



Minutes of the Meeting of the Governing Body of  
The City Literary Institute held on 7 December 2021, 5-7pm  
Cultureplex, City Lit

**Governors Present:**

Lucy Arnold-Courtney	Colin Jones
Donna Birkett Baida	Simon Judge
Edward Breen (Staff Governor)	Christine Kinnear
Jane Cooper (Deputy Chair)	Mark Malcomson (Principal)
Jon Gamble	Alison Pike
Clancy Gebler Davies (Student Governor)	Paula Smith
Moira Gibb (Chair)	Jill Westerman

**In attendance** – Shachi Blakemore (Partner, Buzzacott external auditor) - *for items 21/87-21/97*; Phil Chamberlain (Executive Director, External Engagement); Paul Evans (Chief Financial Officer/Co-Managing Director); Julie Gilbert (Executive Director, People), Wendy McKaig (Vice Principal/Co-Managing Director).

**Clerk:** Katrina O’Sullivan

**Standing items**

**21/87 Apologies for absence**

There were no apologies for absence received. The Chair was pleased to welcome the Governing Body to its first Board meeting in the College since March 2020, particularly the governors who had been recruited ‘virtually’ during the height of the pandemic.

The Chair also welcomed Shachi Blakemore who would be presenting Buzzacott’s external audit findings to the Board. This was part of the 2021/22 updated Post-16 Audit Code of Practice requirement that the external auditor should undertake this annually. The Clerk had included this in the Board’s cycle of business.

It was noted that Jon Gamble was attending via Zoom.

**21/88 Declarations of Interest**

Jon Gamble made his usual declaration as a Trustee at WEA but there was no conflict of interest to record.

**21/89 Minutes of the previous meeting**

The minutes of the meeting held on 19 October 2021 were **approved** as an accurate record.

**21/90 Matters Arising Not Appearing Elsewhere**

There were no matters arising not appearing elsewhere.

**21/91 Governing Body/Committee attendance**

The annual attendance records for Board and Committee meetings were reviewed. It was noted that actual attendance was 100% for the Board and all Committees bar the Governance & People Committee which still had attendance above the minimum target.

The Governing Body **agreed** to retain the minimum target of 80% for the 2021/22 Board and Committee meetings.

**21/92 College Update report and Principal’s oral update: October-December 2021**

Members noted the contents of the College Update report. The Principal additionally highlighted that the FE Commissioner’s Intervention visit letter had been appended to the report. He explained that the College had recently been advised that the FE Commissioner’s team would return to the College for their next visit on 11 January 2022, following their two

previous diagnostic assessment visits. The process was similar to those visits held before, but there appeared to be two major points of difference: the Commissioner would be joining the visit; and the title of the visit was 'Intervention.' Governors discussed the impact of the College being in 'Intervention'; the reasons why the terminology had changed from 'diagnostic' when the two previous diagnostic FEC visits had confirmed that City Lit was a well-run college - with strong governance and leadership - but was experiencing financial difficulties due to the pandemic and City Lit's unique funding model; how this may affect the College's reputation; and whether it presented an opportunity to allow City Lit to receive funding for digital investment. As with previous visits, a small group of governors would be required to join for an interview with the FEC team. Management/the Clerk would now begin to prepare the required information ahead of the visit. Management would also be meeting with ESFA colleagues shortly to discuss the visit and Intervention process further.

As part of being in Intervention, the ESFA had requested that the College produce a Business Recovery Plan to be approved by the Board by the end of January 2022. Management had already produced a Deficit Recovery Plan and this would be worked on further for this purpose. To that end, the Chair requested that the Governing Body convene an additional Board meeting to approve the Recovery Plan before the January deadline; governors confirmed their agreement and the Clerk would arrange a date.

Paradoxically, Paul Evans had met with Barclays Bank and they confirmed that City Lit had been removed from its 'live book' watch list category. Governors were comforted that the bank felt confident with the measures the College had/were taking. Paul would be meeting with Barclays' Business Support team, following the FEC visit, to see if they could help the College further.

Governors enquired about strategy progress and the Principal reported on the three strands of: 1) bringing back into the College 2) online 3) skills and employability. He expressed that Management was making good progress with Kathryn Skelton (educational online consultant) regarding building 'online'. With regards to 'bringing back', he reported that Visual Arts and Learning Disabilities were back in the College and thriving. Lastly, the College was working out its place in terms of 'skills and employability'.

With the priorities in mind, the Principal had realigned the Schools as per the strategic priorities – ie, a School of Skills, Employability and Wellbeing would be brought together. Humanities and Languages would also join together as their delivery type was similar.

## Reports

### Items from Committees

#### 21/93 Finance & Commercial Committee Chair's Key Points: 24 November 2021

The Finance & Commercial Committee Chair spoke to his Key Points report and the Board noted the contents.

#### 21/94 FRS 102 Pension Assumptions

The Governing Body reviewed the underlying assumptions for the FRS 102 calculations leading to the disclosures in the Annual Financial Statements as scrutinised and, subsequently, recommended by the Finance & Commercial Committee at its October meeting.

The Board acknowledged that the assumptions relating to the Local Government Pension Scheme were ultimately the responsibility of the Governing Body and these were discussed by governors. Governors acknowledged that the actuarial calculations had no impact on the employer contribution rates as these were determined by the triennial valuation, which was last conducted in 2019. The latest valuation as at 31 March 2019 showed that the scheme was fully funded with a surplus of £140k. This was compared to a previous funding deficit of £528k (95.6% fully funded) as at 31 March 2016. Following the latest triennial valuation, City Lit's employer contribution rate increased from 12% to 12.9% from 1 April 2020; however, the College would no longer be required to pay deficit contributions (£93k per annum) so the amount being paid overall had remained stable. The next valuation would be 31 March 2022.

The Governing Body [accepted](#) the actuaries' recommendation for the underlying assumptions for FRS 102 as recommended by the Finance & Commercial Committee.

#### 21/95 [Audit & Risk Committee Chair's Key Points \(9 November 2021\)](#)

The Chair of Audit & Risk Committee spoke to her Key Points report and the contents were noted by the Board.

#### 21/96 [Annual report of the Work of the Audit & Risk Committee](#)

The Board was presented with the Annual Report of the Work of the Audit & Risk Committee which was a requirement under the Post-16 Audit Code of Practice. The annual report covered the academic and financial year 2020-21/September-December 2021 and summarised and effectively discharged the Audit & Risk Committee's responsibility for advising the Governing Body on the controls in place to ensure: the effective and efficient use of resources; the solvency of the college; and the safeguarding of the college's assets. The report covered membership, meetings, the increased oversight of going concern and Covid-19 risk, review of internal reports, annual reports and financial statements, letter of representation, risk management, update on board assurance framework, reappointment of external auditors, the Committee's opinion and effectiveness of the Committee. The Clerk informed governors that there was also a new requirement for the 2020/21 report to include the date of appointment of the external auditor and the remaining term of the engagement, and this had been included in the report.

The Governing Body discussed and [approved](#) the Annual Report on the Work of the Audit & Risk Committee.

#### 21/97 [Financial Statements: Consideration of Going Concern](#)

Paul Evans spoke to his report which set out the reasons why the Financial Statements should be prepared on a 'going concern' basis for the Governing Body to accept. He explained that in light of the Covid-19 pandemic, going concern was a significant issue for the College again this year; as a consequence there had been a particular focus on this issue from the auditors.

Whilst there was sufficient evidence to suggest that City Lit would continue in operation for the foreseeable future, there was material uncertainty related to going concern due to the impact of the pandemic on student fee income.

Governors discussed that compared to the same point last year, the business had stabilised and City Lit was starting to see students return to face-to-face learning, as well as maintaining a significant online offer, which had a positive impact on fee income. Barclays renewed the overdraft facility for a year (to 30 June 2022), whereas previously they would only renew it every six months, which demonstrated its confidence in the business. The College was aiming to be cash neutral for the year, meaning that there would be significant headroom in the £3.5m facility.

Shachi Blakemore stated that whilst Buzzacott had provided an unqualified audit opinion, they had again added an additional narrative in their audit report which highlighted the material uncertainty related to going concern. She further confirmed that Buzzacott still supported the contention that City Lit was a going concern.

The Governing Body [agreed](#) that City Lit's Financial Statements should be prepared on a going concern basis, as recommended by the Audit & Risk Committee.

#### [Financial Statements for year ended 31 July 2021 and Annual Report & Accounts document](#)

Paul Evans spoke to the financial statements for the year ending 31 July 2021 report and Annual Report & Accounts document. Governors reviewed the content and [agreed](#) these as per the recommendation by the Audit & Risk Committee. These had also been reviewed by the Finance & Commercial Committee.

#### [Buzzacott Post-Audit Management Report](#)

Shachi Blakemore presented her post-audit management report and findings outlined in the report. The Board reviewed the report and thanked Shachi for attending the Governing Body meeting; the post-audit management report was [accepted](#) as reviewed by the Audit & Risk Committee.

### Letter of Representation to Buzzacott

The Audit & Risk Committee Chair presented the College's Letter of Representation to Buzzacott and confirmed that the Audit & Risk Committee was recommending it for signing by the Board

The Governing Body reviewed the letter and gave its **approval** that it may be signed by the Chair of Governors on behalf of City Lit.

### 21/98 Policies for approval:

- Business Continuity Policy - new
- Risk Management Strategy Policy – update

The Governing Body reviewed the new Business Continuity Policy and also the updates to the Risk Management Strategy Policy, as recommended by the Audit & Risk Committee. These were **approved** by the Board.

### 21/99 Quality Committee Chair's Key Points (18 November 2021)

The Chair of the Quality Committee spoke to her Chair's Key Points report and the contents were noted by the Board.

### 21/100 2021/22 College Self-Assessment Report (SAR) covering report

- 2021/22 SAR, QIP & appendices

The Governing Body reviewed the 2020/21 City Lit Self-Assessment Report (SAR) and 2021/22 Quality Improvement Plan (QIP) as the culmination of the self-assessment process which had taken place amongst the College's curriculum areas. This had been scrutinised at the Quality Committee and was being recommended for approval.

Governors commented that the SAR had been a joy to read, rich in judgement and data. Governors queried the further improvements needed relating to achievement rate gaps in different groups, accredited provision gaps and the reasons for these. Management confirmed that although the gaps only related to a very small number of students, it was an important issue and the team was investigating the reasons. Governors felt assured that Management was taking appropriate steps to improve this for next year.

The Chair added that some governors had attending the SAR moderation meetings and had found them a useful and interesting experience.

The Chair of Quality added that the Committee had asked Management for a report on RARPA at their February 2022 meeting, and this topic would be deep dived then as it was an area that had been on the College's improvement plan for a while.

The Board **approved** the 2020/21 City Lit Self-Assessment Report with an overall grade of 'Good'.

### 21/101 Governance & People Committee Chair's Key Points (1 December 2021)

The Chair of Governors spoke to her Chair's Key Points report and the contents were noted by the Board.

### 21/102 Annual Self-Assessment - Chair/Governor 1:1 Review Summary

The Chair of Governors met with members of the Governing Body between September and November 2021 and the Board reviewed the summary of those discussions. The Chair commented that governors had been consistently positive about the work that had been undertaken to continue delivering on City Lit's purpose and responding to the many challenges of the Covid-19 pandemic. Additionally, governors were of the view that the pandemic had not impaired the quality of governance overall and thought that the Board had responded very well in the circumstances. Governors were conscious of how long the crisis had lasted and the general exhaustion amongst staff and managers. The continued financial struggle, layered on the loss of staff and capacity across the organisation was hard and they appreciated Management's focus on the wellbeing of staff and students, in addition to the finance and quality work. There were a few areas for improvement outlined in the report and the Chair confirmed that some had already been actioned, or were being worked on, and these would continue to be monitored by the Chair/Clerk.

21/103      Key Performance Indicators (KPI) – Finance and Quality: to review

The Board reviewed the Finance and Quality KPIs as examined at their respective Committees. Governors agreed that the Finance KPIs correlated with the current financial performance. Paul Evans expressed that the staff ratios would be reviewed by Management as part of the Recovery Plan. With regards to the Quality KPIs, the Board suggested that at the May 'Away Day' the Ofsted 'Outstanding' discussion be held then.

21/104      Date of the next meeting:

The date of the next meeting was confirmed as Tuesday 8 March 2022, 5pm to be held in the College, depending on current health and safety guidance at the time.

The Chair thanked Management for their comprehensive reports and continued efforts to support the College. She also thanked governors for the extensive work that had taken place within each Committee scrutinising the items and recommending them for the Board's approval.

Chair.....

Date.....