



Minutes of the Meeting of the Governing Body of
The City Literary Institute held on **4 December 2018, 4:30pm**
at City Lit, Keeley Street, London WC2B 4BA

Governors Present:

| | |
|--------------------------------|-----------------------------|
| Penny Allen | Colin Jones |
| Annita Bennett | Mark Malcomson (Principal) |
| Tim Bolderson | Keith Moffitt |
| Jane Cooper (Deputy Chair) | Wendy Moss (Staff governor) |
| Joe Cullen (Student governor) | Paula Smith – via telephone |
| Jon Gamble | Michael Simmonds |
| Moira Gibb (Chair) | Jill Westerman |
| Eric Hadley (Student governor) | |

In Attendance:

Phil Chamberlain (Executive Director, External Engagement)
Paul Evans (Chief Financial Officer)
Rachel Johnson (Assistant Principal – Communities)

Clerk:

Katrina O’Sullivan.

STANDING ITEMS

18/81 Apologies for absence

There were apologies for absence from Raj Parkash, Sophie Neary and Sandy Pfeifer.

18/82 Declarations of Interest

There were no declarations of interest declared.

18/83 Membership [Management and CJ/EH were not in attendance for this item]

The Board were pleased to ratify the appointment of Colin Jones and Eric Hadley to the Governing Body. Colin came with a wealth of financial expertise and would also join the Finance & Commercial Committee for a term of four years. Eric Hadley was appointed as the new student governor, who was elected by a vote of students, for a term of two years. Eric would also serve on the Quality Committee. Colin and Eric joined the meeting and introductions were made.

18/84 Minutes of the Meeting held on 16 October 2018

The minutes of the meeting held on 16 October 2018 were approved and signed by the Chair.

18/85 Matters Arising Not Appearing Elsewhere

There were no matters arising not appearing elsewhere.

18/86 Principal’s Report – oral report

The Principal’s oral report was incorporated in to item 18/87 below.

18/87 College update: October-December 2018 – city lit award video shown

The Principal asked if there were questions regarding the update and governors enquired about the 50 new starters as that seemed high. The Principal confirmed this was predominately tutors and was the average amount for that time in term 1. The Board asked that for the next update the numbers for tutors and salaried staff were drawn out.

Governors enquired about Goal 2 and the timescales for the work being undertaken. It was acknowledged that Goal 2 was now within the remit of the Quality Committee and it was confirmed that Rachel Johnson would be reporting to that Committee at the end of January.

The Board noted that the theatre was being rented out more and enquired whether Management were making sure that departments did not lose space for courses due to this. The Principal confirmed that the theatre was being mindfully booked whilst ensuring that no classes lost out. Management would be looking to potentially house some Humanities courses in the theatre to make additional use of the space but, currently, it was a wise use of the theatre to rent it out commercially.

The Board asked the Principal if he had any 'worries' and he answered that he was concerned that retail Britain was not doing well and consumer confidence was dipping. Also, Unions nationally were re-balloting for strike action mid-December. Regarding the positives, the Principal expressed that there had been lots of hard work taking place in the College and the numbers for Term 2 were looking positive. The new brand was soft launched in November 2018 and the full roll out would be from January 2019.

ITEMS FROM COMMITTEES

Audit & Risk Committee

18/88 Audit & Risk (A&R) Chair's Key Points

The Board noted the A&R Chair's Key Points from its 30 October 2018 meeting.

18/89 Annual report on the work of the Audit Committee

The Clerk's report regarding the Annual Work of the Audit & Risk Committee 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, review of internal reports, annual reports and financial statements, letter of representation, risk management, board assurance framework, reappointment of external auditors, the Committee's opinion and effectiveness of the Committee from the academic year 2017-18, and also included September-December of 2018 as that was when the financial statements were signed by the Governing Body. The Board acknowledged that the approval of the report was a requirement under the Post-16 Audit Code of Practice.

The Board accepted the Annual work of the Audit Committee report.

18/90 Presentation of the Annual Financial Statements and Annual Accounts

Consideration of going concern nature of City Lit

The Board discussed the details supporting this assumption and confirmed that sufficient evidence suggested that City Lit would continue in operation for the foreseeable future; this meant that the College would be able to account for long term assets and liabilities and 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 2018

The Audit & Risk and the Finance & Commercial Committees had both reviewed the Financial Statements, and the Audit & Risk Committee was recommending them for Board approval. The report confirmed that they had been subjected to external audit scrutiny and no adjustments to the financial statements were required; additionally, the auditors would be issuing a clear audit opinion. It was confirmed that the accounts had been produced, for the third year, in accordance with International Financial Reporting Standards (FRS102).

The Governing Body approved the Financial Statements for year ended 31 July 2018.

Post audit management report

The Board reviewed the Post Audit report from the external auditors, Buzzacott, which the Audit & Risk Committee had reviewed. It was noted that the audit had gone well and that the financial statements had been issued in line with the College's deadlines and that all disclosure requirements had been met. Subject to the satisfactory receipt of the outstanding items and confirmations, Buzzacott intended to issue the opinion that the financial statements gave a true and fair view of the Institute's surplus for the year, and had been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice. Also, with regard to the regularity assurance, a clean audit would be given.

The Board acknowledged that the college had over delivered again against target, and reconciliation statements from the ESFA confirmed the additional funding of £223k would be received; however, any material additional funding relating to 2017/18 awarded after the year-end would not be recognised in the year ended 31 July 2018 financial statements.

The Board accepted the Post audit management report.

Letter of Recommendation

The Governing Body reviewed the contents of the Letter of Recommendation from City Lit to Buzzacott and noted that there were no significant changes from last year. To that end, the Board approved that the Chair would sign the letter on behalf of the Governing Body.

18/91 Annual Internal auditor report and statement of assurance 2017/18

The Board accepted the Internal Audit Annual Report and Statement of Assurance 2017/18 as recommended by the Audit & Risk Committee.

Governors enquired how it was decided which audits were undertaken. Paul Evans confirmed that the auditors were asked to look at areas of concern as assessed by Management.

18/92 General Data Protection Regulation (GDPR) update and policies

City Lit's new Head of Data Compliance & Business Planning, Graham Jennings, had presented to the Audit & Risk Committee at its October meeting and his paper provided a useful update on GDPR implementation and activities within the college. The report set out new and updated policies around this area which included: 1) a new Data Protection Policy, 2) Data Privacy Impact Assessment (DPIA) process and template, 3) guidance on the use of third party data processors, 4) an updated Digital, Social Media and Telecoms Acceptable User Policy, and 5) a data compliance governance structure and policy framework. The Board discussed and approved these.

The Chair noted that the report suggested that governors each have a City Lit email address, instead of using their personal/work emails, to add extra security when the Clerk sent information/documents. Governors discussed this issue and agreed that there was not a large number of confidential items, as the Board aimed to be as transparent as was possible; however, in future confidential items would be password protected.

The Board requested that the Clerk ask governors to re-consent to having their email addresses shared amongst each other in group governor emails. It was confirmed that the Clerk was happy to receive the confidential yellow papers back after meetings if governors did not have access to confidential recycling.

The Board highlighted the importance of embedding the processes within the staff culture, and Management confirmed that various streams of training for staff had been launched. Members acknowledged that the follow up internal audit regarding this area would be undertaken in term

2 with the findings first going to the June 2019 Audit & Risk Committee who would report back to the Board.

Governors enquired how confident Management was that the College was compliant. Management confirmed that the College now had Data Leads in all departments and training was being given to ensure a better data security culture. Management would be considering the ISO27001 accreditation which mapped to much of the GDPR compliance and, within this, culture had to be demonstrated. Governors also raised that Management needed to be mindful of legacy approaches with regards to fundraising regulations, and the Principal confirmed that they were.

The Governing Body was assured that there was an appropriate focus on the implementation of GDPR.

Quality Committee

18/93 Quality Chair's Key Points

The Board noted the Quality Chair's Key Points.

18/94 Quality update

Wendy McKaig presented to the Governing Body with an overview of quality in the College.

18/95 Self-Assessment Report (SAR) 2017/18

Wendy McKaig spoke to the Self-Assessment Report (SAR) 2017/18 as recommended for approval by the Quality Committee. She explained that City Lit's overall effectiveness was 'good' and all other aspects were 'good' apart from Personal Development, Behaviour and Welfare which had been judged as 'outstanding'.

The Board agreed that it was a good reflection process for the College and that the document was richer in judgements than last year's document and a good piece of work capturing City Lit well. It agreed that the document should be uploaded to the ESFA portal.

Financial and Commercial Committee (FCC)

18/96 FCC Chair's Key Points

The Board noted the FCC Chair's Key Points.

18/97 Finance update – presentation

Paul Evans presented to the Governing Body with an overview of the finances of the College.

18/98 7th-8th floor expansion

Paul Evans gave the Board an update on the 7th and 8th floor extension exploration as discussed as a key part of the Growth plans at the July 2018 meeting. The exploration work and consultants' reports had been included within the meeting pack. Outline costings had been received from the quantity surveyor and, because of the need to extend the lifts and the fact that the plant would need to be replaced; the costs had increased to £6.1m. At this level the scheme had still been financially viable, and in the long term would have had a positive impact on the financial health of the organisation.

Since then, the rights of lights consultants had undertaken detailed analysis on the proposed scheme on potential rights of lights compensation payments. Unfortunately, they estimated that City Lit should budget £1.65m for rights of lights compensation payments. Factoring in this payment, this would take the total scheme costs to nearly £8m, which would require City Lit to take a loan of £5m (£4m for development costs and £1m to fund working capital), assuming that the Mayor would fund half of the costs.

At a total project cost of £8m, and given the risks involved, Management did not believe that the project represented value for money and concluded that City Lit should not pursue this project any further.

The Board discussed the contents and implications of the reports and confirmed it supported the decision to not pursue the 7th & 8th floor expansion unfortunately, due to the rights of lights compensation payment, as recommended by the Finance & Commercial Committee. It acknowledged that Management had gone as far as it could in exploring this particular option. The Board asked Management to continue to explore other property options to support growth, and the Principal expressed that he and his team would be talking to CAA, the owners of the adjacent building about their space. It was acknowledged that the M&E consultant's report stated that the plant needed to be replaced and that this would be planned into future capital costs.

18/99 Satellite venues

Paul Evans presented a report which sought approval for the cost of additional rooms on external sites as discussed in the growth paper presented to the Governing Body at the July 2018 meeting. Management was requesting that in 2019/20 City Lit hire up to 14 more rooms externally. Currently, Management were looking at four at Fashion Retail Academy, four at the University of Liverpool in London (near Liverpool St) and seven at Westminster Kingsway (Kings Cross site). The Finance & Commercial Committee had discussed this at its meeting and had agreed to recommend this to the Board, and felt that the proposal was low risk whilst providing a solution to the space issue at Keeley Street; but it requested that Management be clear about the notice periods and ensure 6 month break clauses, have the ability to extract itself if they were not proving successful, have checks and balances and KPIs in place and be clear on what the success was for those.

The Board scrutinised the details provided by Management regarding the extra rooms and requested that, whichever rooms are hired that, City Lit ensured that the good quality and the experience that students felt at the College be replicated in the satellites. Management expressed that they were mindful of this and would put steps in place to that end.

The Governing Body agreed to the proposal.

18/100 Management accounts to 31 October 2018

Paul Evans presented the management accounts to 31 October 2018, as discussed at the Finance & Commercial Committee, which showed that the College had an encouraging start to Term 1. As at 7 November 2018 the College had raised £3.939 million of fee income with £110k left to reach the Term 1 sales target of £4.049m. There were still courses left to start over the following two months of the term, and it was expected that the shortfall would decrease. Management still expected to finish the Term slightly under the sales target. The management accounts outturn for the three months ending 31 October was a deficit of £254k and this compared favourably to the budgeted deficit of £309k. Student fees as at 31 October were behind the financial budget by £64k and fee income to 31 December 2018 was currently £35k behind the financial budget with product still available to be sold. The cash balance at 31 October 2018 was £1.88m.

Governance & People Committee

18/101 G&P Chair's Key Points

The Chair highlighted that the Committee had received a useful and informative report from, Mary Crowley, the Director of Philanthropy, on the work that had been undertaken in fundraising. This was the first time the Governance & People Committee had revised the work since the governance around this area had been within the remit of this Committee. Mary had given a positive round up of the many aspects of the work underway and reported that work had begun

to identify likely donors and match them against priority projects. This should yield a better projection of contributions over several years. Against the current income projections: Capital Funding: £250,000 requested against a target of £140,000 and Centenary Funding: £60,000 in development against a target of £50,000. In addition, she was projecting £20,000 in increased student contributions for the bursary in this financial year. Patterns of legacy pledges would be reviewed once the programme had launched to determine likely targets for numbers of legacy society participants. Mary also specified the assistance needed from governors as being: Introductions to contacts at funding bodies · Willingness to speak with legacy planning consultant · and direct support or consider becoming a Centenary Star.

The Board had received via email the summary report from the Chair regarding her 1-1 meetings with governors. The Chair commented that the Board would be using the preparation for the next City Lit Strategy, and the planning for the strategy session in February 2019, as the vehicle for delivering on the governance concerns regarding delivery plans. It was also agreed that shorter minutes would be trialled.

Finally, the Committee discussed the length of terms for governors as remitted to it by the Board and agreed to recommend retaining the four year term with a maximum of two terms served. The Board agreed with this recommendation.

Additional items not from Committees

18/102 Key Performance Indicators (KPIs)

The Board reviewed the current KPIs. The Chair commented that they needed reinvigorating; the Principal agreed but added that they should align to the new strategy.

18/103 Attendance statistics

The Clerk's report set out the attendance within Committees and the Board for 2017/18. All Committees had met or exceeded the 80% target for that year and agreed to retain this for 2018/19. The Board noted the attendance and agreed its target would remain at 80% also.

18/104 Date of the next meeting

The Governors' Strategy Afternoon date was confirmed as 5 February 2019, 12pm onwards, followed by dinner. The next formal Governing Body meeting would be held on 5 March 2019.

It was Joe Cullen's, student governor, last meeting as his term of office had ended. The Chair thanked him for his valuable contribution during the last two years. It was also Sandy Pfeifer's last meeting and the Chair would write to him on behalf of the Board.

Chair.....

Date.....