

**MINUTES OF A MEETING OF THE BOARD OF
LEICESTER COLLEGE CORPORATION:**

**FINANCE AND GENERAL PURPOSES COMMITTEE
HELD ON 4 OCTOBER 2018**



Present: John Burton (Chair) Brigitte Heller
 Danielle Gillett Jonathan Kerry
 Verity Hancock Caroline Tote

In Attendance: Jim Bowditch Director of Estates and Campus
 Services (items 1-4)
 Louise Hazel Director of Governance and Policy
 Shabir Ismail Deputy Principal/CEO
 Rod Wood Director of HR

1 DECLARATION OF INTERESTS

1.1 Verity Hancock, Louise Hazel, Shabir Ismail and Rod Wood declared an interest in item 11.

2 APOLOGIES FOR ABSENCE

2.1 There were no apologies for absence. Verity Hancock would join the meeting later.

3 MINUTES OF PREVIOUS MEETING AND MATTERS ARISING

3.1 **The minutes of the meeting held on 2 July 2018 were received and agreed.**

3.2 As a matter arising, The Deputy Principal reported that discussions about the Morningside Arena were ongoing; the proposal had changed slightly but legal advice would be sought to ensure that the College would not be disadvantaged.

3.3 In response to **questions** it was confirmed that there was no liability for the College associated with the Arena.

4 ESTATES STRATEGY UPDATE

4.1 The Director of Estates and Campus Services presented a paper which provided an update on the Estates Strategy. The following points were highlighted:

4.1.1 The outreach estate had been reviewed. Six had been closed and two

- expanded into. Continuation of leases for outreach centres was reviewed at break points and lease renewal and supported by business cases.
- 4.1.2 While some rationalisation of the estate had taken place it would be difficult to rationalise further because of the specialist equipment, type of accommodation and the lack of vacant space on other sites.
 - 4.1.3 The feasibility study for the Skills Park had not been progressed because of a misunderstanding on the part of the LLEP about what could be funded.
 - 4.1.4 The Planned Maintenance Programme (PMP) had not been completed as planned and some projects deferred because of the financial position; this included items which would have improved the look of the College.
 - 4.1.5 Statutory testing was completed annually alongside the PMP.
 - 4.1.6 As a result of the deferral of some PMP items, more reactive maintenance was needed; it was acknowledged that this was far from ideal. Around £312k of PMP had been deferred this would create an overall underspend of about £600k by 2026.
 - 4.1.7 Health and safety considerations were prioritised in any planned or reactive maintenance.
 - 4.1.8 The College had previously taken the decision to invest in growth areas and areas of potential growth and the impact on estates were considered as part of the curriculum planning process.

Verity Hancock joined the meeting.

4.2 Governors asked a number of questions including:

- 4.2.1 **What the delay with the transfer of Layton Road was.** This remained with the Council's legal department despite numerous attempts to progress the issue.
- 4.2.2 **Whether Braunstone Open Learning Centre would be reviewed.** This would be considered at the point of lease renewal and a business case considered but given the location and the importance of having a presence in that part of the city, it was likely to continue.
- 4.2.3 **Whether space was being fully utilised; learning walks seemed to show that space was not always not well utilised.** Data on space utilisation would be collected using timetable information rather than by physical surveys; staff would be reminded of the importance of keeping any timetable changes updated and completing registers promptly. This would also be monitored through QA meetings.
- 4.2.4 **Whether the recladding of Freeman's Park would make a reasonable return including in terms of energy savings.** This would be over 18-20 years and so was not felt to be viable.
- 4.2.5 **Whether deferring spend on toilets and other areas would have a detrimental impact on the student experience.** There were no health and safety issues associated with the toilet facilities but it was a question of improving dated facilities. Wherever possible the student experience would be prioritised but the most urgent projects would need to be considered first.

5 STAFF DEVELOPMENT REPORT 2017/18

- 5.1 Director of HR presented a report on staff development activities undertaken during 2017/18. The following points were raised:
- 5.1.1 The majority of staff development activities were co-ordinated by a small Staff Development team. A budget of £69,000 was allocated to fund the essential and developmental training needs of Curriculum and Support staff.
 - 5.1.2 A programme of internal training events was accessible via the Staff Development SharePoint calendar for all part-time and full-time employees.
 - 5.1.3 Opportunities to access external key note speakers and attend events and conferences were also funded.
 - 5.1.4 A number of staff completed essential training required to carry out their job roles. Pedagogical training and development was offered both through external qualifications and internal training and development opportunities including those offered by the Quality team. The team had been restructured and additional staff recruited to provide more resource to support teaching staff.
- 5.2 Governors **commented** that the report was very helpful and that the College had achieved a lot with a relatively small budget. **Governors then asked:**
- 5.2.1 **Whether there was anything that was needed but was not achievable because of budget constraints.** HR had recently taken on responsibility for staff development and would be reviewing what was delivered.
 - 5.2.2 **Whether more detail could be given on the evaluation and impact on training.** It was difficult to assess impact from training and development but this would be looked into to see if any more detail could be provided.
 - 5.2.3 **What percentage of staff undertook CPD.** All lecturers were required to do 30 hours CPD; this was recorded on the scorecard.
- 5.3 **Governors noted the report.**

6 GENDER PAY GAP 2017/18

- 6.1 Director of HR presented a report outlining the gender pay gap for 2017/18. The following points were raised.
- 6.1.1 The College was required to publish its gender pay gap by the end of March 2019. As requested, governors were being presented with the data earlier.
 - 6.1.2 The data showed that the mean pay gap was 12.4% and the median pay gap was 19.04%, both slight improvements on the previous year.
- 6.2 Reasons for the difference were **discussed**. There had not been any specific

initiatives which would have impacted and much of the change was due to the vagaries of recruitment. However the new pay structure might help reduce the gap for future years.

6.3 **Governors noted the gender pay gap**

7 **UCU LETTER**

7.1 The Principal informed governors of a recent letter from UCU which set out the national pay claim for 2018/19. The following points were raised:

- 7.1.1 The national claim was for 5% or £1,500 whichever was the greater. 1.5% was equivalent to £1.5 million for the College.
- 7.1.2 All colleges would struggle to meet the claim. The local UCU branch was aware of this and the College had explained that all pay claims were affected by affordability.
- 7.1.3 UCU would be balloting and it was possible that this might result in industrial action; however this would be national action and not just directed against the College.

7.2 **Governors noted the letter from UCU and the potential implications.**

8 **FINANCE REPORT (PERIOD 12)**

8.1 The Deputy Principal presented the Period 12 Finance Report. The following points were highlighted:

- 8.1.1 The year end result was an operating deficit after restructuring costs of £1,526k compared to the forecast deficit of £1,921k and an operating deficit before restructuring of £850k which was £300k better than forecast.
- 8.1.2 The latest data return suggested that the College had exceeded its 16-18 learner number target.
- 8.1.3 The overall AEB was slightly ahead of the summer reforecast figure due to an increased number of students being supported through the learner support fund. There would still be a shortfall against the original allocation, which would be clawed back by the ESFA.
- 8.1.4 Apprenticeships income was in line with the revised summer reforecast estimate but below the original budget. Apprenticeship legacy income was better than planned; co-invested was below target although there would be some carry-ins to 2018/19. Levy income remained an ongoing challenge.
- 8.1.5 Pay and non-pay costs were in line with the summer reforecast. The College had identified efficiencies of £1.7 million going into 2018/19. Restructuring costs to achieve these efficiencies were £678k.
- 8.1.6 Work continued to be undertaken on the draft accounts and the final position would be subject to the external audit review and the final funding claim due late October 2018. KPMG was in the process of completing the audit; the clearance meeting had taken place and there were no issues to report.

- 8.1.7 The main variances were associated with the AEB and the learning support fund, other educational contracts with more income than planned through CITB, and exam fees which were higher than planned.
 - 8.1.8 Bank covenants would be met.
 - 8.1.9 Cash flow would be impacted by failure to meet the AEB and clawback to the ESFA payable in December.
 - 8.1.10 The Lennartz VAT claim was ongoing and could result in a positive or negative impact although the potential costs had been accounted for.
- 8.2 The Principal gave an update on enrolment. Recruitment was strong overall for 16-18s and the 16-18 number target looked to have been exceeded. Several areas were over target; for those below, additional adult recruitment was helping to compensate. Apprenticeship numbers were below target for the month. HE looked to be slightly down although other colleges were also experiencing a dip.
- 8.3 Governors asked a number of **questions** including:
- 8.3.1 **What action was being taken to help address the challenging cash position?** As set out in the Financial Plan, more efficiencies would be needed. The College was reviewing options and would need to review these again after the CSR.
 - 8.3.2 **Whether the Lennartz claim could potentially result in a positive inflow of £2.6 million.** This was possible but could not be relied on and so allowance for the costs had been made.
 - 8.3.3 **Whether the College's forecasting was sufficiently robust even though the outturn was better than expected.** There remained difficulties in forecasting some streams, notably apprenticeships which remained the least predictable. The College would need to take a view before Christmas on where it was likely to outturn. 16-18 provided more certainty. AEB recruitment was also harder because of recruitment throughout the year. The low wage policy change was expected to impact positively but it was difficult to know what the level of impact would be.
 - 8.3.4 **Whether there were any lessons from the issues experienced by West Notts College.** The issues appeared to be with the level of subcontracting but also with governance and leadership and the absence of alternative plans to address the loss of subcontracting and address operational issues.
- 8.4 **Governors noted the Period 12 accounts.**

9 TREASURY MANAGEMENT

- 9.1 The Deputy Principal presented a paper outlining the College's approach to Treasury Management. The following points were highlighted:
- 9.1.1 The College had moved its bank loan. Legal processes had been completed.

9.1.2 Day to day banking had also moved.

9.2 **Governors noted the report.**

10 BAD DEBT WRITE OFF

10.1 The Deputy Principal presented a paper requesting authority to write-off debts that were considered uncollectable.

10.2 It was confirmed that the increase in uncollectable fees was due in large part to the introduction of loans and the process which allowed students to cancel loans. An allocation of £100k was set aside for uncollectable debt; this included the costs of attempting to recover the debts.

10.3 **Governors considered the paper and agreed to approve the write-off of uncollectable debts totalling £8,974.82.**

11 SENIOR STAFF REMUNERATION CODE

11.1 The Director of Governance and Policy presented a paper which informed the Committee of a planned Senior Staff Remuneration Code published by the Association of Colleges and the implications for the College. The following points were raised:

11.1.1 The draft Senior Staff Remuneration Code had been published for consultation. This would follow an amendment to the AoC Code of Good Governance to cover senior staff remuneration.

11.1.2 The main elements of the Code were that there was a fair, appropriate and justifiable level of remuneration, procedural fairness and transparency and accountability. Colleges could apply these principles in a way that is appropriate to their circumstances.

11.1.3 There was no requirement to have a Remuneration Committee but there would be some implications for the College in terms of reporting and possible amendment of the F&GP's terms of reference to better reflect the remuneration function. The Code would be discussed by the Search and Governance Committee once the final version had been published.

11.2 The Chair also reported back on recent discussion at a principals and Chairs meeting which confirmed that AoC would be producing some more benchmarking data to support Corporations in terms of remuneration of senior staff.

11.3 **Governors noted the paper and the proposed actions and implications.**

12 COMMITTEE SELF ASSESSMENT

12.1 The Director of Governance and Policy presented the results of the self-assessment process for the Committee for 2017/18. The following points were raised:

- 12.1.1 Overall results were positive with impacts identified by the Committee members.
- 12.1.2 Areas for improvement were suggested. A number of these were already underway or complete; additional actions would be included in the Committee workplan and/or the governance improvement action plan.

12.2 **Governors noted the outcomes of the self-assessment and agreed that the process for 2017/18 had been effective in identifying impacts and improvements.**

13 WAIVERS OF FINANCIAL REGULATIONS

13.1 **Governors received and noted a report on the waivers of financial regulations on procurement undertaken since the last meeting.**

14 INTERNATIONAL ACTIVITIES

14.1 **Governors received and noted a report on the College's international activities in 2017/18.**

15 TRADE UNION FACILITIES TIME REPORT 2017/18

15.1 **Governors received and noted a report on Trade Union Facilities Time in 2017/18.**

16 EMPLOYMENT TRIBUNALS 2017/18

16.1 **Governors received and noted a report on Employment Tribunals in 2017/18.**

16.2 **It was asked whether the increase from 0 to 2 tribunals was a concern. It was not; the absence of any tribunals in 2016/17 was unusual and the figure was still low.**

17 DATE OF NEXT MEETING

- 6 December 2018

18 ANY OTHER BUSINESS

18.1 The Principal reported that the College had been successful in its application to become a Maths Centre of Excellence. This would attract additional funding of around £300k per year for five years.