



CONFIRMED MINUTES OF THE

BOARD OF GOVERNORS MEETING

HELD ON WEDNESDAY 19TH MAY 2021

Present: Anna Barnish, Lucy Barrow, Lisa Buxton, Sue Higginson (Principal), Lorraine Jones, Tim Kelly (Chair), Richard Mawdsley, Joe McArdle, Phil McKeown, Ian Parkinson, Paul Smith, Jayne Winders, Vix Wrigley

In attendance: Ste Bailey, Assistant Principal – Student Services
Christine Carter, Vice Principal – Curriculum
Pooja Furniss, Executive Director of People & Culture
Phillip Jones, Vice Principal – Quality
Nikki Leising, Financial Controller
Michael Norton, Deputy Principal
Lesley Venables, Clerk to the Governors

APOLOGIES FOR ABSENCE

246 Apologies for absence were received from Gary Doyle.

DECLARATIONS OF INTEREST

247 The following interests were declared:

- Lucy Barrow - on secondment from Wirral Council to the Liverpool City Region Combined Authority.
- Tim Kelly - any matters relating to the Merseyside Pension Fund.
- Phil McKeown - in respect to his position as a partner of a local legal firm
- Paul Smith – employed by Wirral Metropolitan Borough Council and wife is a member of staff at the College.

PRINCIPAL'S UPDATE

248 The Principal gave a verbal update on recent College activities, including COVID-19 arrangements.

249 In line with Government requirements the College had re-opened to all learners from 8th March. A further announcement had been made on 17th May that face masks were no longer mandatory for young people in schools and colleges. However, the College had decided that it would be safer to ask students to wear face coverings in corridors and public areas, but not classrooms or workshops. The risk assessment had been updated and sent to the local Public Health England representatives, who were complimentary of the content and systems in place.

250 A strict cleaning regime for all areas continued and students and staff navigated through each building using well-established one-way systems. Feedback had been positive on the rigour of the College's processes and the safe environment they provided.

251 There had been no positive COVID-19 cases amongst students or staff since March, which reflected the low levels of infection in the local community.

252 The number of enrolments of 16-18 year olds had exceeded the identified target for 2020/2021 and was 80 FTEs ahead of the same point in 2019/2020. A business case for growth funding had been submitted to the Education & Skills Funding Agency, the outcome of which would be determined at the end of May. A governor asked how confident the management team was of maintaining this level of enrolments and of increasing it in subsequent years. The Principal responded that the future demographic of the Borough meant that achieving the student numbers target was realistic, however, there was still a degree of uncertainty over whether the College would receive the appropriate funding from the ESFA for any additional learners.

253 Adult enrolments were also ahead of the target and the College had been informed that the initial ESFA funding allocation for 2021/2022 would be the same as for 2020/2021, but with an opportunity to bid for further growth.

254 Governors noted the complexity of funding streams in the current and future years, with colleges expected to bid for particular initiatives, often at short notice.

255 The Skills & Post-16 Education White Paper had now been published as a Bill of Parliament. Each area of England was being asked to prepare a plan for the delivery of the content of the Skills Bill. The College was leading the preparation of a Skills Accelerator Fund bid in collaboration with other colleges in the Liverpool City Region. A number of employers had provided letters of support for the part of the bid that related to Wirral Met.

256 The Principal reiterated comments made at previous meetings on the negative impact that the pandemic had had on the performance of apprenticeships, traineeships and internships, all of which would take a considerable time to rebuild.

257 Governors were reminded of the journey that the College had taken in respect of its financial situation. It had progressed from a deficit budget in 2015/2016 to now being graded by the ESFA as in 'outstanding' financial health, with a good level of surplus forecast to be generated in 2020/2021. This had been achieved by consolidating and refurbishing the College's estate and focusing on its core business and locality. The Principal and governors noted that none of this could have been achieved without the dedication and wholehearted support of the students and staff. This had been evidenced in the recent Investors in People reassessment, a copy of which was provided to the Board for information.

BALANCED SCORECARD

258 The Board received a report on performance against the Balanced Scorecard for 2020/2021, together with a number of updates.

259 Since the March Board meeting some areas of provision had been classified as "red" in the balanced scorecard. Governors were advised that the ESFA had applied a 90% tolerance level to the AEB/Traineeship contract (compared to 67% for AEB in the Liverpool City Region). The College would be submitting a business case at the end of the year to review this position with the ESFA, so the most pessimistic position was included in the report.

260 Commercial Income (including full cost courses) and ESFA Adult Education Budget were currently below the target, which was a direct result of the pandemic. However, it was noted that the LCR AEB contract was in line with projections and the College had been awarded a further £100K funding, together with an advantageous adjustment to its hardship

funds. Potentially, these activities meant that the College would achieve its targets for total income and the pay-income ratio, but these would continue to be monitored closely.

261 Management felt that traineeships had the potential to improve further towards the end of the year, although the Government's Kickstart Programme overlapped considerably with this area and could displace some students.

262 Although higher education income had increased significantly compared to 2019/2020 and the student numbers target had been met, income had been reduced due to a relatively large group of students seeking payment extensions and bad debts. Governors questioned how this situation had occurred, particularly since the majority of students financed their studies through student loans. The Deputy Principal reported that this had been due to the HE department working in isolation from the curriculum delivery areas, finance and MIS. This had caused delays in removing students from HE programmes in a timely manner and led to an increase in bad debts.

263 The new finance system now provided more accurate and up-to-date information and a monthly meeting with all relevant departments highlighted any issues and enabled swift action to be taken. Payments from a number of employers had not been received on time, but had now been followed up. Management was confident that a more robust system was now in place, led by the recently-appointed Head of HE.

264 A governor asked why no income had been included in the Balanced Scorecard for apprenticeships, despite the Quality & Standards Scrutiny Committee being informed that enrolment numbers and income had increased. The Vice-Principal (Curriculum) responded that this report had not included those in training as these individuals had not yet undergone an end point assessment, which enabled the College to claim the relevant funding.

MANAGEMENT ACCOUNTS TO 31ST MARCH 2021

265 The Financial Controller presented the Management Accounts as at 31st March 2021. The College continued to be in a positive financial position and financial health remained just inside the category of 'Outstanding.' The current year end forecast was for a surplus of £849K, which was slightly lower than the approved budget (£986K).

Richard Mawdsley joined the meeting at this point.

266 As reported earlier, income for 16-18s and AEB funding was above the forecast levels, whereas apprenticeship income had been adversely affected by the COVID-19 pandemic and there had been a negative variance of £116K on higher education income (as outlined above).

267 Cash balances in March 2021 were £6.1m, against a budget of £3.7m. This was partly due to the College having additional cash at the start of the year and a higher operating surplus offset by additional pension costs. The combination of these items had increased the opening cash holdings by approximately £1.6 million.

268 Grant funding for various capital projects had meant that other capital allocations had not been required, together with higher capital grant contribution rates from the respective funding bodies.

269 The College's financial health rating for the current year had been graded by the ESFA as 'outstanding'.

EXTERNAL AUDIT SERVICE CONTRACT

270 The Financial Controller presented a report on the recent tender process for the External Audit Service contract. The Audit Committee had met with representatives from two firms from which the highest-scoring tenders had been received. Governors had recommended that Wylie and Bisset should be appointed for a 5 year term at an average cost of £19,968 per annum.

271 **Resolved -** That Wylie & Bisset be reappointed as External Auditors for a 5 year contract, commencing on 1st August 2021

BANK LOAN – LETTER OF VARIATION

272 The Board received a draft Letter of Variation issued by Barclays Bank in respect of the College's loan facility.

273 The Financial Controller explained that the current letter included a standard "event of default" clause, which did not permit the College's assets to be less than its liabilities (ie a negative balance sheet). Due to a large deficit in the College's pension scheme, this situation occurred in 2019/2020 when the annual accounts were prepared. This was a non-cash movement and outside of the College's control.

274 As this was a common event within the further education sector, the bank had now issued a letter of variation in which it would waive its usual rights under such a breach of the loan covenants and removed the "Event of Default" wording, so that any future pension liability was excluded from the calculation.

275 The letter of variation had to be executed in the same way as the original loan facility letter, which was enacted by a formal board resolution, signed by the Chair and the Clerk.

- 276 **Resolved -**
- 1 That delegate authority be given to the Principal and Deputy Principal to sign the waiver and variation letter
 - 2 That the formal resolution be approved and that delegated authority be given to the Chair and the Clerk to sign this as a correct record of proceedings.

CHAIR'S REPORT

277 The Board received for information a report on the Chair's activities since the March 2021 meeting.

APPOINTMENT OF CHAIR & VICE-CHAIR

278 The Clerk advised that the 2 year terms of office of the current Chair and Vice-Chair were due to expire in July 2021. Under the Standing Orders the Board now needed to determine the method for appointing the Chair and Vice-Chair for 2021 to 2023.

279 Two options were available: a) an informal request for nominations at the July 2021 Board meeting, which would then be approved **or** b) a formal nomination and election process undertaken by e-mail over the next few weeks, with the results circulated to governors and ratification of the successful candidates at the July 2021 Board meeting.

280 **Resolved** - That the informal method be used at the July 2021 Board meeting for the appointment of the Chair and Vice-Chair for 2021 to 2023

BOARD MINUTES – 17TH MARCH 2021

271 **Resolved** That the minutes of the meeting held on 17th March 2021 be approved as a correct record and signed by the Chair.

272 Governors received a progress report on the actions identified at the previous meeting. In response to a question the Principal reported that the ESFA had not yet provided a decision on the outcome of the College's submission of business case on the impact of COVID-19 on young people Not in Employment, Education or Training (minute 158 refers). This was anticipated shortly and would be reported to the Board at the next meeting.

273 Following discussions at the March Board meeting the Estates Strategy had been updated to include information on the freehold and leases of each current College building (minute 177). The Deputy Principal would circulate the revised document.

274 Under minute 163 the Clerk was asked to check that all governors had received an e-mail from the Principal attaching the updated strategic objectives.

QUALITY & STANDARDS SCRUTINY COMMITTEE

275 The Board received for information the minutes of the Quality & Standards Scrutiny Committee meeting held on 28th April 2021.

- Robust quality processes which had proven to be effective
- Good levels of performance on sub-contracting provision

276 The Committee had been informed that the College's 16-18 cohort was currently 2231, which represented an increase of 57 students relative to the same point last year and were spread across a range of disciplines.

277 Positive relationships with the local authority continued, particularly around the NEET agenda and ensuring opportunities for this group of students.

278 Student attendance levels for both on-line learning and classroom-based activity were in line with or had exceeded the targets. Retention was good and would be monitored robustly by management and by the Committee.

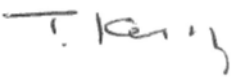
279 Governors had been advised that students undertaking Functional Skills would be required to sit formal examinations in summer 2021, as opposed to GCSEs where outcomes would be determined by Teacher Assessed Grades (TAGs). Through the Association of Colleges the FE sector had lobbied the Government to change this policy as it impacted negatively on the most disadvantaged students.

280 Apprenticeship performance had improved considerably compared to the 2019/2020 academic year, although it had been negatively impacted by COVID-19. A sharp increase in activity for the Construction sector had been noted and a potential upturn in the Visitor Economy sector.

281 Information had been received on successful employer engagement initiatives. Regular contact took place with employers with which the College worked, with a significant number of employers providing activities such as master classes throughout the lockdown period.

282 Governors had been assured of the robustness of the College's quality processes including lesson observations and learning walks (both physical and virtual). Progress against each of the areas identified in the Quality Improvement Plan was on track.

DATE OF NEXT MEETING – Wednesday 14th July 2021

Signed:  ___ Date: 14th July 2021

Chair