

**Minutes of the Board meeting
held on 19 October 2010 at 4.15 pm**

Governors Present

Cllr Karen Afford)	External Governors
Ms Louise Barry)	
Ms Sara Carthy)	
Mr Tony Cobain)	
Ms Clare Crowther)	
Ms Claire Dove, MBE)	
Mr Shazan Qureshi)	
Dr John Ritchie)	
Ms Vivienne Tyler (Chair))	
Mr David Wilson)	
Ms Martha Harris		Staff Governor (Teaching)
Ms Sue Navarro		Staff Governor (Business Support)
Ms Alex Fillingham		Student Governor
Mr Matthew Fletcher		Student Governor
Ms Maureen Mellor, MBE		Principal

In Attendance

Ms Marie Allen, MBE	Vice Principal 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

10.102 Apologies

Apologies for absence were received from Ms G Banks, Ms S Carmichael, Mr A Cearns, Ms R Hardman, Prof Gerald Pillay, Mr B Sherriff and Cllr N Small. Apologies for late arrival were received from Ms M Harris and for early departure from Cllr K Afford and Mr M Doyle.

10.103 Declarations of Interest

Staff other than senior post holders declared an interest in item 9 on the pay award.

Ms Lees arrived at this point.

10.104 Minutes of the previous meeting

Minutes of the meeting held on 14 September 2010 were agreed as a correct record, subject to the correction of the date of the Principal's retirement under minute 10.100.1 to 30 April 2011.

10.105 Matters arising from the Minutes

10.105.01 Outcome of Actions from Previous Meetings

The Clerk's report was noted. All activities had been actioned.

10.105.02 Governor Involvement in Strategic Planning

Following the last meeting the Principal, Vice Principal Curriculum and Clerk had drawn up a range of alternative options for governor involvement in strategic planning. These had been circulated for comment and a summary was tabled showing responses received from 9 governors. It was agreed that if the option of pre-Board briefings was used then the start time would remain as 4.15pm. The Clerk was asked to contact those who had not yet responded giving them a deadline after which arrangements would be finalised.

Act: NJ

Ms Dove and Ms Harris joined the meeting at this point.

10.106 Principal's Report

The Principal's report mentioned a number of government consultations and reviews in relation to education. The key reviews which might impact on colleges included the Pension Review, Welfare Reform Plans, the Browne Review of Higher Education (HE) Fees and the HE White Paper, and the Skills Funding Plan. All would need to be seen in the context of the Comprehensive Spending Review (CSR) to be published on 20th October.

There had been a change in senior regional officer at the Skills Funding Agency; Liz Davies was being replaced by Kirsty Evans.

Ms Fillingham arrived at this point.

There was a real concern in the sector that the government might abolish or significantly reduce the value of the Educational Maintenance Allowance (EMA). Any reduction in EMAs for young people from low income households would have a significant detrimental impact on their ability and willingness to continue in education and training.

The College was in the middle of hosting visits from the five Liverpool Members of Parliament. Visits to their local Drop in Study Centres would also be arranged. In early November the Merseyside Principals would meet Merseyside MPs to brief them on the implications of the CSR.

Simon Hughes MP visited the College during the Liberal Democrat conference week and met with about 150 students. There was a lively debate and many of the students voiced concerns about the withdrawal of EMAs and the coalition's education policies.

Senior manager were modelling the impact of a range of income reductions for both 16-18 and adult provision. This would feed into the strategic planning process for 2011/12.

10.107 Performance Dashboard

The Principal presented the Performance Dashboard report on Key Performance Indicators (KPIs) 2010/11 which had been developed to keep governors updated on progress against targets. This was the first such report and comments were invited on its format. Not all KPIs would be reported to each meeting, for example, financial indicators would come to each meeting but participation and funding once a term.

Governors commented positively on the clarity of content and format. A more precise date than just the month was requested. In some cases the right hand column showed Red, even though the forecast outturn appeared to be the same as the target. A footnote would be added to clarify that the Current Actual was less than might be expected but that it was anticipated this would be remedied by year end; it could also reference the Risk Register.

Act: SMT

10.108 Appointment of the Selection Panel for recruitment of Principal

As reported to the last meeting, the Principal, Maureen Mellor, would retire with effect from 30 April 2011. The Clerk's report outlined the process for appointing a new Principal. The post had been advertised in the Times Educational Supplement on 15 October and there had been a good level of response to date.

The Board approved a selection panel of the following governors: Vivienne Tyler (Chair), Louise Barry, Claire Dove, Sara Carthy, Tony Cearns and Tony Cobain.

The Board confirmed the appointment of Protocol National College Leadership Services to lead the recruitment process.

Governors not on the selection panel would be invited to participate in Day 1 of the candidate assessment process on Thursday 9 December 2010.

10.109 Borrowing Arrangements for Capital Projects

In his report the Vice Principal Finance and Resources (VPFR) explained that Barclays Bank had requested a variation to the facility agreements to the three separate loans which the College had in respect of capital projects. These were a loan taken out in December 2002, a bridging loan in July 2009 to cover the funding gap created by LSC/SFA funding for Phase 5 being over five years instead of three, and a 15 year term loan dated July 2009 to fund the College's element of the cost of Phase 5c.

The effect of the variation to the facility letters set out in the report was to exclude the effects of FRS (Financial Reporting Standard) 17 from the financial covenant on debt servicing.

The Board approved the variations for each loan as set out in the following minutes.

2002 Loan

The Vice Principal Finance and Resources 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 13th December 2002 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 (Principal) and Brendan Ruane (Vice Principal Finance and Resources) 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.

Bridging Facility

The Vice Principal Finance and Resources 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 (Principal) and Brendan Ruane (Vice Principal Finance and Resources) 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.

Term Loan

The Vice Principal Finance and Resources 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 (Principal) and Brendan Ruane (Vice Principal Finance and Resources) 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.

10.110 Joint Unions' Pay Claim 2010/11

The Vice Principal Corporate Services (VPCS) reported on the Association of Colleges (AoC) negotiations with trade unions. The AoC's final recommendations were:

- A 0.2 % increase on all salaries and allowances, or the sum of £50, whichever is the greater, from 1 August 2010;
- AoC to develop guidance for colleges on carrying out equal pay audits;
- AoC to work with equality representatives of the trade unions to develop events to publicise the joint agreement on guidance for disability equality in employment.

The Senior Management Team (SMT) proposed a pay award in line with the AoC recommendation. Further information was awaited from the AoC on guidance for carrying out equal pay audits. Arrangements would be made for managers to receive guidance on their legal duty under the new Equality Act. If submitted, SMT would consider a pay award request for Protocol National agency Visiting Lecturers and Assessors.

The Board agreed a pay award of 0.2%, or the sum of £50, whichever is the greater, from 1 August 2010.

10.111 Health and Safety Policy

The VPCS informed the Board that the Health and Safety Policy had been updated and approved by the Health and Safety Committee and SMT. The changes were not fundamental and related to College organisational structure, job titles, replacement of 'learner' by 'student' and conversion to a more dyslexia-friendly format.

The revised Health and Safety Policy was approved.

10.112 Auditor Letters of Engagement

10.112.1 Internal Audit Service 2010/11

The Board agreed the terms of engagement for the Internal Audit Service as set out in the letter and attachments from Grant Thornton UK LLP.

10.112.2 Variation to the Letter of Engagement for Financial Statements Auditor in respect of 2009/10 Financial Statements and Regularity Audit

The Board noted a request from KPMG LLP for a variation to the tripartite letter of engagement between the College, financial statements auditors and the Skills Funding Agency. This was in respect of revised General Terms of Business to allow the use of subcontracting agents to carry out some back office functions. The revised terms were considered at the 30 September Audit Committee and no issues raised.

The Board noted and approved the revised General Terms of Business issued by KPMG LLP on 19 August 2010.

10.113 Executive Restriction Monitoring Report on ER7: Asset Protection

In accordance with the Policy Governance model, the Board received a report from the VPRF on Executive Restriction (ER) 7 showing the policies, procedures and assurances the College had in place to demonstrate compliance with each aspect. As this was the first such report, governors were asked to comment on the suitability of its format and content.

The Board was informed that as part of internal audit in 2010/11 the auditors would map how the Board might obtain internal and external assurance and at what times.

Compliance for all clauses of ER 7 was noted and the format of the report was felt to be very clear.

10.114 Provisional Financial Outturn 2009/10

The Board received a report from the VPRF. The financial outturn for 2009/10 - before provision for FRS 17 and final settlement for the Canning Place site - showed an operating surplus of £1,969,000, subject to audit, compared to the budgeted surplus of £486,000.

Significant changes were outlined in the report. The Framework for Excellence financial health grade was Good. At £914k, the FRS 17 provision was £613k greater than the budgeted figure of £283k. The College was taking advice from its auditors on treatment of the past service gain in the Local Government Pension Scheme to take account of the Government now using the Consumer Price Index (CPI) rather than the Retail Price Index (RPI) to calculate the yearly inflation uplift for public service pensions. The actuaries had assumed that over the long term the CPI would be 0.5 percentage points less than the RPI. Staff costs before restructuring as a percentage of income, including contracted tuition costs, were 68.8%.

The report was noted. Audited accounts would be received at the December meeting.

10.115 GCSE, AS and A Level Success Rates 2009/10

The Board received two reports in relation to this item. The Assistant Principal Resources reported on GCE and GCSE Retention, Achievement and Success Data in 2009/10. The report prepared by the Quality and Equality Improvement Service Manager for the Vice Principal Curriculum outlined action taken and planned to improve success rates and increase the proportion of high grades in AS and GCSE provision.

Exam Board data showed a fall for GCSE high grades (A*-C) and for GCE AS and GCE A2 pass grades and high grades (A-B) in 2009/10. Falling achievement rates were the predominant reason for a reduction in success rates. The contribution by individual subjects/curriculum areas to the reduction was uneven and in fact some curriculum had improved. In 2009/10 there had been several changes to entrance requirements and course delivery and additional subjects offered. Analysis of the data indicated that it was mainly new and greatly expanded provision that had performed poorly.

Action planning was in the context of reduced funding and guided learning hours for Level 2 provision, falling enrolments and the need to maintain and improve retention. Actions included meetings with relevant individuals or groups of staff, staff training and support and sharing of good practice, removal of some provision from the course table, discontinuation of subjects that continued to show a trend of poor performance, and identifying and targeting support for areas for improvement in teaching and learning.

Ms Barry then joined the meeting.

Governors were informed that despite the drop in 2009/10 the GCSE results remained above national averages. The improvement strategy was aimed at bringing results back on track in 2010/11, but in the long term the College would need to decide whether to offer resits in GCSE subjects other than Maths and English.

The Board noted both reports and endorsed the targeted and general improvement strategies.

10.116 Annual Reports 2009/10

10.116.1 Protection of Children, Young People and Vulnerable Adults

The Assistant Principal Student Services and Support (APSS&S) presented this report. 41 cases had been dealt with during 2009/10 compared to 38 in 2008/09, continuing the trend of year-on-year increases. All cases had been handled promptly and appropriately by college designated staff. The expanded Safeguarding group had worked well to bring together all aspects of Staying Safe (one of the 5 Every Student Matters themes). A comprehensive training programme had been put in place, building on previous years' activities. Arrangements were in place to ensure key groups of staff employed by contracted-out agencies received basic training. All recommendations in the internal audit of Safeguarding had been acted upon.

It was noted that difficulties often arose when key information had not been provided by external agencies. This underlined the necessity to remain vigilant at all times. It was also the case that some young people had complex issues, including mental health problems, which may not have been picked up before they came to college.

The Clerk was asked to arrange a repeat of Safeguarding training for those governors who had not attended the June 2010 workshop. **Act: NJ**

The report was noted. A termly review covering the autumn term would be received in Spring 2011.

10.116.2 Student Complaints

The APSS&S reported that 54 complaints had been received in 2009/10 compared to 34 in 2008/09 and 47 in 2007/08. Managers dealt with complaints satisfactorily, often being prepared to overturn decisions made by staff. The most common complaint again related to the behaviour or attitude of staff. Student-on-student complaints had decreased significantly, as had complaints relating to resources available to support learning.

In relation to complaints about staff, the APSS&S was working with managers regarding individual cases in order to take remedial action as necessary. In addition, the Customer Support Manager had launched a programme of Customer Service training for all staff.

The report was noted.

10.116.3 Review of Risk Management

The report from the VPFR reviewed the effectiveness of the College's risk management plan within the context of the College's objectives, financial and non-financial targets and its

organisational structure. Annexes to the report set out strategic risks which required active management during 2009/10 and those risks which had partially crystallised during the year.

The four risks which had partially crystallised related to student success (GCE results, and GCSE, particularly high grades), student numbers (Post 6 Months Unemployed targets not achieved), response to new types of provision (6 Months Unemployed) and Tuition Fee income (non achievement of SFA fee target). In all cases, management action had mitigated the effects to a certain extent and it was the view of the SMT that, overall, risk was managed effectively in 2009/10.

The report was noted and the comment made that risk management would be further strengthened by the imminent internal audit work on provision of assurances to the Board.

10.116.4 Internal Audit Service

The Board noted the report from the Internal Audit Service (IAS), Grant Thornton UK LLP. During 2009/10 the auditors gave a clean opinion in all areas, apart for estates management, where they found that the College's financial regulations were not being followed in all instances in relation to maintenance orders. College management was actioning the high priority recommendation made to address this issue. The IAS would follow this up during 2010/11 to check appropriate procedures were in place and working.

10.116.5 Employer Engagement

This report would be brought to the next meeting.

10.117 Current Significant Risks

The VPFR's report identified current significant risks for the College together with their risk score and actions either taken or planned to mitigate the risk. The main areas of risk causing concern at present were achievement of student number targets and the related funding targets; cash targets were also affected by curriculum delivery structure. In addition, there were significant concerns about the outcome of the government's comprehensive spending review and potential reductions to future funding allocations. Imminent changes to the SMT afforded the potential for loss of stability.

The VPFR was asked to update the wording of operational risk O3 to make it clearer that this risk included 'loss of key staff'. **Act: BR**

10.118 Draft Minutes of 30th September 2010 Audit Committee Meeting

Minutes of the Audit Committee were noted and the Audit Committee Chair drew attention to the outcome of the internal audit of Estates Management. As highlighted in their annual report above, the auditors had made a high priority recommendation to address the issue of the large proportion of estates maintenance orders having been made without prior purchase orders. The Committee had requested reports to future meetings to receive assurance that this issue was being addressed.

It was agreed that the new Estates Manager would report to the Finance, Estates and General Purposes Committee on the background to this issue and recent action taken.

Act: Estates Manager

10.119 Confidentiality of Items

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

- Items 11.1 and 11.2 (Audit Letters of Engagement). Written permission would need to be sought from the auditors to make these available to any third party.
- Item 21 (Confidential Minutes of 29th June 2010 Board meeting and matters arising)
- Minutes relating to discussion of Item 22 (12th October 2010 Remuneration Committee)

10.120 Date and Time of Next Meeting

The next meeting will be held on Tuesday 14th December 2010 at 4.15pm.

Mrs Berry and the Senior Management Team other than the Principal then departed.

10.121 Confidential Minutes of 29th June 2010 Board meeting

These minutes were agreed as a correct record.

10.122 Matters Arising from the 29th June 2010 Board Minutes

Confidential minute held by the Clerk.

The staff governors then left the meeting.

10.123 12th October 2010 Remuneration Committee

Confidential minute held by the Clerk.

The meeting closed at 6.16pm.