

MINUTES OF A MEETING OF THE BOARD OF LEICESTER COLLEGE CORPORATION



HELD ON 11 DECEMBER 2018

Present:	Jonathan Kerry (Chair) Jim Bowditch Danielle Gillett Verity Hancock	Brigitte Heller Chan Kataria Mandeep Singh Tom Wilson
In Attendance:	Louise Hazel Shabir Ismail Kully Sandhu Marco Salotti Gretta Tharratt Tina Thorpe Claire Willis	Director of Governance and Policy Deputy Principal Vice Principal Adult and HE HE Manager (item 5) Head of Learner Engagement and Equalities (item 6) Vice Principal 14-19 Director of Quality Improvement (item 7)

1 DECLARATION OF INTERESTS

- 1.1 Previously declared interests in item 15 were noted. Jonathan Kerry declared an interest in item 4. Tom Wilson and Jonathan Kerry declared interests in item 6 which mentioned the St Philip's Centre. Staff declared an interest in item 12.1. Verity Hancock, Louise Hazel and Shabir Ismail declared an interest in item 12.2.

2 APOLOGIES FOR ABSENCE

- 2.1 Apologies for absence were received from John Allen, John Burton, Hannah Byrne, Laura Hadland, Andrew Hind and Zubair Limbada.

3 MINUTES OF PREVIOUS MEETINGS AND MATTERS ARISING

- 3.1 **The minutes of the meeting of 31 October 2018 were received and agreed as an accurate record.**
- 3.2 **The confidential minute of 31 October 2018 was received and agreed as an accurate record.**
- 3.3 **The confidential minutes of the Special Meeting of 29 November were received and agreed as an accurate record.**
- 3.4 As a matter arising, the Principal and Deputy Principal gave an update on apprenticeships. The following points were highlighted:

- 3.4.1 The Deputy Principal was overseeing the area and had been investigating the pipeline of apprenticeships, the types of apprenticeships and the main areas of business. The Director of Quality had also been brought in to review the area's quality processes and look at the use of Smart Assessor. The initial findings were that the decision to withdraw from poorer performing frameworks in 2017/18 was the right one.
 - 3.4.2 The main issues were around getting apprentices enrolled in a timely manner and ensuring that there were consistent processes in place to enable monitoring and tracking. A detailed report would be made to CSQI in January.
 - 3.4.3 Work was underway with Smart Assessor to ensure that all apprentices were being recorded. The College was also working on an electronic sign up process which was scheduled for introduction in March. Curriculum planning needed to improve and more work would be done to ensure planning took place alongside Directors of Curriculum.
 - 3.4.4 Income was up on 2017/18 although below target for 2018/19.
 - 3.4.5 The College was not yet in a position to decide on the future management of the area and the Deputy Principal would continue to lead the area for the time being.
- 3.5 **Governors asked whether the Deputy Principal had capacity to continue to do this.** It was felt that he did and was bringing in other managers to support on specific areas of work such as quality and systems.

Jonathan Kerry left the meeting.

4 ELECTION OF CHAIR AND VICE CHAIR

- 4.1 The Director of Governance and Policy presented a paper setting out the response the election process for Chair and Vice Chair of Governors. The following points were highlighted.
 - 4.1.1 There had been one expression of interest for the role of Chair from Jonathan Kerry; there had been no expressions of interest in the role of Vice Chair. Governors were invited to consider the expression of interest.
 - 4.1.2 The role of Vice Chair would be subject to an election process in the new year. Laura Hadland remained Vice Chair until 30 March.
- 4.2 Jonathan Kerry's expression of interest was **supported** and **seconded**. Governors **commented** that Jonathan had been a very effective and supportive Chair and continuity would be particularly important over the coming two years.
- 4.3 **Governors unanimously agreed to elect Jonathan Kerry as Chair of Corporation for a two year term of office from 31 March 2019.**

Jonathan Kerry rejoined the meeting.

5 HE ASSURANCE REPORT

5.1 The HE Manager presented the HE Assurance Report. The following points were highlighted:

- 5.1.1 The main change during 2017/18 had been the transfer of responsibilities for HE from HEFCE to the Office for Students (OfS).
- 5.1.2 Many institutions had reduced their entry tariffs as a result of concerns about Brexit and greater competition for students. This had impacted on the College but it had met its targets for 2017/18.
- 5.1.3 Income in 2017/18 had been £2.9 million. To offset local pressure on recruitment, the College had engaged in new partnerships; these partnerships were continuing in 2018/19.
- 5.1.4 The main mechanisms for quality assurance of academic standards were explained.
- 5.1.5 The College had been successful in its application to join the OfS register; this had been confirmed in November.
- 5.1.6 The College had TEF Gold status. There was a move to introduce subject based TEF ratings which might disadvantage colleges because of the smaller scale of college provision. This work was still in development and the College's TEF Gold status would be extended to 2021.
- 5.1.7 All of the statutory reporting responsibilities in relation to data and funding and the requirements of awarding organisations had been met.
- 5.1.8 The College's results in the NSS survey were above national scores and showed an improved level of satisfaction on 2016/17.
- 5.1.9 Retention had increased by 3% and overall achievement had increased by 2%.

5.2 Governors asked a number of **questions** including:

- 5.2.1 **Whether there was any assessment of the assurance statement.**
There was not.
- 5.2.2 **Whether DMU still quality-assured the College's provision.** An institutional review had taken place in 2016 and another one was due in 2020. Periodic reviews of curriculum clusters took place in the interim.
- 5.2.3 **Whether there had been any analysis of the viability and contribution of the College's HE offer.** Although there had not been a review of the whole HE offer, individual HE course contribution rates were reviewed during curriculum planning and were found to have good levels of contribution.

5.3 **Governors noted the report and approved the signature of the assurance statement.**

6 EQUALITY DIVERSITY AND INCLUSION ANNUAL REPORT 2017/18

6.1 The Head of Learner Engagement and Equalities presented the Equality, Diversity and Inclusion Annual Report 2017/18. The following points were highlighted:

- 6.1.1 The report outlined the College's achievements during 2017/18 and how it had met its general public sector equality duties including in relation to advancing equality of opportunity, eliminating unlawful discrimination and fostering good relations.
 - 6.1.2 A number of activities were highlighted as evidence of this including staff training; the continuous improvement check as part of the Matrix standard; a focus on British Values and Prevent across the College; a successful 'Yes You Can' project involving 50 black and minority ethnic students from City schools; and a range of other events to celebrate EDI.
 - 6.1.3 The Ofsted inspection in December 2017 had identified good practice and made a number of positive comments about the College's approach to EDI.
 - 6.1.4 EDIMs were set annually and Curriculum Areas used data to track, monitor and take action to reduce any achievement gaps. Achievement data showed that the main gap was now between age groups although this was affected by the large volume of short courses undertaken by adults which tended to have higher achievement rates. There were no significant gaps between other groups.
 - 6.1.5 The College had a higher percentage of BAME staff than was the case nationally. Two thirds of the staff population was female. At management level, women slightly outnumbered men. Work was ongoing to address under-representation of groups in some areas.
 - 6.1.6 A lot of work had been undertaken to promote mental health awareness and this would continue in 2018/19.
 - 6.1.7 The College had now met the exceeding phase of the Equalities Framework. Areas of future work included the development of an overall EDI development plan including areas for innovation, staff training and activities for students, and further projects to address the achievement of different groups of students.
- 6.2 Governors **thanked** the Head of Learner Engagement and Equalities for an excellent report and asked a number of **questions** including:
- 6.2.1 **Whether the College was planning for the potential for issues around tolerance to become more complicated after March 2019.** The Learner Engagement and Enrichment (LEET) Team was looking at this. The St Philip's Centre had been very helpful in letting the College know about any potential local issues and this partnership would continue to be helpful. The College would look for opportunities to address any issues through student enrichment activities.
 - 6.2.2 **Whether the staff BAME data was noteworthy and whether a comparison with previous years could be provided.** The ethnicity figures were fairly static. The College recruited staff from the City and County which had very different ethnic profiles so it was not possible to draw exact comparisons between the local population and staff population. Comparator data for previous years would be included in the report.
 - 6.2.3 **Whether data on LGBT status was collected.** Staff were invited to

provide the data but very few did so. This was also true for data on religion and other protected characteristics.

- 6.2.4 **Whether the lack of reporting of the data could be considered a concern.** It was not felt to be an area of concern. There was nothing arising from complaints or grievance processes which would suggest there was a culture of fear or similar reasons for people not wishing to report, other than that they perhaps felt it was not of relevance to the College. This would continue to be monitored.

6.3 **Governors approved the EDI Annual Report.**

7 SELF-ASSESSMENT REPORT/COLLEGE IMPROVEMENT PLAN

- 7.1 The Director of Quality Improvement presented the Self-Assessment Report and College Improvement Plan. The following points were highlighted:

7.1.1 The document had been considered by the SLT and moderated by an HMI. The Chair of CSQI had also reviewed it and confirmed he thought it was a well-written and evidence-based document.

7.1.2 The main areas of discussion with the HMI had been around the grading. The SAR assessed all areas to be Good with the exception of Apprenticeships which was assessed as Requires Improvement. It was felt that, given the improvement in 19+ achievement, Functional Skills and GCSE achievement remaining above national rates, combined with the known strategic decision in relation to some 16-18 carry-overs, there was a strong rationale for assessing the provision as Good, despite the issues around 16-18 and apprenticeship outcomes.

7.1.3 The priorities for the current year would be improving apprenticeship outcomes and work was underway on this. The College would also be focusing on getting 16-18 achievement back up to the national rate; this was felt to be achievable.

7.1.4 Work was also in hand to embed systems and processes for monitoring of student progress and make this part of normal practice across the College in order to enable early intervention.

- 7.2 Governors asked a number of **questions** including:

7.2.1 **When it would be possible to know if the planned actions were having an impact.** It was already possible to see impacts through the QA meetings for example around retention and attendance and through the use of ProMonitor. It was reported that 350 walkthroughs had been completed. There were no major concerns and no surprises although there were areas for improvement which had already been identified in the SAR and CIP.

7.2.2 **What was being done in respect of the 20% staff requiring support for professional practice?** This was last year's data but all staff had been supported. For the current year, walk throughs were looking at key elements of a programme which meant that each teacher would have a spiky profile in terms of their practice. This enabled the Quality team to put in place targeted support to address their specific needs.

7.3 **Governors approved the Self-Assessment Report and College Improvement Plan.**

8 REPORT AND FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2018

8.1 The Deputy Principal presented the Report and Financial Statements for Year Ended 31 July 2018. The following points were raised:

- 8.1.1 There had been no changes since the Period 12 accounts.
- 8.1.2 The External Auditors' management letter had been considered by the Audit Committee. There were no adjustments or recommendations. The College was still waiting for KPMG funding auditor to give their opinion but there would be no funding adjustments.
- 8.1.3 The College had achieved its student number and funding targets. There were still a high number of students taking GCSEs as a result of the condition of funding. 16-18 apprenticeship numbers had increased but adult apprenticeship numbers had decreased on the previous year.
- 8.1.4 The College had not achieved two of its financial objectives: to achieve an operating breakeven position and generating sufficient cash inflow to maintain strategic investment. The other objectives had been met.
- 8.1.5 The underlying performance was now presented differently as EBITDA was being used more widely as a measure. All years showed positive indicators.
- 8.1.6 Student achievements were highlighted as positive overall although apprenticeships had decreased and were an area of focus.
- 8.1.7 Pensions were likely to have a big impact on future finances.
- 8.1.8 Overall 2017/18 had been a very difficult year but the outturn was a deficit of £850k against a summer reforecast deficit budget of £1.2 million.

8.2 The Vice Chair of F&GP **reported** that the Committee had considered the report and had discussed the level of detail provided. It had taken the view that the College wanted to be transparent in reporting its position and, given that the main audience for the report would be funders, it provided an important and helpful amount of information.

8.3 Governors **commented** that it was a good set of accounts and it was pleasing to have a clean management letter. Governors then **asked**:

- 8.3.1 **Whether the auditors had taken any view on the 'going concern' assessment.** The auditors had not reported any issues. They had looked at cash and banking covenants for the 12 months and were comfortable with both.
- 8.3.2 **The accounts showed that the College was asset rich, despite revenue issues and it would be important to look at the strength of the business as a whole.** Agreed; the College's bank now took a view of the College as a whole business which was helpful.

- 8.4 The Deputy Principal presented the ATA report and financial statements for year ended 31 July 2018. The following points were highlighted:
- 8.4.1 The Report and Financial Statements had previously been agreed by the ATA Board. The accounts had been audited by KPMG.
 - 8.4.2 The ATA made a profit before tax of £513.
 - 8.4.3 The final apprentices were completing and no new apprentices were being put through the ATA. The intention was that there would be one more set of accounts for the ATA and then a decision would be taken about whether to continue the ATA company.
- 8.5 **Governors noted the ATA Financial Statements.**
- 8.6 **Governors recorded their thanks to the Finance Team for their work in completing the Financial Statements and the day to day financial management of the College.**

9 AUDIT COMMITTEE ANNUAL REPORT 2017/18

- 9.1 The Director of Governance and Policy presented the Audit Committee's Annual Report for 2017/18. The following points were highlighted:
- 9.1.1 The report informed the Governing Body of the work carried out by the Committee during the year.
 - 9.1.2 The report highlighted the range of internal and external audit reports received. It also identified further external assurances provided by a range of other external reviews and assessments which had been completed and reported to the Committee. The Committee had assigned a RAG rating to each of these.
 - 9.1.3 In line with the change to the way in which internal audits were conducted, the Internal Auditors no longer provided an assurance statement.
 - 9.1.4 The Committee had taken a view based on the evidence and assurance provided throughout the year that the College's systems and arrangements for risk management, control, governance and processes and arrangements for securing economies and efficiencies were adequate and effective.
- 9.2 Members of the Audit Committee **confirmed** that the Committee had been given substantial assurances on the controls in operation across the College.
- 9.3 Governors **commented** that they felt that the different levels of assurance and the extent of external reviews had credibility and were helpful in providing a broader perspective on the College's systems and risk management. It was noted that the College was one of the few colleges adopting this approach and RSM might want to use the College as an example of how to use the model effectively.
- 9.4 **Governors accepted the Audit Committee's Annual Report.**

10 PROGRESS REPORT ON OPERATING STATEMENT

10.1 The Principal presented an update on the Operating Statement. The following points were highlighted:

- 10.1.1 Many of the issues identified in the paper had been covered through other agenda items but this provided a summary of all the main areas of activity.
- 10.1.2 Areas of good progress were summarised and included successful outcomes for students overall including GCSE; strong enrolment; successful accreditation by the OfS; and the launch of the Matrix dashboard.
- 10.1.3 The main areas of concern remained around apprenticeships and the College's financial position which was still very challenging.
- 10.1.4 KPIs and other data were available through the Matrix.

10.2 Governors **noted** that there were no surprises in the report and **asked** whether all the items marked as red (high risk) were equally high risk. It was explained that the risk level referred to the main risk identified in the risk register.

10.3 **Governors noted the report and requested that those areas of most high risk be clearly identified in future reports.**

11 FINANCE REPORT (PERIOD 3 ACCOUNTS) AND AUTUMN TERM REFORECAST

11.1 The Deputy Principal presented the Period 3 Finance Report and Autumn Term reforecast which had previously been considered by the F&GP. The following points were highlighted:

- 11.1.1 The College was on track to achieve its 16-18 learner responsive and funding target.
- 11.1.2 AEB was slightly behind profile although the latest data return showed funding to be 24% ahead of the same position last year. This would need to be managed carefully. There was the potential for the College to be paid for up to 3% of over delivery of AEB.
- 11.1.3 Apprenticeships showed 471 new starts and predicted income of £4.7 million which was below target but ahead of the position last year.
- 11.1.4 Overall income was slightly down. Pay and non-pay efficiencies would be achieved.
- 11.1.5 Staff costs had reduced because of an increase in income from subcontracted HE.
- 11.1.6 A new cash flow forecast had been produced and was being provided to the ESFA on a monthly basis. This included the ESFA repayment and potential Lennartz payment which was still to be confirmed. Cash days were expected to be at the lowest in March. The Finance team monitored cash flow on a daily basis. The ESFA had been asked to explain how it calculated cash flow as this was not clear.
- 11.1.7 The main movements included negative variance for apprenticeship income, external assessor costs and tuition fees with positive

variances from HE, AEB, additional project income, and pay and non-pay savings. Movements showed a positive net impact of £119k.

- 11.1.8 Bank covenants would be met and the College's financial health remained satisfactory.
- 11.2 The Deputy Principal explained the strands under which apprenticeship funding was allocated. This included carry in figures for non-levy, non-procured; levy; and non-levy procured. He highlighted that the College's MCV to end of March 2019 appeared to be £641k and it was possible that the College would exceed this by at least £737k given that there would be new starts and achievement to add in. The ESFA had been consulted about this and indicated that the College might be recruiting at risk but it was unclear what was included in the allocation. At no point had the ESFA questioned the College's apprenticeship plan or income on this line, despite having sight of the College's plan and ILR. This had been challenged with the ESFA and a response was awaited. This would also be raised at the planned meeting with the ESFA on 17 December.
- 11.3 The Principal reported that the College was not the only one in this position and this had been discussed with the Chief Executive of the AoC. It might be necessary to undertake an early reforecast in the New Year if there was any clarification on the position from the ESFA. It might also be necessary to take action locally and nationally to highlight and challenge the issue.
- 11.4 **Governors asked a number of questions including:**
- 11.4.1 **Whether there was any possibility of arguing that the overall allocation was underspent.** This would be raised with the ESFA.
- 11.4.2 **Whether the College was still recruiting apprentices.** It was but this would be reviewed after the meeting on 17 December.
- 11.5 **Governors noted the Period 3 accounts as recommended by the Finance and General Purposes Committee and approved the Autumn term reforecast.**

Staff members left the meeting.

12 PAY AWARD

- 12.1 The Director of HR presented a paper which made a proposal to make a pay award to all staff and to proceed with implementation of a new pay structure. The following points were highlighted:
- 12.1.1 There had been a national pay claim of 5% but there had been no additional funding for FE in the October Budget and so unlike schools colleges would have to meet the costs of any pay claim from existing budgets.
- 12.1.2 UCU had balloted staff on industrial action related to pay. The College's response rate had been below the required 50% level; it was one of 26 colleges in which a second ballot was taking place. This closed on 19 December. UCU was optimistic that it would get the 50%

response required and so there was a real possibility of industrial action.

- 12.1.3 The AoC's pay survey indicated that 80% of colleges would be making a 1% pay award.
- 12.1.4 Wages growth was now at 3.2% nationally and it was becoming increasingly difficult to recruit some staff including in some Curriculum Areas and professional roles.
- 12.1.5 A 1% pay award had been included in the 2018/19 budget as had the costs of implementing the new pay framework previously agreed by Corporation.
- 12.1.6 Following discussion with the unions, it was proposed to make some minor changes to the pay framework which would result in a higher cost in year 1. In order to mitigate this it was proposed to move the implementation date to 1 March 2019.

12.2 **Governors asked a number of questions including:**

- 12.2.1 **Whether the £300k included the uplift for the minimum wage increase.** It did. If the minimum wage was increased again, the College would have to look at the differentials between wages in more detail.
- 12.2.2 **If the additional closure days were likely to impact on productivity.** There would be some impact but many people were likely to take these days as leave anyway. There would be some efficiencies in terms of running costs.
- 12.2.3 **Whether it was possible to cap teachers' pension costs.** The College had no control over teachers' pension costs so this would not be possible. Assurance had been given that these costs would be funded by Government up to 2020 but beyond this it was unclear what the position would be.
- 12.2.4 **When the outcome of the ballot on industrial action would be known.** This might be before Christmas. The type of action that might be taken was not known but could be two days.

12.3 **Governors agreed:**

- 12.3.1 **1% pay award for all staff, with an additional increase for the lowest paid in the College to ensure that the College complies with minimum statutory pay regulations, effective from 1 August 2018.**
- 12.3.2 **A two week close down at Christmas/New Year linked to the 1% pay award.**
- 12.3.3 **Introduction of the new pay structure as previously agreed by the Corporation with a revised implementation date of 1 March 2019.**

Verity Hancock, Louise Hazel and Shabir Ismail left the meeting. Jim Bowditch was asked by governors to rejoin the meeting to ensure quoracy.

12.4 SENIOR POSTHOLDER SALARIES – CONFIDENTIAL MINUTE

Verity Hancock, Shabir Ismail and Louise Hazel and all other staff members rejoined the meeting.

13 PARTNERSHIPS REPORT

13.1 The Deputy Principal presented the Partnerships Report. The following points were highlighted.

13.1.1 The College's strategy continued to be to extend its offer locally with subjects or types of provision which it was unable to deliver or to widen participation. The potential impact of the devolution of skills budgets was being monitored.

13.1.2 Quality checks had been undertaken with new partners to ensure that students were on appropriate courses and the quality of provision was sufficiently high.

13.1.3 One minor variation to contract was requested.

13.1.4 Approval to work with one new partner was requested.

13.2 **Governors noted the paper, approved the new partner outlined in paragraph 5.2 and the revision to contract as outlined in paragraph 5.4 subject to the successful completion of due diligence processes.**

Chan Kataria left the meeting.

14 MODERN SLAVERY ACT TRANSPARENCY STATEMENT

14.1 The Principal presented the draft Modern Slavery Act Transparency Statement. The following points were highlighted:

14.1.1 The College was required to publish a Modern Slavery Act Transparency Statement.

14.1.2 The draft statement covered activity during 2017/18 including information on:

- the College's structure and supply chains
- relevant policies
- risk assessment
- due diligence
- training and awareness raising.

14.2 **Governors asked a number of questions including:**

14.2.1 **Whether there were any changes to the statement for the previous year.** The main addition had been reference to the College's referral processes with external agencies.

14.2.2 **Whether the policies referred to were publicly available.** Some were available on the website and the other were available on request.

14.3 **Governors approved the statement.**

15 FEEDBACK FROM STRUCTURES WORKING GROUP – CONFIDENTIAL

16 GENDER PAY GAP 2017/18

16.1 Governors received and noted the paper.

17 COMPLAINTS UPDATE REPORT

17.1 Governors received and noted the paper.

18 FE COMMISSIONER'S ANNUAL REPORT

18.1 Governors received and noted the paper.

19 ITEM FROM AUDIT COMMITTEE: RISK UPDATE

19.1 Governors received and noted the paper.

20 GOVERNOR VISIT REPORT

20.1 Governors received and noted the paper.

21 MINUTES OF MEETINGS

21.1 Governors noted the following minutes of committee meetings:

- Curriculum Strategy and Quality Improvement Committee (18 June 2018)
- Audit Committee (26 September 2018)
- Finance and General Purposes (4 October 2018).

22 DATE OF NEXT MEETINGS

- 27 February 2019 - to be confirmed
- 4 April 2019

23 ANY OTHER BUSINESS

23.1 There was no other business.