

**Minutes of the Board meeting
held on 14th December 2010 at 4.15 pm**

Present

Cllr Karen Afford)	External Governors
Ms Louise Barry)	
Mr Tony Cearns)	
Ms Clare Crowther)	
Ms Claire Dove, MBE)	
Dr John Ritchie, MBE)	
Cllr Nick Small)	
Ms Vivienne Tyler (Chair))	
Mr David Wilson)	
Ms Martha Harris		Staff Governor (Teaching)
Ms Maureen Mellor, MBE		Principal

In Attendance

Ms Marie Allen, MBE	Vice Principal Curriculum
Mrs Gill Banks	Assistant Principal 14 – 19 Curriculum
Mrs Colette Berry	Acting Secretary to the Clerk
Mr Mike Doyle	Assistant Principal Resources
Ms Nancy Jenkins	Clerk to the Board
Ms Ann Lees	Assistant Principal Student Services and Support
Ms Irene Loh Lynn	Vice Principal Corporate Services
Mr Brendan Ruane	Vice Principal Finance and Resources
Mr Barry Sherriff	Assistant Principal Employer Services and Adult Skills

It was agreed to take Item 8 first. Staff, other than the Principal and Clerk, withdrew from the meeting at this point.

10.124 Recruitment of Principal

Confidential minute held by the Clerk.

Staff then returned to the meeting, joined by the staff governor.

10.125 Strategic Planning Presentation

The Board received a presentation on *'The Future of Work Based Learning'* from the Vice Principal Curriculum and Assistant Principal Employer Services and Adult Skills. This was in the context of the abolition of Train to Gain programmes from March 2011 and the government's steer towards Apprenticeships for both 16-18 and Adults.

10.126 Welcome/Apologies

Ms Gill Banks, Assistant Principal Curriculum, was welcomed to her first Board meeting.

Apologies for absence were received from Ms S Carmichael, Ms S Carthy, Mr A Cobain, Ms A Fillingham, Ms S Navarro, Prof G Pillay and Mr S Qureshi. Cllr Afford and Ms Barry gave apologies for early departure.

10.127 Declarations of Interest

Senior post holders declared an interest in item 25 in relation to pay.

10.128 Minutes of the previous meeting

Minutes of the meeting held on 19th October 2010 were agreed as a correct record.

10.129 Matters arising from the Minutes

10.129.01 Outcome of Actions from Previous Meetings

The Clerk's report was noted. The majority of actions had been progressed.

10.129.02 Safeguarding Training

The Clerk would arrange a repeat of the June 2010 Safeguarding training for governors. **Act: NJ**

10.130 Principal's Report

The Principal gave a detailed report on the implications of recent government publications: the *Schools White Paper* and the *Strategy for Adult Skills Education and Training*. Both gave a clear steer for the College's strategic planning for the next few years.

All Liverpool MPs had now visited the College, with very positive outcomes. The visits had focussed on vocational aspects, especially Apprenticeships. The removal of Educational Maintenance Allowances (EMAs) had been raised by students on each occasion. The MPs planned to visit the Drop in Study Centres in their constituencies.

Together with the Chief Executive of the Association of Colleges and a Principal of a 6th Form College, the Principal had met with the Secretary of State for Education, Michael Gove. They had raised the issue of abolition of EMAs. This was to be replaced in part by a targeted hardship fund from a considerably reduced budget; it might be that institutions would decide how this was allocated.

The Principal had been interviewed by local media about the impact of student loans and higher university tuition fees on part-time students and changes to the adult fee remission policy.

The College had just been selected as a lead hub training provider for the North West region of the National Skills Academy in Environmental Technologies, based around the Building Services curriculum. Thanks were recorded to Cllr Small and Liverpool City Council for supporting the College's bid.

Students and staff continued to be successful in competitions, a prime example being Clare Lara, one of the catering lecturers, who had won BBC Masterchef: The Professionals.

A query was raised about news reports that a government survey indicated students would continue studying whether or not they received an EMA. It was felt that the survey results did not reflect the situation in Liverpool. Although some might see the EMA as pocket money, in other cases it was part of the household income. About 95% of College students in receipt of EMA got the full amount and those in receipt of EMA showed a 5-6% improvement in retention compared to their peers. Many students were worried about whether they would be able to complete their course once the EMA disappeared.

10.131 Performance Dashboard

The Performance Dashboard on key performance indicators was noted. The income target was currently flagged as 'Red' due to underperformance in achievement of student numbers

in the 16-18 cohort and the associated predicted funding. However, since there was no clawback in funding in 2010/11, the final income target was expected to be met. Where there had been a drop in retention, achievement or success rates, these were also flagged as Red and detailed analysis formed a later agenda item.

The Vice Principal Corporate Services was asked to keep an eye on the Protocol National figures in relation to qualified teacher status. **Act: ILL**

10.132 Financial Statements

10.132.01 Financial Statements 2009/10 and Auditor's Management Letter

The Vice Principal Finance and Resources (VPFR) presented the College's Financial Statements for the year ending 31st July 2010 and accompanying Highlights Memorandum and Management Letter from the auditors.

Key aspects were as follows: The Adjusted Operating Surplus on the Income and Expenditure Account was £1,998k (excluding FRS 17). The FRS (Financial Reporting Standard) 17 charge to the I&E Account was £914k. The costs of the voluntary redundancy scheme amounted to £402k. The net book value of fixed assets had increased by £8,781k, largely as a result of the new Learning Exchange. The Merseyside Pension Fund deficit had decreased from £16.094m in 2008/09 to £14.273m in 2009/10. Net assets including pension liability were £44.0m. The auditors gave an unqualified opinion of the accounts and considered the College to be a going concern.

The Board approved the Financial Statements for 2009/10.

10.132.02 Letter of Representation

The Board authorised the signing of the letter of representation to the financial statements auditors on behalf of the College by the Chair of the Board and the Principal.

10.132.03 Student Union Annual Accounts 2009/10

The Student Union accounts for 2009/10 were approved.

10.132.04 Subsidiary Companies' Financial Statements 2009/10 and appointment of Board representative to attend the Company AGMs

The Financial Statements for Liverpool Business Services Ltd and Strongdegree Ltd for the year ending 31st July 2010 were noted. These accounts were consolidated within the College's Financial Statements. David Wilson was appointed to represent the Board at the annual general meetings of these companies.

It was noted that the College had engaged KPMG LLP to advise on winding up Strongdegree Ltd and a report on this process would come to the next meeting of the Finance, Estates and General Purposes Committee.

10.133 College Self Assessment report 2009/10

The Vice Principal Curriculum presented the draft College SAR for 2009/10.

An overall assessment grade of 1 (Outstanding) for effectiveness of provision was proposed. Teaching and Learning was Good overall and Outstanding in some curriculum areas. Overall success rates were stable for Learner Responsive provision and Outstanding in Employer Responsive provision. The main areas for improvement were in Learner Responsive provision (long qualifications) with a focus upon Adult entry level achievement and 16-18 Learner Responsive success at level 3 in GCSE AS provision.

The Board approved the grades as set out in the College Self Assessment Report.

10.134 Financial Management & Control Evaluation Return

The Board received the Financial Management and Control Evaluation (FMCE) which had been submitted to the Skills Funding Agency by its 30th November deadline after detailed review by the Audit Committee.

Last year the College had graded itself 'Good' due to having revised the grade for the Internal Control section 3.2 down from Outstanding to Good following a qualified Train to Gain audit. During 2009/10 there had been no qualified audits. Internal audit had identified one high priority recommendation which had been addressed by College management. The Internal Control grade had been revised back up to Outstanding and it was proposed that the overall grade would be assessed as Outstanding for 2009/10. All other grades had been assessed the same as the previous year.

The Board agreed with the proposed grades and retrospectively approved the FMCE.

10.135 Capital Projects Funding

10.135.01 Funding Phase 5c(ii) Remedial Works

In his report the VPFR set out the financial consequences of undertaking Phase 5c(ii) Remedial Works in a number of College buildings following completion of the Phase 5c(i) Learning Exchange. The estimated cost was £2.195 million and it was proposed that the work be completed in 2010/11 funded by cash.

Key aspects of the proposals were that the College had had additional funding allocation of £759k since the 2010/11 budget had been approved; the forecast surplus was £1.8m; by July 2011 the College would have £2.3m more cash than originally forecast; the remedial work would not require any additional borrowing and could be funded from cash; some of the funding might be through the Income and Expenditure account, but it was recognised that the I&E account might have other unbudgeted calls on it, such as additional partnership costs.

The Board approved the funding of Phase 5c(ii) Remedials as set out in the report.

10.135.02 Borrowing Arrangements (Letter of Variation)

In his report the VPFR requested approval for variation to the facility agreement to a bridging loan in place to fund the Learning Exchange. This would enable the College to use funds from the bridging loan rather than the revolving credit facility thus saving approximately £75k in interest.

The Board approved the variation as set out below.

There was produced to the meeting a letter of variation (the Letter of Variation) from Barclays Bank PLC (the Bank) to the College setting out the amendments to a facility agreement dated 17th July 2009 pursuant to which the Bank has offered the Borrower (as defined in the Letter of Variation), the Facility (as defined in the Letter of Variation).

It was resolved:

- 1) That the amendments set out in the Letter of Variation are in the interests of and for the benefit of the College and are most likely to promote the success of the College for the benefit of the members as a whole and that such terms and conditions of the Letter of Variation be and are approved and accepted.
- 2) That Maureen Mellor and Brendan Ruane are authorised to sign the Letter of Variation on behalf of the College to indicate acceptance of the terms and conditions.
- 3) That the Bank is authorised to act in all matters concerning the Facility as amended by the Letter of Variation upon instruction from the College, in its capacity as Borrower of the Facility, signed in accordance with the Bank's mandate for any of the accounts of the College held with the Bank current from time to time.

10.136 Executive Restrictions Monitoring

Governors noted monitoring reports from the Vice Principal Corporate Services (VPCS) on Executive Restrictions ER3 (Treatment of Staff) and ER8 (Compensation and Benefits) and from the VPFR on ER5 (Financial Condition and Activities).

The format of these reports was felt to need further work, for example, to link with relevant annual reports. The Chair, Principal and Clerk would meet to revise the format before bringing future executive restriction monitoring reports to the Board. **Act: VT/MM/NJ**

10.137 Accommodation Strategy Progress Report

The VPCS reported on progress on the Learning Exchange and the remedial work to take place on college centres in 2011 as a consequence of completion of the new building.

A successful 'Topping Out' ceremony took place on 3rd November and governors who had attended expressed enthusiasm for the new building. Works were currently 1.5 weeks behind programme and recovery of the delay was now expected in February 2011. Project costs remained within budget and handover and practical completion was anticipated to be 18th May 2011.

A phased approach to the remedial works had been drawn up and the anticipated cost was £2.036m. A meeting with the Director of Capital of the Skills Funding Agency, had confirmed that the College would need to fund these works itself, as outlined in the earlier report from the VPFR.

The report was noted.

10.138 Student Achievement, Retention and Success 2009/10 and areas causing concern

The Assistant Principal Resources reported on performance in student success, with contributing retention and achievement rates, for FE qualifications of long duration. It showed trends over a three year period and comparisons against most recent national rates.

Whole College success rates for all long Learner Responsive provision had not improved in 2009/10; they were unchanged. National rates for 2009/10 were not yet available, but early statistical evidence released by Ofsted indicated that, nationally, success rates would not rise in 2009/10 and might even be reduced.

The College success rates showed variation for different levels of qualification and there were particular issues with Adult level 1 qualifications and 16-18 qualifications at level 3. This was due to falling achievement rates for both age cohorts, compounded by a retention rate for Adults unchanged over the three year period. Performance was variable at different NVQ levels and underperformance was most marked for 16-18 level 3 (retention and achievement) and 19+ entry level (achievement). On the plus side, 16-18 success rates had improved at levels 1 and 2, and 19+ achievement at levels 2 and 3 had increased, offsetting falling retention at these levels.

Data for short qualifications had not been included, apart from Key Skills and Functional Skills. However, it was confirmed that results for short qualifications had been satisfactory.

Close scrutiny and action was being taken by curriculum managers for provision which had low or declining success rates and/or success rates below Minimum Levels of Performance. Progress would be reported to the February Board meeting.

The 19+ underperformance at the aggregate level for level 1 was almost entirely attributable to underperformance at Entry level, in particular, ESOL (English for Speakers of Other Languages). This course's structure had changed so that students had to pass the whole of

each part. The issue was being addressed in 2010/11 and better figures were expected in 2011.

The report was noted.

It was agreed to take Item 25 at this point. All staff other than the Principal and Clerk then withdrew from the meeting.

10.139 Recommendations from 7th December 2010 Remuneration Committee

Confidential minute held by the Clerk.

Cllr Afford, Ms Crowther and Cllr Small then departed, from which point the meeting was no longer quorate. What follows are therefore notes of discussion of remaining items.

Staff returned to the meeting.

10.140 Current Significant Risks

The VPFR's report on current significant risks was noted. The main areas of concern were achievement of student number targets and related cash targets for the 16-18 cohort, significant concerns about the outcome of the government's Comprehensive Spending Review and potential reductions to future funding allocations, and imminent changes to the Senior Management Team posing the potential for loss of stability.

Governors requested a glossary for future reports.

Act: BR

10.141 Annual Reports 2009/10

The following annual reports were noted:

10.141.1 Audit Committee

The report from the Chair of the Audit Committee outlined matters considered by the Committee during the previous financial year. Based on reports from auditors and other bodies and SMT, the opinion of the Audit Committee was that the College's systems of internal control and its arrangements for risk management, control and governance processes had operated adequately and effectively in those areas reviewed during 2009/10. Where areas for improvement had been identified, such as a high priority issue raised by the Internal Audit Service, management had taken appropriate action.

10.141.2 Human Resource Management

The Human Resource annual report produced by the HR Manager and team reviewed progress and achievement against strategic targets, provided a statistical analysis of the staffing profile, and summary profiles on apprenticeships, staff qualifications, outsourced services, employee relations, staff survey, communications and celebrations, and key priorities for 2010/11.

In relation to the staff survey, governors asked to be informed of any answers showing results below benchmark figures so that they could be aware of the full picture. **Act: ILL**

10.141.3 Estates Management

The report from the Estates Manager set out progress against strategic targets as well as information on the accommodation strategy, in particular the Learning Exchange, environmental and sustainability analysis, and key priorities for 2010/11.

Governors commented that they found the recycling and energy consumption section particularly interesting.

10.141.4 Health and Safety

The Health and Safety Manager's report outlined developments during 2009/10. The College had made significant progress both in implementing robust safety management systems and developing a safety culture. There had been an 11% reduction in accidents reported compared to the previous year and a 17% reduction in the number of security incidents reported. Sickness levels had been maintained below 3.5%. Continued progress had been made in staff training.

10.142 Employer Engagement/Business Development Report

The Assistant Principal Employer Services and Adult Skills gave a breakdown of the College's work on employer engagement and business development. Key aspects were to grow the numbers of both 16-18 and Adult Apprenticeships to achieve maximum contract value; bring Train to Gain to a successful conclusion while at the same time redirecting some of the funding into Work Based Learning; maintaining a successful high profile delivery model for Programmes for the Unemployed in readiness for the Welfare to Work agenda; exploring opportunities for International Development; considering new ways of generating income through Full Cost work; monitoring Framework for Excellence developments for the Training Quality Standard; and ensuring the College's business model was in line with that of the Liverpool City Region.

It was felt that separate reports would not be necessary in future, now that business development was embedded in the curriculum structure.

10.143 Draft Minutes of Committee Meetings

Minutes of the 16th November 2010 Audit Committee meeting were noted. Minutes of the 18th November Finance, Estates and General Purpose Committee and 24th November Search and Governance Committee were deferred to the next meeting.

10.144 Confidentiality of Items

The following items, or parts of items, were deemed confidential:

- Item 8 Recruitment of Principal
- Item 12.2 Borrowing Arrangements
- Item 23 Confidential Minutes of 19th October 2010 Board Meeting
- Item 24 Remuneration Committee Minutes
- Item 25 Remuneration Committee Recommendations

10.145 Date and Time of Next Meeting

The next meeting will be held on Tuesday 8th February 2011 at 4.15pm.

10.146 Confidential Minutes of 19th October 2010 for Approval

This item was deferred to the next meeting.

10.147 Remuneration Committee Minutes of 12th October and 7th December 2010

Minutes of the 12th October 2010 Remuneration Committee were noted. Minutes of the 7th December Remuneration Committee would be brought to the next meeting.

The meeting closed at 6.50pm.