

Meeting of the Corporation Board

Held on 5th October 2016 at 4pm

Present: Louise Barry (By teleconference), Elaine Bowker (Principal), Tony Cobain, Clare Crowther, Lydia Field, Peter Grieve (Chair), Cllr Patrick Hurley, Viv Lacey (Vice Chair), Benjamin McGowan, John Nolan (Staff), Ian Pollitt, Abdi Saed (Student), Phil Sheard, Dr Peter Tavernor, Gill Williams (Staff)

In attendance: Julie Barnes (Deputy Chief Executive), Angela Cox (Deputy Principal), Nicola Kumar (Strategic Development Manager), Christine Lenderyou (Clerk to the Corporation), Simon Pierce (VP Curriculum).

The first part of the meeting was attended by external governors, the Principal, the Clerk and the Strategic Development Manager.

16.86 Confidential item

16.87 Confidential item

16.88 Confidential item

16.89 Appointment/Reappointment of Governors

Mr Pollitt left the room and Ms Barry's telephone communication was paused for the duration of this item.

Appointment of governors

The Board had delegated progression of expression of interests to the Principal, Chair and Clerk with an update on potential candidates having taken place at the recent strategic planning event. As such, Heather Bebbington and Sarah Peet had been appointed for four year terms and their profiles were provided for information. Ms Bebbington was a senior HR professional, working at Director level within the NHS. Ms Peet currently worked for Living Ventures as their recruitment lead, bringing particular expertise in the Visitor Economy which was a key priority for the city region and as such aligned with the College's strategic plan. Governors agreed that the breadth of skills and knowledge offered would further strengthen the Board.

Reappointment of governors

The Board were asked to consider the reappointment of two current governors: Louise Barry and Ian Pollitt. Both had proved to be committed governors who had supported the College through a range of activities. Mr Pollitt was keen to be reappointed but had highlighted his work commitments made it difficult for him to commit to 100% attendance. The Board were in agreement that Mr Pollitt had clearly contributed to governance whether during Board meetings or outside and his strategic input had been extremely valuable. If appointed, Ms Barry would be serving her fourth term. The Board had previously agreed that ordinarily governors would serve two terms but were emphatic that Ms Barry should be an exception to this. Ms Barry would be the only member of the Board to have served more than two terms and as well as the corporate memory she retained, she was an active, knowledgeable governor who brought skilful challenge and support where necessary.

The Board approved the reappointments of Ms Barry and Mr Pollitt for a period of four years each.

Appointment of student governor

The Clerk advised that the nomination process had concluded and Benjamin McGowan had been nominated for appointment. Mr McGowan was studying Aviation at Duke Street, as well as working part time and holding a place on the city's Youth Parliament as Transport Minister. In addition, Mr McGowan was an RAF cadet. The Board approved Mr McGowan's appointment, noting the Clerk's advice that as Mr McGowan was 16 years old, generally speaking he would not be entitled to vote on financial or contractual matters.

One governor highlighted that in her experience, larger boards sometimes suffered from a tendency for members to believe their attendance wasn't always necessary. The Corporation Board had recently been strengthened with the appointment of a number of new governors and the skillset of all governors was deeply valued. The Clerk was instructed to monitor attendance closely and report any concerns to the Chair.

Act: CL

Ms Barry, Mr McGowan, Mr Nolan, Mr Pollitt and Ms William (re)joined the meeting at this point and those who it was applicable to were informed of their (re)appointments.

Ms Barnes, Ms Cox and Mr Pierce also joined the meeting.

16.90 Declarations of interest

Item 12 – Abdi Saed

Item 13 – any members of staff who were union members

Item 14 – any members of College staff

16.91 Welcome and Apologies

The Chair welcomed everyone to the meeting and introductions were made for the benefit of newer governors.

16.92 Minutes of previous meetings

The minutes of the 1st September 2016 Board meeting were approved as a true record.

16.93 Outcome of actions

All actions were noted as ongoing or complete.

16.94 Update from PQTFG – verbal report from Chair of PQTFG, Peter Tavernor

Dr Tavernor recapped the discussion that had taken place. The Board were well aware of the position around City 6. As mentioned earlier, a detailed discussion had taken place around City 6 and the curriculum implications as well as trying to establish whether there were patterns nationally. The PQTFG agreed that further analysis was required, including using external resource.

The Deputy Principal had presented on outcomes, which had significantly improved again. Dr Tavernor clarified that the measure of achievement rates discussed was that formerly referred to as success rates. The importance of an overall increase for achievement rates was impressed on governors.

- 16-18 achievement rates had improved by over six percentage points to 81.3% (which was above the available national benchmark).

- Apprenticeships would improve from the previous year (62% Timely and 67.2% Overall). There were some remaining achievements to go through on the system which could take achievement rates to 70% and 72% respectively which would be above national rates (58.9% timely).
- 19+ was currently at 86.5% and had the potential to improve further as the final achievements were confirmed. It was anticipated that 19+ would also be at or above national rates.

The Principal advised that fully validated data would be brought to the Board as soon as possible, but the new national benchmarks would not be known until after Christmas. The benchmarks presented were the latest published i.e. 14/15 however there was clear evidence of further improvement for the College and the outcomes for students were significantly improved from the low starting point in 2011. The Deputy Principal was asked to distribute the achievement information reviewed by the PQTFG.

Action: AC

The PQTFG would also consider its objectives for 2016/17 and bring these to the Corporation Board for approval.

Governors thanked the PQTFG for the continued scrutiny. The success rates were noted by the Board and it was agreed that while achievement had improved overall, it was not considered to be “job done” and governors would expect to see continued improvement the following year.

16.95 PIAP/QIP

The Deputy Principal highlighted the key points which were:

- The 2016/17 PIAP would remain in draft until the final success outcomes were known and the College Self-Assessment Report was approved by the Board in November/December.
- The overall target sheet had been updated with proposed targets for 2016/17 based on predicted outcomes.
- The areas for improvement would remain largely the same as in 2015/16 but the specific actions and targets had changed.
- L3 16-18 Achievement rates would be incorporated into the PIAP as a priority for improvement, replacing L2 16-18 which had improved considerably.
- The PIAP also had an additional section headed 15/16 which provided governors with an update on previous targets and impact measures.
- Progress had been made with English and maths, as well as apprenticeships – actions in 2016/17 would be focussed on learning.
- Quality improvement for teaching and learning had been positive generally but there were still pockets requiring further work.
- City 6 remained a key focus for improvement.

Mr Saed joined the meeting at this point.

The Wider Leadership Team away day would focus on what would make the greatest difference and enable the College to move forward, as well as identifying what would hold back.

Governors questioned [...] regarding the provision at Vauxhall Road; the Board were informed that Construction [...] had improved by 12.5% construction for 16-18 and 7.5% for adults which meant it

was c2% under national rates - the closest it had ever been. There had also been a growth in enrolments and more students were progressing. Additionally, Engineering was now the top area for L3 in the College.

Governors were pleased to hear that there had been such significant improvements, but challenged the Executive as to whether they were sustainable. The Chair referred back to the expectations that had been set in previous meetings where the Deputy Principal had expressed concern regarding those areas of Curriculum delivered at Vauxhall Road and challenged as to what had changed in such a short space of time. The Deputy Principal reflected that throughout the year, the Executive had been cautiously optimistic that the actions taken had positively impacted on outcomes but this had to be borne out by results (which had now happened). Intervention had taken place around quality assurance and staff had ensured the necessary processes and paperwork had been completed (particularly for apprenticeships) so that students could achieve. Training was ongoing with more staff doing quality assurance qualifications. The VPC noted that the improved outcomes had not been without significant effort. The Principal agreed that the challenge was sustaining that improvement, but noted that a key concern had been around assessment and efforts had focused on strengthening the processes and quality assurance in this area. Combined with the introduction of new staff and changes in culture, this should bring about sustained improvement.

The Board agreed that the improved outcomes were a validation of the effort dedicated to the area which had also been reported via the PQTFG, but required further assurance and suggested that a further update be provided in around three months' time so that assurance around sustained improvement could be taken. Furthermore, governors requested that the Head of School be invited to present at a future Board meeting. **Action: CL**

16.96 Performance Dashboard

Key performance indicators were contained within other items on the agenda with updates on performance, staffing and enrolment. In response to feedback, the Performance Dashboard was under review and a revised format would come to future meetings. **Action: JB**

16.97 Finance update

The DCEX referred governors to the P12 and P1 accounts and accompanying report within the papers.

2015/16 Outturn

The Financial Statements Audit had started on Monday 10th August but no material adjustments were anticipated with the exception of an FRS102 pension adjustment. The F4S audit had been completed and SharEd and LBS would follow on from the audit of the College's accounts. An update on progress would be provided at the November Board meeting.

The Group Cash Based Operating Deficit was expected to be £4.98m (surplus in 2014/15 was £2.7m). The Group historical cost deficit would be £8.36m (2014/15 surplus of £256K). As governors were aware, this would result in an SFA financial health score of "inadequate". The bank had agreed not to measure the covenants at 31st July 2016.

Governors noted the variance from the P11 management accounts and the P9 reforecast. Overall income and staffing costs were largely in line with the reforecast. Governors were reminded that this had taken place shortly after the new Group FD had joined the organisation and that she had been asked to focus particularly on staffing and income which were an area of concern with the previous

budget and reforecast having been found to contain errors made by the former FD. The most significant variation against the reforecast was against non-pay and the Group Finance Committee had spent considerable time reviewing this and the actions in place to secure savings going forwards.

The variations from the P11 management accounts were largely due to HE income (£290K variance from P11 but £202k against the reforecast) and HE income (£145K variance from P11 but £92k against the reforecast). The DCEx advised that this was due to the phased income of FE/HE loans as they were released over 11 months rather than 12 which meant there was a mismatch with the profile of the budget, resulting in a swing of £435K. The Board were assured that the DCEx and Group FD were reviewing further to ensure that income and when it was released matched the budget profiling going forwards for 16/17. Additionally HE validation fees had been higher than expected too.

Period 1 Management Accounts

Abbreviated management accounts for P1 had been provided as was common in the sector. The DCEx advised that governors should see significant improvement in clarity for the full P2 accounts as they would have one page with the consolidated position then additional pages separating out each part of the Group to ensure there was increase clarity regarding variances. Re-profiling of the budget and increased transparency regarding non-pay costs previously held within SharEd were being reviewed with any cost that wasn't directly associated with SharEd being transferred to the College or F4S. This would also address an area of inefficiency within the work of the Finance team.

The DCEx highlighted a favourable cash variance in P1 for expenditure but cautioned governors against taking undue assurance as this was largely due to timing of payments out.

Enrolment figures for P1 had been positive so far but the Executive were cautious regarding predictions as some students would leave before day 42 so would not be counted for funding. Key points were:

- 16-18 apprentices were slightly below final allocation which could result in the contract being rebased in 2016/17 if the allocation was not fully utilised. The SFA were fully aware of the College's planned growth and the existing high levels of carry in. It was noted that Apprenticeship starts were only profiled from September/October and a high level of starts was not anticipated at the beginning of the year.
- Other 16-18 provision was on target but this would need to be reviewed at Day 42. While there would be no impact on the current year's funding, the lagged model would see an impact on 2017/18's income.
- Income from loans was slightly ahead of target.
- AEB numbers looked strong as recruitment took place throughout the year.
- As previously reported, 19+ apprentices had a high carry in. At the case conference meeting with the Skills Funding Agency (SFA) the previous week, the agency had suggested a potential solution as a transfer of contract or 'provider change' from F4S. *[Removed for confidentiality]*

A full review of the budget would take place after day 42. The cash balance continued to be closely controlled and monitored. Creditor days at the end of P1 stood at 31.

Governors challenged whether expenditure had been profiled at Head of School level so that full year supplies were not being purchased in September, referring back to previous discussions about the College's pattern of expenditure. The DCEx confirmed that the message had been clear and only

deviated from when there were exceptional commercial reasons such as discounts for bulk purchases.

Governors were concerned that F4S had reported a £6k variance even with a reduction in costs to mitigate. This would be challenged at the F4S Board.

The DCEx advised that payroll costs for the College were holding for P2. Governors were encouraged by this, with reference made to the costs in P1 2015/16 increasing, but warned that they would be monitoring this closely to hold the Executive to account against the savings required in-year.

Governors were conscious that the position at day 42 would be one of the biggest indicators of whether the budget would be delivered and challenged what measures were in place to ensure the College maximised its position and what level of confidence the Executive had in achieving the planned numbers based on performance to date. The Principal advised that the Executive team were cautiously optimistic that the numbers would hold, with the VPC adding that a range of measures were in place to ensure early intervention with students at risk. Some students had enrolled but never attended as they would have been holding offers from a number of colleges and this was often verified during telephone conversations but the VPC assured the Board that every reasonable action was taken to retain students who had attended even if that meant transferring them to more appropriate programme.

16.98 Update from Group Finance Committee – verbal report from Chair – Lydia Field

The second meeting of the GFC had taken place. Ms Field updated governors that the management accounts had been received and interrogated in detail and touched upon the items that had been discussed, including F4S being behind budget, the transparency of non-pay costs within SharEd, cash flow and the financial recovery plan. In addition, two key managers had attended, at the Committee's request: Kevin Wintle (Director of MIS and Funding – SharEd) and Aamir Butt (Head of Pastoral Support –TCOLC) to report on how they managed income and expenditure in their respective areas, and provide an update against how they were achieving savings and reductions in expenditure while continuing to safeguard the student experience. The GFC had been able to take considerable assurance that both managers saw this an integral part of their roles and had taken proactive steps accordingly. The GFC had found this structure useful and it would be repeated for future meetings.

The PWC report had been received and was a comprehensive piece of work which provided assurance over the assumptions and understanding shared by governors. Key concerns remained cash flow and how early in the year savings needed to be made in order for the financial recovery plan to be delivered.

Governors appreciated the additional layer of scrutiny offered by the GFC. One governor raised that the Group FD prepared the management accounts but the DCEx reported on them to the Board and challenged how governors could take assurance that adequate oversight and a comprehensive understanding was in place through the leadership and management chain. Ms Field stated that it was clear through extensive questioning that the DCEx had a thorough knowledge of the management accounts and while the GFC would bear this in mind as a point on which periodic assurance should be sought, it was not something which was felt to be an issue. The Group FD would also be a regular presence at Board.

The Board noted Ms Field's assessment that the meeting had facilitated an informative and honest discussion.

Items 9 and 10 would be taken together. Mr Pollitt left the meeting at this point.

16.99 Update on Intervention and Area Based Review processes.

FE Commissioner and SFA Case Conference

The report on the stocktake visit had not yet been received despite the visit taking place at the beginning of September and no formal feedback or recommendations had been received. The Principal had since spoken with Marilyn Hawkins (Deputy FE Commissioner who had led the visit), who had confirmed the report was with the FE Commissioner and would be with the Minister shortly. While this appeared to contradict the assurances given by the DFEC regarding the independence of the FEC team's assessment, the Board were hopeful that the report would be received soon.

The case conference the previous week had been constructive, with a number of actions acknowledged as closed.

Area Based Review

At the recent strategic planning day the Board had discussed the submission from the College which advocated remaining as a standalone institution. The Principal had received advance confirmation that this would form part of the recommendations to Steering Group Meeting 4 (SG4), and the Liverpool City Region Area Based Review draft report had been circulated to governors so they could see how the College's submission sat within those relating to other colleges in the area.

[Removed for confidentiality]. The Principal had written JARDU to confirm that the College remained engaged with the process and had asked to be kept informed of any outcomes or actions from the meeting. The SFA had also acknowledged that the College remained fully engaged with the ABR process at the latest case conference, which had taken place after SG4.

While the SG4 meeting had been unsatisfactory, the Board agreed it was essential to remain engaged with the process. The Board were required to formally endorse the standalone proposal, as received and discussed at the strategic planning day, prior to the next and final steering group meeting. Governors unanimously agreed that the proposal remained in the best interests of the College and Liverpool City Region on the basis that the proposal was sustainable, evidence based and reflected the priorities of the Liverpool City Region. As such, the proposal for the College to remain as a standalone institution was formally approved.

[Removed for confidentiality]

16.100 Confidential Item

16.101 City 6

This item had been reviewed during the confidential session owing to interdependencies with another item. For the benefit of those not present earlier the Chair briefly recapped discussions.

16.102 Students' Union Constitution

The constitution had initially been approved in April 2013 but had been brought back to the Corporation Board as the Students' Union Parliament had made some changes within the standard five year review period. The key changes were outlined as:

- Reduction from two sabbatical officers to one
- The removal of the requirement for external trustees based on advice from NUS
- Clarification of salary for sabbatical officer (formalisation of arrangements since inception)
- Prescription of funding of £2 per student to allow more effective planning.

The Board endorsed the first three changes in principle but noted that the funding formula had not been tested or accepted by the Executive so the DCEX would review and report back to the next Board meeting.

Action: JB

Governors suggested that a three yearly review might be more appropriate. **Action: AS**

As a separate point, the Students' Union President reported that a successful Freshers' Fair had recently taken place and more activities were planned throughout the year to assist with the engagement of students; the Board would be kept informed of any events which may be of interest. Student governors and the Executive were in agreement that this had been a very successful start to the year and the SU President was to be congratulated both on the success of the event and his entrepreneurial approach.

16.103 Trade Union Recognition

The Board were advised that the proposals in the paper formalised existing arrangements. A key consideration was time for trade union (TU) activities etc. The unions were required to inform the Group HR Director how the representatives would use the allocated time, split by individual. Unison had complied with this in 2015/16 and UCU were now following suit. There was also provision for collective disputes to be heard by the Board although they would go to a member of the Executive in the first instance and would not be permitted to be used haphazardly, nor for every dispute. The Board noted that the agreement was binding in honour only and could be withdrawn if felt to be misused or non-constructive which was consistent with legal advice received by the Clerk. For context, the Principal advised that relationships with TUs had improved but when they were more negative, she had met with regional representatives. The revised procedures sought to resolve the issue whereby as there was no formal recognition agreement, union representatives had felt it necessary to use the grievance procedure to formally raise issues which was time consuming for all involved and not always an appropriate channel.

The Board approved the agreement.

16.104 Attendance Management Policy

As mentioned earlier in the meeting, staff absence was above the AoC average and the Group HRD and Executive proposed changes to the Attendance Management Policy in order to support the efforts to address the associated costs and safeguard the student experience. The proposed policy reduced the timeframe for dismissal from 28 weeks to 20 although the entitlement to sick pay would not be removed or reduced.

Governors' attention was drawn to the provision that entitlement to sick pay was dependent on engaging with Occupational Health with the caveat that this would not apply if Occupational Health agreed that the person was too sick to engage. TU representatives would not be allowed to attend Occupational Health meetings as this was not standard elsewhere. TU representatives would not

attend informal meetings as to do so meant they became formal, with HR representatives also require to attend; the TUs had accepted this point which supported the principle of resolving issues informally in the first instance wherever practicable. The College would be able to take into account past history beyond 12 months if there was a pattern to absence.

Governors were aware that staff sickness had a detrimental impact on students, especially those on one year programmes. The Principal highlighted that the six months' sick pay entitlement remained but was longer than the triggers for dismissal; circumstances could therefore be taken into account as appropriate; the College was committed to being a good, supportive employer but the student experience must be protected.

The Board understood that sickness needed to be managed in a way that was supportive, yet did not disadvantage students or increase financial pressures. As such the Attendance Management Policy was approved.

16.105 Risk Management Plan 2016/17

The draft strategy and plan were presented for comment. The DCEx advised that she would be working with the Internal Audit Service to review and refine it further in line with the feedback from the risk workshops in the summer and subsequent Board meetings, but wanted to sight the Board early on and take their views on any key changes.

The Board debated the current format and content of the risk register. Governors agreed that the risks were appropriate and would form the basis of the risk register going forwards but required that the Executive give further thought to some of the mitigations, using the example of continued retention of senior staff and difficult to recruit to posts. Governors challenged on impact and the need to recognise interdependencies within the risk register. The DCEx said this would be taken into consideration as well as developing the format further; the key aspects should be risk, controls, and risk after controls, with the risk registers across the Group developed on an integrated basis.

Final approval was delegated to the Group Audit Committee but the risk register would be circulated to the full Board. Ms Field requested that she be given additional time to review and feedback her comments before the final plan and risk register were signed off by the GAC. **Action: GAC/LF**

16.106 Internal Audit Plan 2016/17

The Board reviewed the plan which was largely consistent with what the Board considered to be the biggest risks to the College. Discussions were taking place with the internal auditors to focus the City 6 review to complement the additional external work previously discussed and enable the Executive to bring back an holistic view and recommendations which included corporate contributions, efficiency and other measures.

The Board would accept the Internal Audit Plan (16/17) subject to final review by the GAC in line with the discussions around the strategic risk register. Final approval was therefore delegated to the GAC. As before, the GAC would welcome Ms Field's feedback. **Action: GAC/LF**

16.107 Safeguarding Policy

Governors received the Safeguarding Policy and an updated PREVENT action plan.

The Deputy Principal clarified that the PREVENT action plan for 2016/17 was an iterative process and further elements would be added and could be included within the termly safeguarding report. Governors acknowledged the comprehensive policy and corresponding plans but challenged as to assurance regarding partnership activities and subsidiaries. The Deputy Principal confirmed that robust practices were in place and that sub-contractors were expected to meet the same standards.

The Safeguarding Policy was reviewed and the updates noted. The Board approved the Safeguarding Policy.

The Clerk noted the requirement for governors to be trained in respect of PREVENT and confirmed that this now formed part of governor induction. The Clerk advised that most new governors had completed the online PREVENT training and had received the slides from the session delivered to governors the previous year. In response to statutory changes, the entire Board would need to have a refresh on safeguarding; the Clerk and Deputy Principal would facilitate this. **Action: AC/CL**

16.108 Student Complaints annual report 2015/16

As highlighted previously, staff absence was a consistent theme and reinforced the earlier discussion regarding changes to the attendance management policy. Governors agreed with the Deputy Principal's point that visibility for sub-contracting related complaints could be improved and the Deputy Principal was asked to ensure this was aligned centrally. **Action: AC**

16.109 Update on capital programme

Governors were referred to the paper in their pack which detailed the three ongoing projects. One further project had recently been approved by the LCR Combined Authority (CA).

The refurbishment of the Science, Technology, Engineering and Maths (STEM) centre had received an 87.2% grant towards a total spend of £3.5m. There had been slippage against the original project plan but the project would be delivered on budget and mitigations were in place to safeguard the student experience. Governors questioned the delays and were informed that they had been front loaded – receiving the approval letter, etc – but the team had worked with the curriculum area to minimise the impact. The curriculum team had worked creatively and had leveraged relationships to secure support and accommodation from Liverpool John Moores' University to minimise any disruption to students. Positive press coverage had been received and governors were invited to the launch on 9th November.

Strand 2, Round 1 of Improved Facilities had been 100% grant funded (£334,856) and included maintenance repair/replacement to elements of the College estate and equipment at Clarence Street and Vauxhall Road. The DCEx advised that a variation to schedule had been applied for. All the money secured would be spent and the project was on budget. The slip in schedule was related to changes in the scope of the project and the need to avoid disruption to students.

Strand 3, Round 1 – The Academy Restaurant project was ongoing but a variation to schedule had been applied for. The budget had been revised upwards by approx. £6k due to the more specific requirements of the Royal Academy of Culinary Arts but the project should be delivered within this revised budget. The project had been part funded by the LCR CA at an initial 50% intervention rate.

Governors were reminded that the bid for the Digital Academy had been approved and the College was anticipating the approval letter so that work could progress; the DCEX had met with CA representatives the previous week. The project had been approved at an intervention rate of 85% and the Principal noted that the benchmark was 33%; the higher intervention rate reflected the strategic importance of the Digital Academy and the project would deliver outstanding facilities in a priority key area for the LCR CA and the College's longer-term strategic plans. The VP Curriculum and Strategic Development Manager were congratulated on securing additional funding to significantly enhance the student experience.

Further updates on the capital works would be received throughout the lifetime of the Digital Academy project. **Action: JB/CL**

The Board thanked the DCEX for the update and noted the actions which had been taken to try to reduce slippage in schedules.

16.110 Use of seal 2015/16

The report was self-explanatory and noted by the Board.

16.111 Any Other Business

The Principal reported that the College's nursery had been inspected the previous week and judged as grade two. The work of the Deputy Principal and the Head of Pastoral Support was noted, along with the staff who had contributed.

Governors were also informed of the upcoming Employers' Dinner which was being organised by the College. On a related note, governors were asked to reach out to their networks regarding potential sponsorship of the restaurant's refurbishment (£50K).

16.113 Confidentiality of items

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

16.114 Date of Next Board meeting

9th November 2016

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