (Clerk), Kerstie Skeaping (Hill Dickinson)
Joined after confidential session: Julie Barnes (Deputy Chief Executive), Mike Firth (observing on behalf of ESFA), Nicola Kumar (Executive Development Manager), Ann Monk (Group FD), Simon Pierce (VP Curriculum)

Apologies: Clare Crowther, Hilene Henry, Benjamin McGowan, John Nolan, Sarah Peet, Abdi Saed, Steve Sankson

17.66 Confidential Item

The Chair advised that the first part of the meeting would include legal advice from Kerstie Skeaping of Hill Dickinson and would therefore be a closed session with only external governors, Ms Skeaping and the Clerk present.

Ms Skeaping left the meeting at this point and Ms Bebbington dialled off. The Principal, Deputy Chief Executive, VP Curriculum, Group FD, Strategic Development Manager and Ms Gill Williams joined the meeting at this point along with Mr Mike Firth who was observing on behalf of the Education and Skills Funding Agency (ESFA).

17.67 Minutes of Previous Meeting and Actions/Matters Arising

The minutes of the previous meeting were approved as a true record and actions noted.

17.68 Appointment of Governor

The Clerk referred governors to the concise profile provided and advised that as Ms Hamrah Khan Amran would be President of the Students' Union from 1st August 2017, in line with accepted good practice the Board were asked to consider appointing her as student governor for four years or until she left the College if sooner. The Clerk had met with Ms Amran and discussed the role of governor and the eligibility requirements. The Board appointed Ms Amran as student governor with effect from 1st August 2017.

The Board also received a message from Abdi Saeed who was the current President of the Students' Union. Mr Saed was attending an NUS convention on behalf of the College but sent sincere thanks to the Board for support and an unforgettable year. In turn, the Board wished to record thanks to Mr Saed and wished him the very best of luck for university and his future.

17.69 Performance and Quality Task and Finish Group (PQTFG)

The Chair advised that PQTFG, which had taken place earlier that day had been a very intense session, focussing in detail on the quality presentation provided. As the Board would also be receiving the same presentation, the Chair would not duplicate the information in his update but assured the Board that there had been substantial discussion on the key points alongside vigorous testing of the information provided.

17.70 Quality Presentation (incorporating Post Inspection Action Plan – PIAP)

The key points from the PIAP were also covered in the quality presentation so this would not be taken as a separate item.

National/Local Benchmarking

The Principal highlighted that according to recently released national data (2015/16 NARTs), the College's position in national achievement rate tables demonstrated a sustained improvement trend, moving from 204th to 119th in 2014/15 and on to 42nd overall in 2015/16 with the latest validated data published by the ESFA. For 19+ the rankings had improved from 203rd to 101st in 2014/15 and was now 47th while for 16-18 the rankings were 190th to 147th to 66th. The data meant that the College was the best performing in the Liverpool City Region for all ages, with only Riverside being noticeably better for 16-18 (2.6% better). Governors noted this was a considerable achievement, and were reminded that this had been achieved despite significant reductions in funding and a constrained financial situation in 2015/16. The Executive and the Board had been as one in their determination not to allow the College's financial situation to impact adversely on the student experience and the continued improvement in learner outcomes suggested this had been achieved.

Apprenticeships

Only Southport and Riverside were better in the Liverpool City Region for timely success rates although the Board noted that some of the colleges which had performed worse were Ofsted grade 2.

Retention

Governors were referred to the corresponding slide, which showed the current retention position was slightly behind target for both 16-18 and 19+ at the end of year position. The most significant areas was Fashion, Art and Design, particularly for adults. Analysis indicated this area had a disproportionate number of students with mental health issues, but as governors were aware, external support had been reduced owing to a lack of funding available to external agencies. Engineering for 16-18 and Construction were also behind target, but the pass rate was expected to increase in these areas so overall achievement rates should be maintained. Governors were informed that national rates would still be exceeded and that if the pass rate improved further then overall achievement rates could improve too, even with retention being slightly behind target.

Expected Achievement Rates

Student Type	15/16 AR	Predicted 16/17 AR	Target	National AR (all providers, all levels)	GFE AR (all levels)
All Classroom	85.5%	86.9%	N/A	82.8%	82.1%
16-18	81.7%	85.1%	84%	80.2%	79.1%
19+	88.7%	88.7%	89%	85.9%	86.1%
Apps.	Timely -63.3% Overall –69.5%	Timely: 62.3 Overall: 65.6%	Timely –72% Overall –75%	Timely –58.7% Overall –67.0%	Timely –60.0% Overall –68.9%

Analysis suggested that the achievement rate for 16-18 could reach as high as 85.1% which was above target and above the national rate of 79.1%, including English and maths. Governors noted this would be a significant improvement.

19+ was expected to remain above national rates, although slightly short of target. Timely achievement rates for apprentices were likely to be 62-63% although there had been some positive news that day with some apprentices moved from the not achieved to possible category. The Board were informed that there were two partners currently working with the College that wouldn't be used again following some exceptional issues, including one provider going into administration; between those two partners, withdrawals equated to around 8%. Governors questioned why the target had been set so far above the national rate the 2015/16 College rates and were reminded that a low national rate should not be used as a justification for under-performance and the College had a duty to set aspirational targets, although these were always balanced with a realistic appraisal of what improvement should be possible; however, the relatively static figure for the last three years required improvement.

Lawrence Kenwright left the meeting at this point.

Referring back to the issue with partners, governors queried how robust the selection and management process had been. The VPC advised that due diligence was carried out for each partner and financial penalties could be imposed if subcontractors did not meet agreed targets. Governors challenged on what had been learned and the Principal explained that as soon as quality issues emerged, a stop was put on all starts with those providers. The Group FD added that these learners were carried in from previous years so whilst no new apprenticeships starts would be agreed, the College must continue to support those already on programme.

The VPC stated that every apprentice was being tracked and every possible action to secure achievement was being taken and he believed that the College would be able to demonstrate robust action had been taken regarding under-performing partners.

English and Maths

English predicted outcomes were discussed. Governors noted there had been more enrolments at GCSE and reflected on the key measure, which had been set internally for grade improvement (50% of students to improve). Last year at 16-18 22.8% went from D to A* - C against a national rate of 17%. Prediction for this year was 61.8% to improve their grades. FS were predicted to improve to or be maintained above national rates.

The context for grade improvement was reiterated. The Principal advised that the Senior HMI working with the College through the Ofsted Support & Challenge programme had been surprised at the volumes of GCSE entries given the proportion of College provision at Level 3 but contextual information had been provided showing that only a small percentage of Level 3 was AS/A Level i.e. A level itself was approximately 3% of all provision delivered by the College. The staff governor added that often students were disengaged from English and maths and teachers faced challenges just getting students to attend classes, so it was important to view the challenges around English and maths in that context. The VPC pointed out that Senior HMI had seemed open to a contextual discussion and he was confident that building and sharing an understanding of the student cohort would be possible, even early in the new academic year.

Expectations for maths were slightly different. Functional Skills predictions at Level 1were lower than last year at 41.2% compared to 57.8% but there were differences in cohort due to the different approach to enrolment. When the data was presented in August, it would not just look at results but also at specific students over 2-3 years. Governors asked did students "start again" each year and were advised that this was effectively the case, but differentiation was used (and improved) and students were also streamed. Maths teachers were reporting that those students who were able to do non-calculator work were more likely to obtain a grade C. Such analysis would be used in a differentiated approach the following year with different schemes of work used.

Patrick Hurley left the meeting at this point.

Governors could see adult maths was expected to be better all-round than in the previous year.

	15/16 Achievement	**16/17 starts**	**16/17 Predicted achievement**	**National Rates (most recent)**
Entry Level FS	94.7%	335	91.2%	82.3%
Level 1 FS	57.8%	165	41.2%	53.1%
Level 2 FS	16.5%	1	100%	38.1%
GCSE AR	85.6%	933	86.0%	78.6%
GCSE A-C Grade Improvement	21.2% A*-C	933	37.9% (target 50%)	NA

<u>City 6</u>
AS and A2 performance had been extensively discussed at the earlier PQTFG meeting. Governors noted that a potentially significant increase in AS rates was anticipated in 2016/17 by the Assistant Principal for City 6. However the AS cohort from 2015/16 were now in the A2 cohort for 2016/17 so only a marginal improvement was anticipated, although as the slide showed, this was still just over 1% away from the national rate. Governors were reminded that many students now followed a linear programme rather than modular with all of the examination at the end of the programme and that this was an unknown variable but may have an adverse impact.

AS Alps was predicted to improve from 7 to 5. A2 Alps had been 3 in 2015/16 (although only just) and was predicted to be 4 or 5 in 2016/17.

The target for GCSE high grades was 50% but was predicted to be in the above 60% for all ages. Managers were cautiously confident that 16-18 would be above 50% matching Board aspirations.

The Assistant Principal for City 6 was confident that 63% for high grades would be achieved although governors were aware that results had previously been below expectations so understandably sought assurance. The Board were informed that the Quality Team had reviewed reporting and checked detailed tracking but that the Executive were taking a more cautious view given the changes in this area. The Chair suggested that using raw numbers may provide a useful illustration as this was a relatively small part of the College and the VPC agreed, confirming that AS/A2 made up less than 7% of provision with 450 AS starts and about half that for A2.

<u>General</u>
High performing areas: ICT, Computing and Digital, and Hospitality, Sport and Travel – both were traditionally high performing areas but had dipped (although not significantly) and this was believed to be related to having to do exams as part of the course for the first time. Both were areas which worked closely with employers to meet their needs.

Most progress: Health and Social Care and 3 x City 6 schools.

Making progress: Hair and Beauty, and Sustainable Construction.

Least progress: Fashion, Art and Design, and Media and Performing Arts.

Higher Education
HE continued to be a significant strength. The College had recently been awarded gold on the TEF (only 14 FE colleges nationally had achieved this) and this followed an outstanding QAA review earlier in the year. Retention was 96.1% (target 92%) and student satisfaction was 92% against national rate of 86%.

Risks
Governors discussed the fact that the increase in the number of subjects with external exams was a key risk to achievement rates, as was the move to linear A levels but also that the College would be inspected right at the beginning of a changed system and 2016/17 results would be compared against 2015/16 national benchmarks, which didn't have the same number of exams.

Value Added (ALPS) was being pushed very hard. More students at the College achieved than anywhere in the Liverpool City Region but the aim was for them to get the highest possible grades too.

In answer to a question as to how risks were being mitigated, the Principal advised that tracking was being used extensively. Every area for improvement highlighted in the previous Ofsted inspection had been tracked through the PIAP and the progress was evident. The appraisal process had been reviewed by Internal Audit as well as the Senior HMI. The Principal added that the impact of actions could be seen from the continual improvement to results and it was hoped the improvements in teaching and learning would be recognised. Target setting had been improved, and this had been recognised by the Senior HMI; the Board agreed that target setting and monitoring was crucial to achieving good results.

Governors referred to the points around Health and Safety which Ofsted had raised during the previous visit and were assured that external companies continued to provide feedback. Furthermore, a new Director of Estates had been appointed.

The Principal provided some context on inspections in the North West during the last year. Governors noted that for all ages at all levels the College outperformed every other college on the list and strongly felt that on that measure, plus improved teaching and learning and target setting, this was a good college. However, there was need for caution as the table showed variation between achievement rates and Ofsted grades. The Principal had met with the Association of Colleges who had indicated some concern regarding the North West being inconsistent with the rest of the country, noting that the two grade 2s in the table had been awarded by inspection teams from outside the North West. Timely achievement for apprenticeships was better at the College than all but three of the colleges on the list with governors noting that some colleges were below minimum levels of performance although it did was not clear whether Notices of Concern had been issued by the ESFA in that respect.

Similar analysis was shown for private training providers and it seemed the trend was for grade 3 and 4. The Principal said this underlined that while data suggested the College should be grade 2, nothing could be taken for granted. Nonetheless, managers were trying to gather as much information and context as possible, and sharing information with other colleges and the AoC. Cohort analysis was working well; examining the UMS scores provided by exam boards showed that many students coming to the College with grade Ds were at the weaker end of the scale. A more dispersed leadership model was being used for Ofsted preparation with managers leading; the staff governor confirmed she was involved with this. Safeguarding and Prevent training was ongoing and although it had historically been an area of strength it would be reviewed in response to events nationally. One College, One Mind-set was being embedded throughout the College with high aspirations being emphasised. The first six weeks of the new academic year had been planned thoroughly and every leader in the College had attended a presentation to assist with this. The planning linked to CPD, targets and deadlines and had been well received; the staff governor strongly endorsed this. The importance of being able to demonstrate student progress in the very first week of term had been emphasised with teachers understanding the importance of clearly identifying students' starting points and personalised inductions being created. The Board were assured that managers were clear about expectations and a centralised approach was being adopted.

Governors acknowledged that some challenges remained but stressed that the significant achievements were worthy of congratulations and should be at the forefront; the Board wished to record thanks to all involved. Governors appreciated the informative presentation, which encapsulated the likely outturn, benchmarked accordingly but had some follow up questions:

- In answer to a question regarding staff attitudes, the Principal advised that the vast majority of staff were committed to improving to working hard and improving the College and inspection leads felt positive. The staff governor agreed, using the example of Vauxhall Road where attendance at meetings had been strong, with people focussed and asking for support as necessary.
- Governors enquired about enrichment and pastoral support and were advised that both were great strengths for the College, adding that high needs students were performing well above the national average. Examples of enrichment activities were provided and the Principal highlighted the President of the Students' Union would do a joint presentation to Ofsted which would include how the Students' Union held the College to account.
- Governors queried how the impressive achievements would be contextualised against the intervention process. The Principal advised that focus would be on the student experience and demonstrating that the financial issues of 2015/16 had not had a negative impact.
- Staff nervousness around inspection had been communicated previously. The Board felt strongly that staff needed to understand the scale of improvement and wondered if they could help to reinforce that message. The Chair commented that Sir George Sweeney had recently joined the PQTFG as a co-opted member and he was emphatic that it was a good College. The Exec would consider the Board's suggestion of writing a letter of encouragement to all staff as well as other suggestions. **Action: Exec**

17.71 Finance Update

The Group FD spoke to the P10 management accounts. Some changes were highlighted although the Group FD stated that generally, more certainty was occurred the closer it was to the end of the year.

<u>Income</u>

Key risks had been flagged through the year. Apprenticeships had been closely monitored through the year. It was highlighted that because of the way they were funded, any new starts now drew down less funding in year and there had also been some challenges to the mix and how employers had recruited. Partnership delivery had also been lower but this was offset by lower expenditure. It seemed anticipation of the apprenticeship levy had changed employer behaviour; while providers were anxious to work with employers, the volume of sales activity had led to inertia from some employers. To reflect the deterioration, 16-18 Apprenticeship income had been reduced by £170K in the outturn although 19+ was more or less where forecast.

AEB was recruited throughout the year and covered a variety of provision. Some hadn't come through as anticipated, for example ESOL and partners had not delivered as budgeted either. While this was disappointing, the risks had been highlighted throughout the year and it seemed to be a sector issue. To reflect the under delivery, income had been reduced by a further £566K although largely this was related to partner delivery so there was not a massive impact on the bottom line as where this was the case expenditure would be reduced by 80-85% of the income.

Income generation was also tracking lower, but as previously explained some of this was related to feeder organisations for the AM2 programme and it was believed that the income would be realised in the next academic year instead.

F4S

It was confirmed that the guidance from the auditors was that the loss on F4S would be consolidated at 60% rather than 100% which was positive news.

Expenditure

Salaries and overall staff costs were significantly improved versus budget, although the DCEx highlighted that this reflected reduced income.

Non-pay expenditure had been tightly controlled. The sale of the Vauxhall Road car park was impacting.

Governors noted all of the movements highlighted and challenged whether EBITDA would be a significant surplus. The Group FD confirmed that it would and in answer to a follow up question stated that the swing in one year had been c£6m.

Governors also sought assurance on the position with auditors and the bank. The DCEx asked the Chair whether an item of other business could be taken at this point given it was directly relevant to the question.

17.71 AOB – Variation Letter

The DCEX advised that the loan covenants included all expenditure; the loss on disposal of F4S would be classed as expenditure which would lead to a breach of the covenants so the College would need to work with the bank on a solution by the end of the financial year. Governors referred back to previous discussions where is had been suggested the loss on disposal of F4S could be treated as an exceptional item but were informed that the DCEX had tried to verify this but FRS102 had to be taken into consideration. Therefore the loss on disposal of F4S would be disclosed separately but not as an exceptional item owing to the different treatment under FRS102. However, as the covenants would need to be amended anyway to reflect FRS102 the College could take the opportunity to manage both aspects at the same time meaning only one set of fees were payable. The Board were advised that this meant the loss on F4S would be excluded in the current year as well as restructuring costs in 2016/17 and 2017/18 and the covenants would be reset to reflect FRS102; the fees would be in the region of £5,000. Governors understood that this meant the covenants would not be breached in 2016/17 and that variation would have been necessary in 20171/18 anyway due to FRS102; the Principal confirmed this was correct and the Chair of the Group Finance Committee referenced discussions at its previous meeting. The Board approved:

1. Delegated authority for the Chair and Principal to proceed.
2. For the seal to be applied to any associated documents as required.

17.72 Update from Group Finance Committee

The Chair of the GFC advised that most items would be covered by the Board agenda but confirmed that there had been substantial time spent at the last meeting challenging budget assumptions. Two other members of the finance team had attended and it was clear that putting the budget together had been a collaborative effort. Not wanting to duplicate agenda items, the Chair if the GFC summarised that the Board could take assurance from the background work which had been demonstrated at the GFC.

17.73 Budget 2017/18

The DCEx tabled benchmarking information for the Board to refer to.

The budget had been up by individual pillars. Achievement of the budget hinged on enrolments. The Group FD advised that the budget was very conservative and was based on delivery this year and trends which had been observed. The Group position had been simplified and now was largely the College and SharED with most LBS activity delivered through the College.

Income

Allocations had been examined in terms of what was known and what could be delivered effectively. Apprenticeships had been reviewed with consideration of the market place and would be carried in, as well as overall strategy although it was acknowledged there was uncertainty in the sector. In that context, a cautious figure had been settled on of £3m; of which £2m was carry in and £1m new learners which broke down to £700K for College delivery and £300k for partners, and a sensitivity analysis had been included to show the impact of not being able to deliver to budget. A further consideration was the impact of the charges for SMEs which now had to pay 10% of the costs, and the associated administrative requirements; this was a relative unknown in terms of how it would influence employer behaviour.

Advanced learner loans had been close to target in 2016/17 so a similar figure was used in 2017/18 but it seemed there had been some impact on AEB which would need to be factored in.

HE had assumed £200K of growth which seemed reasonable given the strong performance previously and the new OU partnership.

All other income was assumed at 2016/17 levels plus a further target of £200k for the new VP Business Development who would shortly take up post.

Expenditure

Staff costs had been reviewed against current levels. Current employment levels had been reviewed along with known vacancies/leavers with the Exec team evaluating which leavers should be replaced. The Group FD assured the Board that this process was tightly controlled as evidenced by the current year.

The impact of the Insolvency Act was explained to governors. Pension funds had taken a different view with regards to the security of employer obligations and no longer seeing as sovereign backed. Actuarial calculations reflected this and the period for deficit repayment had been reduced from 15 years for the College and 16 years for SharEd down to 9 years for both as well as an increased service rate. The impact across the Group was £4-500K which meant staff savings were skewed. The Board were informed that this would be the case for other colleges too, but agreed with the Principal that if staff numbers were decreasing but this was not being reflected in staff costs then there needed to be clarity over why that was.

Governors challenged on how savings were spread across the year how the timing was planned. The Group FD explained that a prudent approach had been taken and no savings were forecast until January although it was possible some would be achieved before then. The Chair of the GFC added that savings had been monitored throughout the year at GFC.

Governors were keen to understand the volume of savings required and were advised that in terms of numbers it was not the most challenging exercise which had been undertaken, but the associated capital costs would be difficult to manage. Curriculum costs were well balanced which meant that most savings would need to be made in support areas [part of sentence removed]. The Group FD explained that some reductions would occur through natural attrition while some would happen as a result of restructures.

Other operating expenditure was reviewed. Franchise costs showed a shift compared to the current year and this partially reflected some AEB delivery not coming through so was more about what hasn't been delivered this year rather than what will be delivered next year.

Mike Firth left the meeting at this point.

Support costs, child care and bursaries had all been reduced although these could be increased if students were eligible as more income could be drawn down to offset therefore continuing to protect the student experience. Other variations were minor.

Governors challenged on what actions were being taken to increase student recruitment. The Principal advised that two key factors influenced this: the demographic was still in decline and the raising of the participation age had been widely interpreted as students needing to stay at school. The College had launched a significant campaign, advertising on buses, shelters etc as well as trying to promote internal progressions to existing students. The Combined Authority had indicated that the decline in 16-18 demographic had not been as severe for the College as elsewhere in the Liverpool City Region, but was still a key factor. The Principal assured the Board that she had personally challenged budget assumptions and difficult conversations had taken place and this was endorsed by the Group FD and DCEx. The GFC confirmed that the GFC also challenged budget assumptions.

Total capital expenditure was estimated at £564k which mainly related to the completion of the Digital Academy and £200k for minor capital projects identified in-year.

Governors asked for a comparison of the current financial situation against that in the proposed budget. The DCEx referred to a presentation which had been delivered by the funding agency's transaction unit and the focus had very much been on the cash position and this was reflected by how the financial heath score was calculated. The DCEx referred to the benchmarking information previously tabled. EBITDA as a percentage of income was 7% in the 2017/18 budget compared to the sector average for 2015/16 which was 5.7%. Borrowing as percentage of income was about average. The Board agreed that it was essential to build up cash reserves in order to improve the current ratio as this prevented the College from scoring more than "satisfactory" for 2016/17 and 2017/18 would probably be calculated at "satisfactory" too despite being a stronger year. The £6m swing, healthy surplus, and reasonable performance against most benchmarks showed that the Group had recovered well from 2015/16. For clarity, the cash based operating surplus for 2016/17 would be around £1.3m and for 2017/18 it would be around £1.8m (although a slightly better performance for the College alone as the Group had incurred a loss on F4S). While the Board appreciated the scale of the recovery, the lack of contingency in the budget was a risk as well as the lack of working capital, although it was acknowledged an extremely prudent approach had been taken and the Group FD pointed out that some opportunity hadn't been quantified yet.

By way of context, the Board were informed that £30m of Exceptional Financial Support (EFS) had been provided in the North West during the last year. In response to a question, it was confirmed that this information had been provided by the Transactions Unit. Furthermore the AoC were adamant there were colleges in far more severe financial situations than the College.

The DCEx had confirmed that the ESFA's financial planning checklist had been completed. On the bass that the budget was credible, had been tested and sense checked, the Board approved the budget for 2017/18.

The financial plan for 2017/18-2018/19 was in the final stages of completion. On the basis that it followed the same rationale as the 2017/18 budget with the only significant variance a reduction in 16-18 learner funding corresponding with 98 learners, the Board delegated final approval to the Chair, Principal and DCEx with the final version to come to the next Board meeting for ratification.

Action: PT/EB/JB

17.74 Write Off Bad Debts Report

The report had previously been considered by the GFC and approval was recommended on the basis that all reasonable efforts to recover the outstanding amounts had been exhausted. The report also contained trends.

The Board approved the write offs outlined in the report.

17.75 Internal Audit Plan 2017/18

The Plan had been considered by the Group Audit Committee and was recommended for approval on the basis that it contained an appropriate mix of reviews required to provide assurance. The Group Audit Committee had received assurance that the plan was flexible and could be amended to reflect Group priorities.

The Board approved the Internal Audit Plan for 2017/18.

17.76 Subcontracting Policy and Supply Chain Fee Policy 2017/18

The report provided an update regarding activity during the year. The Notice of Concern for Financial Health had frozen overall value and included additional restrictions so that it was not possible to use new partners, although this restriction should be removed when the College achieved a financial health score of satisfactory. The consequence of not being able to work with new partners was that it was more difficult to achieve the budgeted level of delivery when moving on from underperforming partners; although as discussed earlier in the meeting it was possible to terminate agreements, the provision could not be easily replaced. Governors felt this restriction could hinder the financial recovery and looked forward to it being removed.

The DCEx summarised that in 2016/17 11 partners had brought income of £4.7m. In 2017/18 only five partners would be used. This reflected issues with partners – one partner had entered into administration. Another partner was flagged as high risk due to retention issues so new learners would not be placed with them. [Sentence removed].

Governors were reminded that £4.25m of subcontracting expenditure was in the budget for 2017/18. 16-18 apprentices and AEB were the risks within this, with AEB comprising £2.5m of that the volume. Decisions would be taken during the year regarding who to partner with.

The supply chain fee policy was reviewed and this included a list of partners and their forecast success rates which were generally very good. Concerns had been highlighted during the discussion. Governors queried whether partners knew of the restrictions from the Notice of Concern for Financial Health and tried to exploit that but this had not been noticed. The Group FD explained that it was important for the College to remain engaged with partners and for this to happen as early as possible to mutually assist planning. The Principal suggested that in view of the question raised, the

Head of Partnerships could be invited to a future meeting of the PQTFG to provide further assurances on due diligence and how the College engaged with partners. **Action: CL**

The Board agreed that the Sub-contracting Policy and Supply Chain Fee Policy were appropriately structured and approved both.

17.77 HR Policies

The cover report summarised the changes, most of which were minor. [Section removed]

17.78 Safeguarding – Termly Update

The report was self-explanatory and had been circulated in advance and governors noted the key messages around Safeguarding and Prevent. Governors appreciated the succinct summary provided.

17.79 Health and Safety – Termly Update

No significant issues were contained in the report, which was noted, but the Principal drew the Board's attention to two other matters:

1. The funding agency was asking all colleges for information regarding external cladding. The return had been completed and while the College estate did not have much cladding, the agency would be in contact and action taken as necessary.
2. A student had contracted Tuberculosis. Public Health England requirements had to be complied with and other students and staff would be tested as appropriate. The College was following the directions of Public Health England.

17.80 Group Audit Committee

As discussed, a report had been received on employee performance management which had originally provided limited assurance but after extensive discussion this had been upgraded. Other reports had also been received, with particular attention being paid to the Management Accounts report which provided substantial assurance.

17.81 Risk Register

Most items had already been covered. The report had also gone to the Group Audit Committee. Governors noted the new format and that the risk around Area Based Reviews had been removed but a new risk relating to the implementation of the new MI system had been added. Governors discussed the new MI system and assurance was received that there would be more automation and most of the data transfer had taken place so the risks were reducing. The Board had also previously been informed that the resignation of the former Funding and MI Director had been a significant risk but his replacement had settled in well and was performing well, providing significant assurance to management.

17.82 AOB

Mr Pollitt updated the Board on some developments from Peel and their eagerness to work with the College. As governors were aware, Peel were a major employer and key stakeholder within the Liverpool City Region who were investing considerable sums as part of their development schemes within the City Region. As such the College had been invited to the next collective meeting to discuss employer need as part of the supplier chain. Governors thanked Mr Pollitt for the update and agreed it was an example of stakeholder confidence in the College.

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