

Minutes of the Meeting of the Governing Body of
THE CITY LITERARY INSTITUTE held on **16 October 2018** at
 City Lit, Keeley Street, London WC2B 4BA

Present: GOVERNORS

Penny Allen Annita Bennett Tim Bolderson Jane Cooper (Deputy Chair) Joe Cullen (Student governor) Jon Gamble Moira Gibb (Chair) Mark Malcomson (Principal)	Keith Moffitt Wendy Moss (Staff governor) Sophie Neary Raj Parkash Sandy Pfeifer Paula Smith Michael Simmonds Jill Westerman
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*apologies

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

Clerk: Katrina O’Sullivan.

[Governors took the opportunity to visit the new 4th floor digital hub at the beginning of the meeting].

STANDING ITEMS

18/64 Apologies for absence

There were no apologies for absence.

18/65 Declarations of Interest

There was a declaration of interest from one governor regarding the *membership* item. Usual practice was that he and Management would leave the meeting when this item was being considered.

18/66 Minutes of the Meeting held on 10 July 2018

The minutes of the meeting held on 10 July 2018 were approved and signed by the Chair.

18/67 Matters Arising Not Appearing Elsewhere

The Chair welcomed Jill Westerman to her first Governing Body meeting. She also formally thanked Trish Shaw, Head of Performing Arts, for her presentation at the 4:30pm session.

The Board discussed the outstanding actions from the last meeting and asked that further work on the KPIs be undertaken for the December meeting. The Chair also asked that the Quality Committee discuss and recommend whether the College should be aiming for Ofsted rating ‘Outstanding’ and if this should be a KPI; and that the Finance & Commercial Committee discuss whether the financial health ratio would be a useful KPI.

18/68 Principal's Report – oral report

The Principal gave governors instructions about what to do in case of a fire as part of his *Annual Fire Brief*. Governors also viewed the new fire video which tutors now showed at the beginning of a course. The video demonstrated what students/staff should do in case of a fire alarm and also where students/staff with mobility issues should wait, as this information had needed to be repeated to remind staff of the procedures and which had been flagged by the Quality Committee. Procedure notices were also displayed around the building and in the disabled toilets.

The Principal asked the Board to agree the 2018-19 College Priorities previously circulated. He explained that they were deliberately high level in order for the Board to discuss and agree, and then Management would develop detail and operational plans.

The Board enquired as to why the development of a Marketing Strategy had not been included and the Principal answered that this would develop from the new College Strategy as he saw the Marketing Strategy as the next step after that work.

Governors noted the Principal's 'Brexit caveat' in the priorities and, whilst the College needed to be mindful of threats, wondered whether it was too negative and, regardless of the outcome, City Lit would be agile enough to make the best out of any opportunities. The Principal stated that he did still consider Brexit as potentially adding significant risks to the College and its plans, and the College needed to be aware that until there was a clear path to what a post-Brexit world encompassed long-term plans were problematic. Nevertheless, the Board thought that if the document were to be shared with staff then the style should be more optimistic and about rising to challenges as City Lit had always done.

The Board noted the absence of 'teaching and learning – teacher development' in the priorities and the Principal agreed he should make this more explicit and asked the staff governor (Head of Teaching & Learning) to send him an appropriate sentence on this. Governors asked the Principal to remind the Board what the 'Bonfire of the processes' phrase meant and he confirmed that it was looking at City Lit systems and processes across the whole College and make them better – ie, what systems and processes needed to be improved or removed to enable City Lit to deliver a better experience for its students and make its staffs' lives easier?

Governors counselled that during the Strategy review Management ask themselves what would success look like in terms of implementation; and also to be more explicit regarding Goal 2: increase social impact work. Governors further enquired about the timescale of the new Strategy and the Principal answered that Management would be presenting the results of the curriculum review at the February 2019 Strategy Afternoon, that would then feed in to further work on the Strategy. This work would be brought to the Board in iterations during 2019 - with the aim being that the Board approve the final Strategy in July 2019.

The Board confirmed it was content with the College Priorities and welcomed Management's development of its detailed and operational plans to support them.

[P Smith left the meeting]

18/69 College update: July-October 2018

Governors noted the *College update* regarding the activities taking place. The Principal highlighted that it was 'Colleges Week' and in honour of this the Association of Colleges (AoC) were calling a national Day of Action whereby they would be co-ordinating a rally to the Houses of Parliament to lobby politicians and raise awareness around issues of funding and pay. The AoC were strongly encouraging college Principals, staff and students to attend the rally and he confirmed that he would be attending.

The Principal added that the ‘satellites’ growth work being undertaken, as agreed, would be brought to the December Board meeting for discussion, and he reported that Management had been looking at some interesting and vibrant locations in London. The Board asked Management to be mindful of other similar organisations competing in the proposed areas and also the quality of the satellites’ space.

Governors further enquired when a philanthropy update would be received by the Board and the Chair confirmed that this was being presented to the Governance & People Committee at its November meeting, and that work would be reported back to the December meeting.

ITEMS FROM COMMITTEES

18/70 Governance & People Chair’s Key Points

The Chair’s report informed governors that they had received a presentation from The Brand Inside regarding the proposed new Brand and Values for the College. The Committee had given some suggestions, and also agreed that a further presentation be given to governors before the October Board for their input. The Principal would be sharing the new *Brand* during the current Board meeting to governors for their information and input; and the *Values* would also be presented for governors’ approval.

Following the Governance & People Committee the panel met on 1 October to interview two potential finance governors. Due to unforeseen circumstances, the second candidate could not attend so the Committee agreed it would meet him later in October. As P Smith would be moving from the Finance & Commercial Committee (FCC) to Chair the Audit & Risk Committee, leaving the FCC without an accountant, it was agreed that S Pfeifer would stay on until the December Board meeting and join the FCC for its November meeting.

The Committee also discussed the AoC’s proposal of a new Senior Staff Remuneration Code which was now open for consultation and would be an amendment included in the AoC’s Code of Good Governance for English Colleges. The aim of the Code was to ensure that Senior Post Holder pay was well controlled in colleges and that governors were making decisions in appropriate ways. The Committee agreed that, once the Code had been published, it would review the document and potentially look at adopting it.

[J Gamble and Management left the meeting for this item]. Membership: Jon Gamble’s 1st term of office was due to end in October 2018 and the Governance & People Committee was pleased to recommend that Jon be appointed for a 2nd term of office. Additionally, the Committee also discussed reviewing of the length of the terms of office for governors to potentially serve shorter terms. Whilst this idea was being reviewed, the Committee recommended that Jon be appointed for a 2nd term of 2 years.

The Governing Body agreed that Jon Gamble serve a second term of office of two years and that he should continue as a member of the Audit & Risk Committee. It also agreed that the Governance & People Committee review the length of the terms of office.

18/71 City Lit *new Brand and Values*

The Principal reminded governors of the presentation delivered to the Governance & People Committee and also to the governor session which had been filmed and sent to all governors for input. The Board discussed the new values of *Ambitious – Open-hearted – Imaginative* and agreed that they felt true to the ethos of City Lit.

Governors discussed the new brand and gave suggestions about its appearance, in particular, for Management to look at what the indent icon looked like when shrunk down for social media/website. The Board also enquired how the former strap line of ‘Where London Learns’ would be used now and Phil Chamberlain confirmed that Management were working with the brand company on how to best do this and the narrative around it. The Board approved the new College values, and supported the new brand. *[SN left the meeting]*

18/72 Finance & Commercial Committee (FCC) Chair's Key Points

The Chair gave an oral update due to the revised timing of the 11 October FCC. He expressed that sales for Term 1 had a strong start and the College had raised £3.6m, which was 90% of the £4m term 1 sales target. The Committee had also discussed a useful report regarding marketing and setting the KPIs for that area - the marketing team would now be working more on an overview of what they wanted to achieve with the aim being to produce a Marketing Strategy. The Committee also asked Management to prepare, for the February 2019 FCC, an analysis of the cost base.

18/73 Term 1 Update

Paul Evans provided the Governing Body with a summary of sales performance at the start of Term 1 as discussed at the Finance & Commercial Committee at its 11 October 2018 meeting. He explained that the report was a brief update on the current financial position at the end of August in terms of sales and that a full set of management accounts would be presented at the next Finance & Commercial Committee meeting in November 2018 covering the first two months of the financial year. Paul added that the cash balance at the end of September was £2.5m, and draft capital expenditure to the end of September was £381k. Costs incurred related to the Digital Design Hub and upgrading of general IT equipment before the start of the academic year.

Governors enquired about the over-earn that the College often received and whether this had been guaranteed. Paul expressed that this would not be confirmed by the ESFA until early December, but Management expected that the College would receive something and the total over-earn was circa £320k.

Paul advised the Board that there was £235k to achieve this term still and governors enquired whether this was achievable. Paul stated that from last year's figures then, yes, it would be.

The Governing Body noted the summary of sales performance at the start of Term 1.

18/74 Management Accounts 31 July 2018 and draft year end position

Paul Evans provided the Governing Body with details of the management accounts to 31 July 2018 and the draft year-end position as discussed at the 11 October 2018 Finance & Commercial Committee. The Board acknowledged that the College ended the year with a surplus of £251k, which exceeded the budgeted surplus of £23k by a considerable margin. The actuarial adjustments in relation to the Local Government Pension Scheme added £1.31m worth of costs, meaning that in the Financial Statements the College would be reporting an accounting loss of £1.06m. The accounting deficit on the pension scheme had reduced from £10.844m down to £9.827m. This had a positive impact on the net asset position which had increased from £536k to £1.8m.

Furthermore, the College had generated £9.6m in student fees, which was £553k more than budget and £796k higher than the prior year resulting in a 9% improvement. The year-end position had also been improved by additional funding. Staff costs were reported as being £602k higher than budget. Given the increase in income Management had expected staff costs to be higher than budget as departments had put on more courses than originally planned, thus resulting in higher sessional pay costs. £257k of the variance was attributable to redundancy costs.

The cash balance at 31 July 2018 was £1.8m and this was an increase of around £100k compared to the opening position. Capital expenditure for the year was £536k out of an annual budget of £566k and there were savings from the HR& Payroll system and web development.

The Governing Body reviewed and noted the draft financial outturn for the year.

18/75 FRS 102 – pension assumptions

The Governing Body reviewed and accepted the underlying assumptions for the FRS 102 (26) calculations leading to the disclosures in the Annual Financial Statements, as discussed and recommended at the Finance & Commercial Committee on 11 October 2018.

The Board noted that the assumptions used for the calculations of FRS 102 (26) 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. As a result of this year’s actuarial calculations the value of the pension deficit on the balance sheet had reduced from £10.844m down to £9.827m. This had a positive impact on the College’s net asset position which had increased from £536k to £1.8m. The value of the deficit on fund at the triennial valuation was much less, at around half a million.

The Governing Body accepted the actuaries’ recommendation for underlying assumptions for FRS 102 (26) as recommended by the Finance & Commercial Committee.

Additional items not from Committees

18/76 Use of Company Seal

The Clerk’s report outlined that the Company Seal had been applied to an agreement between The European Commission and City Lit to deliver a 3 year pan-European project funded by Erasmus+. As part of the documentation, The European Commission requested City Lit’s Certificate of Incorporation, and required the Company Seal to be applied to the agreement between the two.

In accordance with City Lit’s Articles of Association, the Board noted that the Company Seal had been applied to this document.

18/77 Date of the next meeting

The date of the next meeting was confirmed as **4 December 2018** and, due to the heavy compliance agenda items that the December meeting produces, it was agreed that the formal meeting would begin earlier at 4:30pm. The meeting would finish at 7pm still followed by mince pies.

Chair.....

Date.....