

The City of Liverpool College Corporation Board

meeting held on 14th December 2016

Present: Louise Barry (by video-conference), Heather Bebbington, Elaine Bowker (Principal), Martin Carey, Tony Cobain, Clare Crowther, Lydia Field (by tele-conference), Lawrence Kenwright, Viv Lacey (Vice Chair), Benjamin McGowan (student), John Nolan (staff), Abdi Saed (student), Phil Sheard, Dr Peter Tavernor (Chair), 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), Ann Monk (Group FD), Simon Pierce (VP Curriculum), Stephen Jones (observer – Skills Funding Agency).

16.137 Welcome and apologies

Apologies had been received from: John Denny, Cllr Patrick Hurley, Sarah Peet and Steve Sankson. Abdi Saed had sent apologies for late arrival. Those governors attending the meeting via remote means confirmed they could hear the discussion taking place within the room and be heard. The Chair explained that due to the nature of the items to be discussed, some agenda items would overlap.

Stephen Jones was welcomed to the meeting in his capacity as observer.

16.138 Declarations of Interest/Governance Appointments

A number of governors had interests in item 3 – “Governance Appointments”. The report had been considered in advance by governors. As per the recommendations within the report, John Denny was re-appointed as a governor for a four-year term; Phil Sheard was appointed to the F4S Board; Martin Carey was endorsed as the Board’s lead for the HE scrutiny panel which was being developed; Heather Bebbington, Sarah Peet and Louise Barry were appointed to the Remuneration and Succession Planning Group (although membership would continue to be reviewed); and Sir George Sweeney was endorsed as a co-opted member of the Performance and Quality Task and Finish Group.

16.139 Minutes of Previous Meetings (9th November 2016, 30th November 2016)

The minutes were approved as a true record.

16.140 Matters Arising

Most matters were covered by the agenda, but the Chair highlighted [Confidential – held separately by the Clerk].

16.141 Actions From Previous Meetings

Actions were noted as ongoing or complete.

16.142 Update on Intervention Process

Administered College Status

Governors noted that Mr Jones was observing the Board meeting on behalf of the SFA as a result of the Minister’s decision to place the College into Administered College Status (ACS).

The published documentation on ACS had previously been circulated to governors, [confidential – held separately by the Clerk].

Ofsted

As part of the support and challenge initiative, a senior HMI had visited the College the previous week. The PQTFG had been fully apprised of the main themes. The senior HMI had been asked by the College to look at areas of weakness and asked for opinion. City 6 and Vauxhall had been reviewed and the analysis had been similar to the College's. [Confidential – held separately by the Clerk]. The SAR had been well received, as had the improvement in outcomes overall. The Principal had extensively discussed the impact of ACS with the senior HMI and had been advised that Leadership and Management would only be classed as inadequate if the financial situation had negatively impacted on students. This was clearly not the case and the extraordinary efforts to safeguard quality during a difficult period had resulted in another improvement which placed the College's outcomes largely at or above national rates. This had been recognised by the FE Commissioner team during both the September and November stocktake visits but there was no guarantee that this would be recognised within the published report and Ofsted would form their own view based on what they saw during the next inspection. The support and challenge visit had been helpful and confirmed the College's judgement was accurate, but the pace of improvement needed to be maintained. [confidential – held separately by the Clerk] The external consultant who had conducted the review of City 6 had been of the opinion that the College compared well to the sector. [confidential – held separately by the Clerk].

16.143 Risk Register

The DCEx advised that there had not been much movement in terms of individual risks. The register was still evolving and would go to the Group Audit Committee again in the new year. Most risks were covered by agenda items or were self-explanatory but the DCEx drew the Board's attention to the following:

- Despite the bank previously agreeing not to measure covenants in 2015/16, as a result of ACS the auditors now required a waiver letter from Barclays in order to sign off the financial statements, so there was a risk around meeting the SFA deadline.
- The risk around ACS had been updated as clarification had now been received around approvals.
- One new risk had been added around MIS. The operational team was well established but a key member of the team had resigned [confidential – held separately by the Clerk].
- The risk around the HE review had been removed following the successful review earlier in the year.

Governors noted the report. The Chair advised that a question around 15/04 (recruitment to VP Business development role) would be dealt with during the closed session.

16.144 Post Inspection Action Plan (PIAP)/Quality Improvement Plan (QIP)

The Deputy Principal highlighted key points.

- Study programme retention remained above the term 1 target of 98% at 98.2%.
- Maximum timely Achievement Rates (AR) for Apprenticeships was currently 87% with a target timely AR of 72%
- HE retention was currently 99.8% which was significantly above the end of year target of 92%
- 99.9% of students were enrolled onto all elements of their study programme preventing any financial clawback.
- 85% of Work Based Learning (WBL) observations were effective
- Currently 88% of AS, 85% A2 and 86.7% of L3 Vocational students were on target to achieve their target grade which would result in a good value added score.
- Adult retention was slightly below the term 1 target of 98% at 97.5%. This followed the same trend as last academic year with a larger volume of adults leaving in term 1 with a

final retention rate 0.9% above the national rate. Interventions were taking place locally to retain any adult considered to be 'at risk' of leaving.

- Attendance was currently 86.6% (0.6% above 15/16) with English & Maths depressing this figure at 76.1% currently. The VP Curriculum was working with teaching staff and managers to implement actions identified on the Quality Improvement Plan and any new ideas.
- Currently 68.2% of English & maths lessons observed were considered to be effective (n-22). [Confidential – held separately by the Clerk]. Peer Observation and Teaching Squares activity was taking place pairing stronger teachers with those in need of development.
- Effective observations were currently 79%, an increase of 69.8% from the first half of the term. Areas considered to be the highest risk in terms of delivering a good student experience have been targeted skewing the overall picture.
- Stretch & Challenge remained an area of weakness, although it was improving. Currently 20% of all observations identified this as an area for improvement.
- The quality of Work Based Learning (WBL) portfolios continues to require improvement with 60% meeting expectations from a sample covering five assessors. Priority of sampling has targeted at areas considered to be under performing.

[Confidential – held separately by the Clerk] Newer governors challenged whether the Executive had robustly analysed attendance patterns for English and maths with the Deputy Principal advising that a piece of work had been carried out to obtain feedback from students and the results had been surprising with students saying delivery was better than at school; Mr McGowan agreed that was his personal experience. The Deputy Principal suggested there may be scope to take this forward with the Students' Union, but the main reasons seemed to be because students focussed on the vocational element of their course, or because they had been put off by their experience at school or possibly because of poor teaching and learning. The VPC added that patterns differed throughout the College for example Engineering students would attend maths but not English. Time had been set aside in the new year to forensically examine poor performing areas as well as higher performing areas in order to ensure good practice was shared. Disciplinary cards were being trialled in City 6 and these may be rolled out elsewhere if successful. Also, gold/silver/bronze standards were being introduced with students understanding that they were being prepared for work and had to consider what would make them stand out in a competitive environment.

Class size was also discussed with governors challenging the Executive around whether optimal sizes to maximise quality were being met. The Deputy Principal conceded that some class sizes could be bigger, as the target was 18 but the average was c16, although governors were reminded that there was no correlation between class size and success as very small classes didn't necessarily deliver well. A2 class sizes were dependent on progression from AS and could be smaller than average as a result. The biggest hindrance to increasing class sizes was the physical space and resources required and this had been taken into account in recent bids for capital funding to the Combined Authority.

Governors noted the report which was consistent with previous information. The actions being taken – and their progress – were clearly outlined in the accompanying document.

16.145 Performance Dashboard

As the key points were covered in other agenda items, the Performance Dashboard would not be taken at this meeting in order to enable a stronger focus on key items. Governor feedback on streamlining the performance dashboard was being taken into consideration and the revised format would be available shortly.

16.146 Financial Statements

As per discussions earlier in the meeting work was ongoing so that the Financial Statements auditors could sign the College off as a going concern. An unqualified opinion was anticipated. As the figures within the financial statements closely matched those which had been included in the month 12 management accounts (excluding final year-end adjustments including FRS102), the Board were able to take assurance from the control and accuracy which was evident. The Board previously examined the financial performance in close detail throughout 2015/16, including the month 12 management accounts and so focused on the transition to FRS102 and other key items within the financial statements.

The Group FD outlined the key changes in respect of transition to FRS102, explaining that the accounts looked very different to previous years and some of the key statements had been renamed. The Group FD highlighted in particular:

- Deferred Capital Grants were now reclassified as Creditors. It was highlighted that Deferred Capital Grants are released when the conditions of the grant were met (for example, to offset depreciation). In respect of Deferred Capital Grants relating to land these were now released as soon as the conditions are met under the performance model. As such, an element of the grant held in respect of the project to build the Learning Exchange on Roscoe Street related to the purchase of the land. Under FRS102 this would have been released back in 2011 and therefore the opening reserves and Deferred Capital Grant position had been adjusted to reflect this.
- The consolidated Income and Expenditure account was now replaced by the Statement of Comprehensive Income (page 29 of the financial statements) which showed an operating deficit of (£8,213k) before tax and (£7,559k) after inclusion of deferred tax asset in respect of SharEd.
- The Statement of Total Recognised Gains and Losses was now replaced by the Statement of Changes in Reserves. Under FRS102 any gain or loss on the sale of 40% interest in First4Skills at 28th July 2016 was not shown within the Statement of Comprehensive Income but was shown in the Statement of Changes in Reserves. The implications of the transaction differ between the representation within the College and the representation within the Group, which the Group FD summarised [confidential – held separately by the Clerk]
- The Balance sheet was now replaced by the Statement of Financial Position however it was acceptable to continue to use the title of Balance sheet in the financial statements and so this had been retained.
- The Balance Sheet as at 31st July 2016 was set out on page 32 of the financial statements. [Confidential – held by the Clerk]
- Cash decreased by £1.9m in the year to £1.5m.
- Under the FRS102 measurement of the deficit in the Merseyside Pension Scheme the liability had increased by £8,838k in the year to £25,653k. The DCEX confirmed that pension scheme deficit was excluded by the SFA when calculating Financial Health Scores.

Mr Cobain confirmed to the Board that the Group Audit Committee had comprehensively reviewed the Financial Statements at its meeting earlier in the week and had been the main item

of business on the agenda. The information relayed to the Board had been consistent with discussions held at the Group Audit Committee [confidential – held separately by the Clerk]

The Board approved the exemption from the inclusion of the individual cash flow statement specifically for the College taken within the College Group financial statements.

The Board also approved the financial statements of the College Group for the year ended 31st July 2016 and delegated approval of the final wording around going concern to the Chair, Vice Chair and Chief Executive prior to final sign off.

The Board also approved the use of the seal the on the signed cost indemnity (executed as a deed) required by the bank [confidential – held separately by the Clerk].

Governors noted that the Local Government Pension Scheme was administered by local government and the deficit falls back on members, however while this was undoubtedly a long term issue, pension deficit was discounted by the SFA when calculating the financial health score.

The accounts for SharEd could not be approved until the auditors had received a letter of support from the College, relating to working capital, operational support and contracts over the next 12 months. The Board approved the Chair signing a letter on behalf of the Board.

The Board were also asked to consider the surrendering of the leases for Vauxhall Road between the College and LBS, and the additional cost indemnity required by the bank to cover their costs in issuing the relevant releases; these would need to be executed as a deed (and so required the seal to be applied) and would incur some costs which would be proportionate and reasonable, but if the action was not taken then the College would not be able to sell the car park at Vauxhall Road. The Board agreed that the necessary action should be taken to enable the surrendering of the leases. The matter would also be considered at the LBS AGM which would immediately follow the Corporation Board meeting. [Confidential – held separately by the Clerk].

16.147 Annual Report of the Audit Committee

The report would accompany the submission of the financial statements. The report had been considered at Audit Committee and included a statement from the Chair. The Board approved the report, [Confidential – held separately by the Clerk]

16.148 Financial Update/Period 3 Management Accounts

[Confidential – held separately by the Clerk].

16.149 Financial Health (Skills Funding Agency)

Governors had previously approved the financial plan for 2016-2018 and this had been submitted to the SFA by the 31st July 2016 deadline. The College had now received the SFA's assessment which confirmed the College's judgement that financial health in 2015/16 was inadequate and that financial health for 2016/17 would be 'good' on the basis of achieving the key indicators within the financial plan. The SFA requested clarification on a couple of points:

- Unsecured ESF income
- Employer routed funding for apprenticeships which would see a change in funding methodology

The Board papers included the SFA's letter and the College's response which reflected the prudent approach approved by the Board in relation to growth estimates.

The Board noted the report.

16.150 Appointment of representatives to attend the AGMs of subsidiaries.

As per the memoranda of understanding for each subsidiary, the Board appointed Martin Carey to attend the F4S AGM and Phil Sheard to attend the SharEd and LBS AGMs which would take place immediately after the Corporation Board meeting.

16.151 Performance and Quality Task and Finish Group (PQTFG) – Verbal update from Chair
Self-Assessment Report (SAR)

The PQTFG had examined the SAR for 2015/16 in detail, with a forensic analysis of trends, and concurred with the grades suggested by management:

- Overall – 3
- Leadership and Management – 3
- Teaching, Learning and Assessment – 3
- Personal Development and Behaviour – 2
- Outcomes for learners – 3 (owing to a spiky profile beneath much improved headline grades)
- Study programmes – 3 (owing to English and maths, AS and ALPS scores)
- Adults – 2
- Apprenticeships – 3
- High needs – 2

There had been extensive debate around particular grades, but on balance, given some consistency issues remained, the grades were agreed to be a fair reflection of performance in 15/16. ***The PQTFG were confident that a number of grades would improve further by the time the next review took place and there had already been demonstrable progress (as evidenced by the PIAP). There had been a consideration that the SAR reflected the College's position at the end of 2015/16 and there had been a continual focus on improvement since then with in-year progress clear.*** Further improvement would be driven via the actions in the PIAP, which was a live document and received at every Board and PQTFG meeting.

The Board had received and reviewed the SAR in advance and agreed that there was sufficient evidence to justify each grade and the judgements were consistent with the information which had been received by the Board during the relevant period. On that basis, the SAR was approved.

[Confidential – held separately by the Clerk].

Post Inspection Action Plan (PIAP)

The Post Inspection Action Plan and the accompanying summary had been covered earlier in the meeting. Improving trends were noted which boded well, and actions were clearly identified.

HE

Validations with Open University (OU) were ongoing. Dr Martin Carey had agreed to be the Board's lead on the validation panel, but it was not possible to finalise what format this would take until the OU validation process had been completed as well as anything significant that emerged from the Teaching Excellence Framework.

16.152 City 6

Covered in 16.151 and 16.159

16.153 Self-Assessment Report

Covered in 16.151

16.154 Updates from Subsidiary Companies

SharEd

The Board were advised that business at SharEd continued as normal, with no significant or exceptional items requiring Board attention. The SharEd MD continued to work to improve performance and this was evident in the quality of reporting and presentations to the SLT, Executive and Board.

First 4 Skills

[Confidential – held separately by the Clerk]

Ms Lacey left the meeting at this point.

16.155 Updates from Committees

Due to the nature of the meeting, much of the business from the Group Audit Committee and Group Finance Committee had been covered under other agenda items. The minutes would be circulated in due course.

16.156 Health and Safety

The key points were highlighted as:

- 4 incidents to note in the reporting period – 2 accidents for staff and 2 for students
- No RIDDOR reportable incidents.
- 6 staff incidents in the year which was an increase on the previous year but there were no underlying reasons for this.
- 4 student incidents in the year which was a decrease from 12 in the previous year.

After receiving confirmation that there were no other incidents to note, the report was accepted by the Board.

16.157 Safeguarding

Governors noted the increase in referrals (although this had been reported on throughout the year) and were informed that the number of repeat referrals where external intervention was not taking place had increased due to the threshold being raised. While this was obviously a concern, governors were able to take assurance that the College managed safeguarding well and there was a great deal of respect for the College externally on the basis of collaborative work undertaken.

16.158 Transformation Programme

The report provided an update on the sale of the Vauxhall Road car park. Page 2 referred to the need to surrender deeds to obtain bank approval for the sale of the Vauxhall Road car park lease but this had been covered earlier in the meeting and the recommendations within the report agreed. The preferred bid had been subject to due diligence by the agents appointed to handle the sale and lawyers appointed. It was likely that the sale would complete in January. As stated, [Confidential – held separately by the Clerk]; the cash profile had been adjusted to account for the income.

Ms Barnes, Ms Cox, Mr Jones, Mr McGowan, Mr Nolan, Mr Pierce, Mr Saed and Ms Williams left the meeting at this point and the rest of the agenda items were deemed confidential.

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