



Governors Present:

Penny Allen	Colin Jones
Tim Bolderson	Eric Hadley (Student Governor)
Edward Breen (Staff Governor)	Mark Malcomson (Principal)
Jane Cooper (Deputy Chair)	Raj Parkash
Jon Gamble	Michael Simmonds
Moira Gibb (Chair)	Jill Westerman

In Attendance: Paul Evans (Chief Financial Officer/Co-Managing Director); Julie Gilbert (Executive Director, People); Wendy McKaig (Vice Principal/Co-Managing Director).

Clerk: Katrina O'Sullivan

The 4:30pm departmental presentation had been delivered by Jayne Kaye, Head of School, who spoke about the School's work and priorities. [A copy of the slides were available within the Clerk's electronic Board pack link].

Standing items

19/73 Apologies for absence

There were apologies for absence received from Keith Moffitt and Paula Smith. The Chair welcomed Edward Breen to his first Governing Body meeting as staff governor.

19/74 Declarations of Interest

Declarations of interest were made by the Chair for *item 19/95 'Recruitment of the Chair'* and would leave the meeting when the Deputy Chair updated the Board on this matter. Jon Gamble expressed his usual interest of being a trustee at WEA but there were no items identified as a conflict.

19/75 Minutes of the Meeting held on 14 October 2019

The minutes of the meeting held on 14 October 2019 were **approved** and signed by the Chair.

19/76 Matters Arising Not Appearing Elsewhere

There were no matters arising not appearing elsewhere.

19/77 Attendance figures

The annual attendance records for Board and Committee meetings were reviewed and the Governing Body **agreed** to retain the target of 80% for the 2019/20 meetings.

19/78 Principal's Report – oral report

The Principal showed the video that Justin Tomlinson MP, Minister for Disabled People, Health and Work, recorded following his visit to the College. It was a positive meeting and the video reflected this. The College would continue to engage with the Minister.

The Principal noted that there was a lot of additional things taking place, as evidenced in the College Update, which took extra work and time. Governors acknowledged all the extra work staff were being asked to do in order to grow the College and with minimal cash reserves. To that end, governors questioned whether the Board should be concerned about staff capacity and wellbeing. The Principal answered that he and the Management team were conscious of asking staff to do more and staff were working hard to achieve growth – he was mindful of the tension between growth and taking care of staff. The Principal added that an extra holiday day had been given for free to staff during the Christmas break.

19/79 College update: October-December 2019

The Governing Body discussed and **noted** the update on general activities which had taken place within the College.

Items from Committees

19/80 Quality Committee Chair's Key Points – 18/11/19

The Board received the Quality Chair's Key Points which highlighted that the main focus of the meeting had been the draft College's Self-Assessment Report (SAR) which was being recommended for Governing Body approval. This had been a rigorous exercise and members had made a number of amendments and suggestions which Management had incorporated into the final SAR on the Board agenda.

The Chair of the Quality Committee expressed that members had been impressed by the rigour and diligence of the process and by the way in which it had been embraced by the Schools as a genuine opportunity for learning and improvement. The Quality Improvement Plan (QIP) had also been reviewed and the Committee suggested that the actions be prioritised further before being finalised, with a view to focusing resources on the areas of greatest impact and benefit to students – an update on delivery was planned for the February 2020 Quality Committee meeting. The Committee also agreed it would review the QIP at each meeting.

19/81 Introduction – Quality update presentation

Wendy McKaig gave a quality update to the Board including the new inspection approach by Ofsted. [The presentation was available within the Clerk's electronic Board pack link].

19/82 2018/19 College Self-Assessment Report (SAR)

Wendy presented the 2018/19 City Lit self-assessment report (SAR) which, as discussed in the Chair's Key Points, had been scrutinised by the Quality Committee. She explained that the SAR used the new Ofsted Education Inspection Framework (EIF) to outline its own judgments on strengths and areas for improvement across the four key areas and also fed into the Quality Improvement Plan, which determined the quality priorities and actions for 2019/20.

Governors reviewed the SAR and asked clarification questions regarding the data. Wendy agreed that she would look to deliver Ofsted EIF governor training for governors at an appropriate time and produce an information sheet. The good work undertaken by Wendy and her teams was acknowledged.

The Governing Body **approved** the Self-Assessment Report for 2018/19 as an accurate assessment and that the College should be graded Good overall with two of the key judgements being Outstanding, and for uploading to the Ofsted portal.

19/83 **Audit & Risk Committee Chair's Key Points – 18/11/19**

The Deputy Chair spoke to the Audit & Risk Committee's Chair's Key Points and the Board **noted** the key points from its 18 November 2019 meeting. In addition to the items on the Board agenda, she highlighted that Management was undertaking a full review and reconciliations between EBS and the ledger balances due for completion in March 2020 as this had been identified by the external auditors and was a historical issue; the Committee requested the results from this to be brought to the next Audit & Risk Committee.

The Committee also discussed the Bournville College Investigation report which made for sobering reading; it was agreed that Management would carry out a review of the College's internal control environment using the breakdown of controls in the Bournville College Investigation report as a basis to check "could this happen at City Lit?". Also specifically looking at the oversight issues at Board level in the Bournville report as well as management controls. Management would report their findings to the Audit & Risk Committee at its next meeting. The Governing Body asked, not because of any particular concerns, if the Board should have its own external investigation carried out, and it was agreed that the Audit & Risk Committee would receive the findings first and assess whether it felt that a subsequent external review should be undertaken.

The external auditors suggested that it was timely to undertake a review of Finance Functions and Controls. Their view was that, while their audit involved substantive checking of financial balances, the College could also benefit from a control based review as their testing was driven by materiality; so some issues could be missed and best practice would be to carry out such review every few years. The Committee had requested that this be included in the internal auditor's cycle of work for this year.

19/84 **Introduction: Financial Statements presentation**

Paul Evans gave a presentation on the Financial Statements to the Governing Body. [The presentation was available within the Clerk's electronic Board pack link].

19/85 **Annual report of the Work of the Audit & Risk Committee** - **Annual internal auditor report and statement of assurance 2018/19**

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 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 2018-19. Appended to the report was the internal auditor's (BDO) Internal Audit Annual Report and Statement of Assurance 2018/19 which was for the Board's information and to support the Audit & Risk Committee's opinion. The Audit & Risk Committee had reviewed the report at its November 2019 meeting and recommended it be accepted by the Board.

The Governing Body discussed and **approved** the Annual Report on the Work of the Audit & Risk Committee and **accepted** the Internal Audit Annual Report and Statement of Assurance 2018/19.

19/86 **Consideration of Going Concern**

Paul Evans' report set out the principle that City Lit's Financial Statements should be prepared on a going concern basis and that the Governing Body was required to agree the concept in advance of approving the financial statements. It was 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. The external auditors' work supported that City Lit was a going concern.

The Governing Body **agreed** that the 2018-19 Financial Statements were prepared on a going concern basis as recommended by the Audit & Risk Committee.

19/87 FRS 102 Pension Assumptions

The Governing Body reviewed and accepted the underlying assumptions for the FRS 102 calculations leading to the disclosures in the Annual Financial Statements, as discussed and recommended at the Finance & Commercial Committee on 12 November 2019.

The Board noted that the assumptions used for the calculations of FRS 102 were ultimately the responsibility of the Governing Body based upon the actuarial evidence, and it reviewed the actuarial assumptions made by LPFA's actuaries. Governors were reminded that the actuarial calculations had no impact on the employer contribution rates. These were determined by the triennial valuation, which was last conducted in 2016, and resulted in a small decrease in the contribution rate; the next valuation was currently being undertaken to 31 March 2019 and contribution rates adjusted from 1 April 2020. As a result of this year's actuarial calculations the value of the pension deficit on the balance sheet had increased from £9.827m to £11.497m. This had a negative impact on the College's net asset position which had decreased from £1.8m to £0.17m.

The Governing Body **accepted** the actuaries' recommendation for underlying assumptions for FRS 102 as recommended by the Finance & Commercial Committee.

19/87 Financial Statements for year ended 31 July 2019 and Annual Report and Accounts

The Board reviewed the audited Financial Statements for the year to 31 July 2019 as recommended by the Audit & Risk Committee. The Financial Statements had been subject to external audit scrutiny, and no adjustments to the financial statements had been required. The auditors would be issuing a clear audit opinion and it was the fourth year that the accounts had been prepared in accordance with international financial standards brought in by Financial Reporting Standard 102 – FRS102. The Board acknowledged that the final outcome for the year was a profit of £44k, prior to the FRS102 pension adjustments. Management separated out the impact of the pension adjustments in the Statement of Comprehensive Income, this was so that the underlying profit or loss could be more readily identified by the reader of the accounts. It was also the College's fifth continuous year of reporting a profit and had raised a total of £10.1m in student fees up 5% from £9.6m last year and the first time the Institute has passed the £10m mark.

The Governing Body acknowledged that staff costs continued to be high and, historically, the Board and Audit & Risk Committee were content with this and believed it to be sustainable and a way to attract the high quality of staff.

Members discussed the financial position, in particular, cash days and the fact that the College had grown during 2018/19 and it had been a successful year, but the profit was still small at £44k. On the surface it was potentially concerning coupled with the ESFA Financial Health Grade changing from 'Good' to 'Requires Improvement'. However, the Audit & Risk Committee had debated this with Management and when the picture of all the financial metrics were reviewed holistically and alongside the College's revenue projections for the year and actual results year to date, the Committee was assured by the mitigating risks in place. The Board acknowledged the assurances were: the newly in place overdraft, assets, Management team focussed on this issue, submitting monthly accounts to the ESFA, and the Finance & Commercial

Committee having oversight of this. To this end, the Board asked the Finance & Commercial Committee to review Management's financial scenario modelling and report back to the Board.

The Governing Body **approved** the Financial Statements for year ended 31 July 2019 and the Report & Accounts.

19/88 Buzzacott Post-Audit management report
- Bournville College Investigation report

The Governing Body received and **agreed** the external auditors post-audit management report as reviewed by the Audit & Risk Committee. The Clerk had appended the Bournville College Investigation report and, as reported by the Audit & Risk Committee Chair's Key Points, the Committee had asked Management to prepare an analysis of the processes in place at City Lit.

19/89 Letter of Representation to the external auditor

Paul Evans presented the College's letter of representation to Buzzacott and confirmed that the Audit & Risk Committee had also reviewed the letter of representation at its November meeting. The Committee recommended it for signing by the Board and confirmed that no significant changes had been made since last year's letter.

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.

19/90 Annual Review of the Strategic Risk Management Strategy and Risk Register

The Audit & Risk Committee reviewed the Risk Management Strategy and recommended the changes, which reflected the new College Strategy goals and City Lit branding, to the Board.

Additionally, the Audit & Risk Committee felt that the Board should annually discuss the Risk Register which the Committee scrutinised at each of its meetings. This had been included with the Board pack, and would be added to the Board agenda cycle.

The Governing Body **approved** the changes to the Risk Management Strategy and welcomed sight of the Risk Register.

19/91 Finance & Commercial Committee Chair's Key Points – 12/11/19

The Board received and **noted** the Finance & Commercial Committee Chair's Key Points. In addition to the items on the Board agenda, the Chair highlighted that Term 1 had got off to a good start and, although student fees were behind Budget and were expected to remain so for the whole term, Management was confident about performance and pointed to the fact that if the impact of biennial long courses were stripped out, the college was performing better than this time last year. The Committee discussed performance in some detail and was satisfied that Management was focussed on delivery of Budget.

19/92 Management accounts to 31 October 2019
- ESFA Financial Health Grade letter

The Governing Body discussed the details of the management accounts to 30 September 2019 and the update on sales performance to date as reviewed by the Finance & Commercial Committee.

The Board also received the ESFA Financial Health Ratio which had been reviewed by the Committee. The Chair reminded governors that, when the budget had been agreed by the Board in July, it had discussed that the ESFA financial health grade would be expected as 'Requires Improvement' due to the cash position, and the letter confirmed this.

19/93 Marketing & Sales Strategy

As recommended by the Finance & Commercial Committee, the Board discussed and **approved** the Marketing and Sales Strategy which had been produced and aligned with the new College Strategy.

19/94 Property update – oral

Paul Evans updated governors on the latest news regarding Kean Street. He advised that Westminster Council would be undertaking a supplementary report regarding the plant to ensure that the noise would not disturb the neighbours – there would then be a six week period in which residents could appeal. Management had invited the neighbours to an informal drinks night the following week in order to answer any questions and reassure residents. Paul added that International House was proceeding reasonably well with a target of £130k and actual of £110k.

19/95 Governance & People Committee Chair's Key Points – 11/11/19

The Board received and **noted** the Chair's Key Points. In addition to the items on the Board agenda, the Chair expressed that the Committee had spent time on the challenge of reducing the size of the Board, as requested in the 1:1s, whilst having the necessary skills and being able to provide members for its committees. The Committee believed that there was an opportunity to expand the membership of the committees through co-option.

Two new governors one an educationalist and one financially qualified were being sought. The Committee was also mindful of diversity on the Board but the opportunity to have co-optees should help with this as well. She asked governors to consider whether there were individuals in their professional networks who may be interested in becoming a governor or being co-opted and have the necessary skills and experience required.

The Board had previously asked the Committee to consider the appropriate Committee for Edward Breen, staff governor, to serve on and this was confirmed as the Quality Committee.

The Chair left the meeting for the 'Recruitment of the Chair update'

The Deputy Chair expressed that the Chair's term of office would end in July 2021 so there was adequate time for the recruitment process to take place. She informed governors that the Committee had discussed the timeline for the process as being: before Christmas a search agency would be agreed; a candidate brief would be worked on in February 2020; the search company would attend some of the March Board meeting to discuss the brief; the role would be advertised nationally; 1st round of interviews to take place in the summer; 2nd round in the autumn of 2020; once appointed there would be a transition period during 2021. The Deputy Chair asked governors to send her any thoughts about the recruitment. The interview panel would consist of the Deputy Chair and Chairs of Committees, with input from the Principal.

19/96 Chair/governor 1:1 Review summary

As discussed at the Governance & People Committee, the Board reviewed the summary of the one-to-one meetings the Chair had held over the summer with governors. The Board noted that a number of the items discussed in the summary had been added to the agenda for the Governance & People Committee over the coming year.

19/97 Governor buddy guidance

It was suggested during the Chair and Governor 1:1 meetings that governors be given guidance clarifying the new governor buddying initiative. The Clerk had presented the suggested guidance to the Governance & People Committee who recommended it to the Board.

The Governing Body **agreed** the new Governor Buddy guidance to be used as part of the governor induction process.

Key Performance Indicators

19/98 Quality Board level Key Performance Indicators

The Board discussed and **noted** the Quality Board level Key Performance Indicators which had been reviewed in depth at the Quality Committee meeting.

Policies

19/99 HR policies

A number of HR, Quality and Compliance policies listed below had been reviewed by the Governance & People, Quality, and Audit & Risk Committees. In each Committee amendments had been suggested and the policies were revised to reflect these changes.

To that end, the Governing Body **approved** the following policies, as recommend by the Committees:

HR Policies as recommended by the Governance & People Committee:

- Learning and Development Policy
- Leave Policy
- Recruitment, Mobility and Secondment Policy
- Alcohol and Substance Misuse Policy
- Smoking Policy
- Social Media Policy

Quality, Exams and Safeguarding Policies as recommended by the Quality Committee:

- Reasonable Adjustments and Special Considerations Policy
- Malpractice & Maladministration Policy
- Safeguarding and Child Protection Policy

Compliance Policies as recommended by the Audit & Risk Committee:

- Whistleblowing Policy
- Anti-Corruption and Bribery Policy

Date of the next meeting

19/100 The date of the next meeting was confirmed as **Tuesday 10 March 2020, 5pm;** with a 4:30pm departmental presentation.

Chair.....

Date.....