

Minutes of the Meeting of the Governing Body of
THE CITY LITERARY INSTITUTE held on **10th May 2011** at
Keeley Street, London WC2

Present:

GOVERNORS

Ms. A. Bennett*	Mr. T. Mitchell+
Ms. J. Cooper+	Ms. N. Ndagire+
Mr. P. Davies+	Ms. J. Obi-Keller+
Mr. J. Flowers+	Mr. S. Pfeifer+
Mr. C. Galleymore+	Ms. H. Priest*
Mr. D. Greenland+	Ms. J. Reynolds+
Ms. C. Harris+	Mr. W. Stokoe+ (Deputy Chair)
Mrs. A. Harrison+	Ms. C. Stott+ (Chair)
Mr. P. Hay+	Ms. L. Taylor*
Mr. B. Leigh+	Mr. H. Woudhuysen+
Mr. M. Macchitella+	

Key: + Present
* Apologies tendered

In Attendance: Nick Moore (Deputy Principal)
Joe Manifold (Vice Principal)

Clerk: Denise Gill

PART ONE: STANDING ITEMS

11/26 Apologies for Absence

Apologies for absence were received. It was reported that Louise Taylor's father had passed away and that was the reason for her absence. Members expressed their condolences.

11/27 Declarations of Interest

There were no declarations of interest.

11/28 Presentation – Management Information

Colin Gibson gave a presentation on the Institute's Management Information Service. He advised that the small team supported and, where possible, enhanced study and work life at City Lit, by providing the best systems, processes and support to all its customers. The on-going development and support of systems was constantly being reviewed and evaluated by both groups of users through various mechanisms. Users fell into two general groups: those making use of facilities and services and those who provided services and facilities.

Members were informed that the key objectives of the MIS function were:

- To provide an efficient, robust, effective and user friendly MIS service to stakeholders, including learners, funding authorities and staff.
- To ensure the management information systems were maintained, developed and operated in a cost effective and efficient manner to meet all statutory, management and audit requirements.
- To provide a centre of expertise on issues associated with funding and other relevant criteria, including success rates, progression, achievement and learner aims, to facilitate efficient management and assessment of the college provision and support the strategic objective of the college to be a Grade 1 college.
- To support wider college initiatives aimed at improving customer journey, improving recruitment/marketing and formulating strategic plans.

Colin stated that the team enthusiastically sought to provide its services to both groups with equal vigour. This had not always been the case though as demand on resources had required the service to focus almost entirely on the supply, support and development of essential projects and services. The team had built on its strengths and addressed its weaknesses over recent years and had enjoyed the support and encouragement of the Executive and colleagues. This support must be recognised as playing a major contribution to the stability the team enjoyed now. This academic year had seen the fruition and rewards of many hours of planning, training and hard work by all. Being in this privileged position served to motivate further improvement and with a broader scope rather than a sense of desiring respite.

Colin listed the services provided and the Clerk added that in addition to those he had just listed, he also supported, in a very effective way, the Governing Body election process for staff and student governors. He provided a voting data base within a very short time after the close of nominations and installed these on desktops at enrolment and reception desks. The Clerk was asked whether voting could be done electronically and she responded that there were security protocols to be followed but she would discuss this with MIS to see whether this could be achieved.

Members thanked Colin for such an interesting presentation which had been highly informative. The asked him to pass on their grateful thanks to the team.

11/29 Minutes of Previous Meeting

The minutes of the meeting held on 15th March 2011 were approved and signed by the Chair.

11/30 Matters Arising Not Appearing Elsewhere

11/05: The Chair of Governors reported that an initial analysis of the diversity of the Governing Body had been undertaken. However it was not too late to participate if any Governor had still to complete his/her form. Three Governors requested the Clerk to supply a further form.

11/16: The Chair of Governors requested that a meeting of the Communications Advisory Group be called.

11/31 **Principal's Report**

The Principal presented his report March to May 2011. He advised that the key activities during this period had included:

- Finalisation of the planning for 2011/12
- Start of the budget process
- Digesting ever changing and bemusing funding position and rules
- Deciding on how the College would approach concessionary fees for 2011/12
- Progress on the contract for the 4th floor extension
- Continuing work on new 'mobile enabled' website
- Best Practice Day for tutor coordinators and management
- Engagement with adult community learning review
- Another set of excellent shows, concerts and art foundation show/evaluation
- Submission to Queen's Anniversary Prize Scheme
- Continuing to look for more accommodation following demise of the lease for Holborn Tower
- Deaf Day.

Governors were informed that the highlights for the period were:

- Enrolments/fee income remained ahead of target.
- A very successful mid-year curriculum review of all areas focusing on performance and action/quality improvement plans
- Curriculum planning processes have gone well and probably were the smoothest ever
- The extension is currently ahead of schedule.

The Principal stated that funding issues had been covered in the Review and other papers but the lack of real clarity about the future and apparent state of permanent change was very frustrating and made real planning difficult. He advised that recently he had attended two meetings on the same afternoon. At the first one a senior BIS official suggested BIS Ministers were pleased that the overall position for adults over the longer term was not as bad as had been originally forecast. One hour later the Chief Executive of the Skills Funding Agency said colleges were facing big reductions in future funding (25%) and need to adapt and it was difficult to know who to believe.

Members were advised that following the loss of Holborn Tower the Executive had continued to look for more accommodation, both with EC and by ourselves. The Principal stated that EC might decide to lease space in a block next to Euston Station and although it was a good building, he was a bit concerned about the distance as well as the relatively short lease (7 years) so he would prefer to keep looking for something closer. The Governors added that the major developments planned for Euston Station could have a detrimental impact on the area, particularly around noise.

The Principal informed Governors that in the meantime the Fashion Retail Academy (FRA) had agreed to rent City Lit two further rooms every Monday-Thursday evening, at the same rate per classroom, starting in September. The College would then be using nine classrooms at the FRA.

Governors were informed that UCU had called a strike in March over pay and pensions. As on previous occasions it had fairly limited impact on City Lit and most courses ran. Unsurprisingly there were concerns amongst staff about the impact of low pay rises and pensions, as well as uncertainty about future funding. The Principal said that there had been very interesting and positive discussions between programme areas about the lack of space to meet their aspirations for more courses. He felt GO was quite a tiger to ride now.

Members were informed about projects being undertaken and were advised that the development of the mobile enabled web site was going well and it had thrown up some useful ideas about how we could improve the main website. Community Outreach was bidding for other family learning opportunities in different boroughs.

Finally Governors were informed that Baroness Sharp had visited the College and seemed very impressed with what she had seen and heard. He thanked Bill Stokoe for the introduction. Also Jon Graham, Managing Director of the Chartered Institute of Public Finance and Accountancy and member of the SFA advisory board, had paid a visit and was now singing City Lit's praises.

Members were reminded about the Adult Learners' Awards Ceremony on 19th May at the Royal Institute of Great Britain in Albemarle Street. The Principal stated that City Lit had two regional winners and that it would be a great event

11/32 Date of Next Meeting

It was confirmed that the next meeting would be held on 5th July 2011 at 5 pm.

PART TWO: MATTERS FOR DECISION

11/33 Additional Income 2011/12

The Principal introduced a paper which updated Governors on the current financial position for 2010/11 and 2011/12 and proposed some in year adjustments. He advised that yet again fee income in the current year was looking very strong. He cited that by this time last year the College had raised 91.4% of its final total fee income; this year it was at 94% against the fee target, with one term and summer school still to go. Pay and other costs were generally on budget. As an estimate, if the Institute brings in the same % fee income from now until the end of year it should be at least £100K ahead of fee budget.

The Principal advised that the College was again forecasting very significant over provision, in terms of learners for 2010/11. As a result, the Skills Funding Agency (SFA) had increased the Adult Learner Responsiveness (ALR) 2010/11 in-year funding allocation by £500K and this had been paid to the Institute. It was unexpected and very welcome. The SFA had been able to make this additional allocation as a result of other colleges and providers underperforming in terms of learner numbers against their plans. They said this was a one year increase and would not be consolidated into future year baselines.

Governors were informed that despite all the dire economic warnings and City Lit's initial indicative allocation for 2011/12 showing a 2%-3% reduction, the actual final allocation for 2011/12 showed no reduction in funding. This was the same for all Further Education colleges, although many would have difficulty in earning the actual allocation due to rate per learner changes and low fee income, compared to City Lit. Finally, the College had received an unexpected capital grant from the SFA of £50K.

The Principal stated that despite the good news for the current year and next year, the future was still very uncertain. As discussed at the review session, it was not clear if the 2011/12 allocation was an anomaly and whether future years would reduce at the previously expected rate of circa 3.5% annually or by a larger amount to get back on the overall Department for Business Innovation and Skills (BIS) funding line. In addition, with the current review of adult community learning underway, it was difficult to predict if there would be any significant negative impact on our future funding. Finally, in future years a significant proportion of the BIS savings agreed during the Comprehensive Spending Review were based on higher education savings, due to the introduction of higher fees, and loans for FE Level 3 and above courses. There had to be a degree of risk in both these areas, which again could have an adverse impact on BIS's future overall room for manoeuvre.

Governors were informed that the increased fee income and additional funding, plus a more positive settlement for 2011/12 would give the College the opportunity to take a balanced view of how it could use the strength of its finances for the benefit of the learners. The Principal stated that the demands on the College bursary scheme far outweighed the availability of funds and it was expected that it would get worse as people's personal finances were squeezed and should unemployment continue to increase. In addition, in future years the bursary scheme might have even greater demands, when loans were introduced for level 3 and above courses. Governors had already agreed that 10% of the annual surplus can be transferred to the bursary scheme. With the additional £500K funding, he proposed that this year £100K should be transferred directly to the bursary scheme.

The Principal confirmed that the capital funding would be used to offset the cost of the new extension but stated that every year the demands for additional or upgraded facilities to support students also exceeded what the College could approve in the budgets. One example was a plea for improved performance and a greater number of laptops/mobile devices to support Skills for Life courses. Provided there was a robust business case, the college would, through the forthcoming budget process, look at opportunities to improve learner related facilities this year. Management was also looking to bring forward a small amount of work on the website to improve accessibility for learners.

The Principal then went on to explain that management had concerns about trying to balance the desire to look after the less well off with changes to concessionary fee rules, against the need to ensure the College maintained its fee income. The level funding for 2011/12 would allow the College to take a slightly higher risk approach of wait and see what happened to learner numbers/type and fee income before deciding if it needed to implement the more stringent, benefit and age related concessionary fee rules or retain its own more flexible rules. It was also considering whether the College should revise its fee increases for next year, but it was felt that with future uncertainties it would still be better to have smaller annual increases rather than large future rises. Governors

were reminded of the average planned increases for 2011/12. The Principal concluded that with all the future uncertainties it was also important to continue to build financial reserves to ensure resilience to any sudden or prolonged reduction in City Lit's funding, as well as the flexibility to invest in the future, for example in accommodation related areas to support further growth.

The Principal advised that the revised predicted surplus for 2010/11 would be circa £800K and cash at the end of the year circa £3.4M. Therefore he was proposing that Governors agree to transfer £100K to the bursary fund and circa £45K additional expenditure on facilities (some of which may be capital.) Thus the overall impact would be to reduce the 2010/11 surplus to circa £650K, which was still significantly greater than the budget figure. It would have minimal impact on cash reserves. Although this proposal would normally be first considered by the Finance and Employment Committee, the next meeting was not scheduled until June and therefore each member had been approached individually. Following the clarification of a few points each was supportive of the proposal.

The Board welcomed the additional funding which recognised the Institute's hard work in developing and delivering a series of growth and optimisation strategies. Members agreed the transfer of £100K to the bursary scheme would help underpin the Force for Good provision and were entirely supportive of improving facilities. The designation of the bursary funds in the profit and loss accounts was discussed and the Vice Principal confirmed that the external auditors would give specific guidance on how the sum would be treated in the accounts. It was accepted that it may have an impact on the overall surplus.

The Governing Body:

- Noted the improvements in fee and funding incomes.
- Approved the proposal that £100K should be transferred to the bursary scheme for this year, rather than the planned 10%.
- Noted the intention to try and bring forward some expenditure on related learner facilities in the sum of £45K
- Noted the intention to try and protect our current concessionary fee payers.

11/34 Charity Commission Summary Information Return

The Board received a copy of the Summary Information Return 2010 which was a requirement of the Charity Commission for charities with a turnover of over £1m. The Clerk advised that the return must be agreed by the Board of Trustees. Members made some suggestions to the wording under 'who benefits' and subject to these amendments being made, the Return was approved for submission to the Charity Commission.

11/35 Information and Telecommunications Systems Policy

Members received a report reminding them that the Governing Body considered a revised Information and Telecommunications policy at the meeting held on 15th March 2011. This had been referred from the Finance and Employment Committee. At the meeting some suggestions were made and some detailed comments were subsequently submitted to the Vice Principal. The policy had been revised to include these

amendments and the changes were reported. A copy of the revised policy was included in the agenda papers.

The Governing Body approved the revised Information and Telecommunications Systems Policy.

PART THREE: MATTERS FOR REPORT

11/36 Management Accounts

Governors received the Management Accounts for the eight months to 31st March 2011. The report included:

- Income and Expenditure account
- Comparison of operating surplus against prior year (Before FRS17)
- A balance sheet as at 31st March 2011
- Cash flow forecast chart
- Student Bursary Fund as at 31st March 2011
- Risk Analysis and forecast.

Joe Manifold reported that the accounts to 31st March showed a surplus of £2,451K which was a favourable variance of £605K against the budget-to-date. This was a significant improvement on the position reported in February's accounts and was due to additional growth funding of £500k received in March. He still expected part of this variance to become eroded during the remainder of the year. The forecast for the year was now £713K which was a predicted favourable variance for the year of £451K.

On income, student fees continued to show a favourable variance. The student fees variance for the 8 months to 31st March was £129K. Fee income amounting to £5,885k had been raised to 31st March representing 91% of the annual budget. Student fees were 10% higher when compared to the same period last year.

Community Outreach contracts continue to perform strongly and show a favourable variance of £46K to 31st March. There was a shortfall to-date on Employer Engagement income of £70K which was being monitored. The Employer Engagement income budget for the year was £350K. This was a challenging target and a shortfall of £75K was forecast for the whole year. However, the net impact would be less because there were cost savings, particularly within pay, that relate to this shortfall.

Deaf income was showing a shortfall of £122K for the 8 months to 31st March. This related to the Deaf Degree and the Deaf and Disabled Support Service. Again, there were cost savings to partially offset these shortfalls to-date.

The favourable variance on Other Grant and Contract income of £53K was offset by higher project partner payments and related mainly to the Camden Advice & Guidance project. There are no other significant income variances.

On expenditure, Governors were informed that pay was showing an under-spend of £72K to 31st March. This was partly due to cost savings relating to Employer Engagement income and Deaf income explained above.

On non pay expenditure, there was an under-spend on academic department expenditure of £122K to 31st March due to the timing of expenditure. The adverse variance of £78k under Learner Services expenditure related mainly to the Camden Advice & Guidance project and this was offset by a favourable variance on other grant & contract income.

Within Executive and Central Services expenditure there is an overspend of £35K relating to the recruitment of the new Principal. This line currently showed a favourable variance of £92K due to the timing of IT and marketing expenditure.

The non pay favourable variance at 31st March was expected to become eroded during the remainder of the year. This was because of the timing of expenditure mentioned above and additional expenditure that wasn't included in the budget relating to the development of a mobile optimised website and IT desktop virtualisation project.

Joe confirmed that City Lit had bank and cash balances of £4,314K at 31st March and a balance of £600K on the Allied Irish Bank revolving mortgage facility. Although City Lit does not currently need to drawdown on this revolving mortgage credit facility, a £600k drawdown had been made in order to manage risk by offsetting the deposits held with Allied Irish Bank. The cash flow chart showed the forecast cash position to 31st July 2011, including expected cash flows relating to the Keeley Street extension.

In summary, Joe stated that the forecast for the year would be a surplus of £713K as shown on the risk analysis included in the papers. This was a large favourable variance of £451K compared to the budgeted surplus and was due mainly to additional growth funding received and the strong performance of student fees.

Members noted the report.

11/37 Peter Davies

The Governors expressed their deep thanks and appreciation to the Principal, Peter Davies, who was retiring at the end of May. He had been an outstanding leader who had achieved a smooth transition to the new building and grown and developed the College significantly over the last six years. It would not be in the excellent position that it was today without his exceptional leadership and skill. The Chair of Governors stated that it had been a huge pleasure working with him and she would miss him a great deal. Members wished him well for the future.

Peter thanked members for their warm good wishes and stated that it was a very different job from anything that he had done before. But it had been fun and he paid tribute to the City Lit staff who had been tremendously loyal and supportive. They, and City Lit, would always have a special place in his heart.

Chair.....

Date.....