AGENDA REFERENCE

A

CORPORATION/COMMITTEE PAPER

Meeting of the Corporation

2 April 2020

TITLE	**Minutes of the previous meeting held on 23 January 2020**

PURPOSE	**To receive, agree and approve the minutes of the previous meeting held on 23 January 2020**

RECOMMENDATION	**Governors are recommended to note the minutes and agree their accuracy**

No. of pages in main paper	5
Appendices/Annexes	None
Financial Implications	None
Risk Implications	Failure to follow agreed and proper practices
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MINUTES OF A MEETING OF THE BOARD OF LEICESTER COLLEGE CORPORATION

HELD ON 23 JANUARY 2020

Present:	Jonathan Kerry (Chair)	Zubair Limbada
	John Allen	Louisa Poole
	Danielle Gillett	Habiba Rashid
	Verity Hancock	Caroline Tote
	Brigitte Heller	Tom Wilson
	Andrew Hind	
In Attendance:	Louise Hazel	Director of Governance and Policy
	Shabir Ismail	Deputy Principal
	Kully Sandhu	Vice Principal
	Tina Thorpe	Vice Principal
	Rod Wood	Director of HR
	David Jackson	Director of Student Service and Marketing (item 4)
	Hannah Georg	Marketing Communications Manager (item 4)

1 <u>DECLARATIONS OF INTERESTS</u>

1.1 There were no declarations of interest.

2 <u>APOLOGIES FOR ABSENCE</u>

2.1 Apologies for absence were received from Tim Gray, Chan Kataria, Simon Meakin, Naz Nurani, Kaushika Patel and Mandeep Singh.

3 <u>MINUTES OF PREVIOUS MEETINGS AND MATTERS ARISING</u>

3.1 **The minutes of the meeting of 12 December 2019 were received and <u>agreed</u> as an accurate record.**

3.2 **The confidential minutes of the meeting of 12 December 2019 were received and <u>agreed</u> as an accurate record.**

3.3 As a matter arising, it was **asked** how the pay award had been received by staff. This had gone down very well; staff had particularly also valued the two week close down over Christmas.

4 GOVERNORS' AMBASSADORIAL ROLE

4.1 The Marketing and Communications Manager gave a presentation on how governors could fulfil their 'ambassadorial' role. The following points were highlighted:

4.1.1 Governors could fulfil the role by representing, supporting, promoting and adding value to the College. This could be through professional contacts and networks, personal contacts and networks, face to face events and meetings, case studies, articles, think pieces and social media.

4.1.2 The College's social media channels were explained. Suggestions were given for how governors could make use of social media. The Marketing team could provide guidance and training if helpful.

4.1.3 Other ideas proposed included acting as case studies, speaking to students, providing master classes, or brokering contacts with other organisations or companies that might be interested in working with the College.

4.2 Governors made a number of **comments** and asked **questions** including:

4.2.1 **If governors were willing to use social media, they should be prepared to deal with negative comments.** This might happen but the College could provide advice on how to deal with these.

4.2.2 **Whether the College paid for marketing through social media and whether it was possible to assess the impact of the use of social media.** The College did pay for marketing and this proved very successful. Campaigns could be targeted at specific groups and online analytics provided information on how successful individual campaigns had been, showing individuals' journeys through the marketing material. It was difficult to track how many people were seeing social media posts as not all actively engaged (shared or liked).

4.2.3 **Institutions could put out lots of information but sometimes 'worthy' stories might not be the most interesting.** Agreed, but stories about people tended to be of interest and were more likely to be shared, extending the reach and profile of the College.

4.3 Governors were invited to contact the Director of Governance and Policy if they had any further suggestions or would like to take part in any of the activities suggested.

4.4 **Governors <u>noted</u> the presentation.**

5 CURRICULUM PLANNING AND FUNDING

5.1 The Deputy Principal gave a presentation outlining how the College was funded and the Curriculum Planning process. The following points were highlighted.

5.1.1 The College derived funding from the ESFA through several streams which were calculated differently, had different rules, rates and reconciliation processes.

5.1.2 The main funding streams, 16-19 Study Programmes, AEB and Apprenticeships, were explained, including eligibility; entitlements; how funding was calculated; rates; and any other rules or requirements associated with each stream.

5.1.3 Regular audits were conducted by the ESFA and internal and external auditors.

5.1.4 The curriculum planning process, involving each Curriculum Area and other College teams in detailed workshops, was described. The process for calculating contribution rates was explained; the College adopted a more thorough approach than other colleges including all costs and income. The result was that the rate tended to be lower than that quoted by other colleges. The freeze in funding rates set against rising costs meant that contribution rates were declining.

5.1.5 The complexity of the process was highlighted. A single course could have students from across all age groups and with very different funding attached to each individual.

5.1.6 The detailed approach to curriculum planning taken by the College had enabled it to monitor actual and planned delivery and to identify efficiencies at course level over a number of years.

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

5.2.1 **Whether it was possible to influence the number of 16-19s in each funding band.** It was; this would depend on the needs of the student but if they were on a Study Programme, the expectation would be that they would be on 540+ hours.

5.2.2 **The systems seemed hugely complex; more so than anything schools or HE had to manage.** Agreed; this was compounded by the fact that the funding per student was around £1,000 lower than for school pupils. The College also had a large number of students taking English and maths which some colleges would not have; this added to costs but was felt to be an important part of the College’s role.

5.2.3 **Whether the planning model was unique to the College.** It was. It had been developed in house over a number of years and refined to meet the College’s needs.

5.2.4 **Whether there was a contribution rate below which provision was not viable.** Ideally, a contribution rate of 50% was aimed for but all colleges calculated the rate differently with most only including direct delivery costs and income. The College tried to plan for 45% but that was on the basis of 100% efficiency which was not achievable. Some high costs areas would be subsidised by others; governors had previously discussed this in relation to PMLD. The lower contributing areas would need to be kept under review.

5.2.5 **How HE and full cost activity was planned.** This was also covered during the planning process.

5.3 **Governors <u>noted</u> the presentation on curriculum planning and funding.**

6 THREE-YEAR FINANCIAL PLAN

6.1 The Deputy Principal presented the three-year financial plan for approval. The following points were highlighted.

6.1.1 The arrangements for the submission of the three-year financial plan had changed. In previous years, the Corporation approved the three-year financial plan including the annual budget at its July meeting. The Agency now only required one submission for both of these returns by 31 January with the exception of the first return due by 28 February 2020. The integrated financial model required far more detailed information than previously.

6.1.2 The new timeline caused an issue for the following reasons. The curriculum planning process to inform budget setting had just started; the application process had just opened to students; this informed the planning process. Also, funding allocations had not been received; typically, only the 16-19 allocation would be received in January. The budget and capital programme would be finalised following the allocations and curriculum planning workshops to ensure resources were allocated accordingly to meet College, local and national priorities.

6.1.3 To set an appropriate budget in January for the following year was not realistic as key pieces of information were missing. The financial plan presented was therefore based on the plan previously agreed in July 2019 with updated information where available.

6.2 The main changes from July 2019 were highlighted:

6.2.1 The operating surplus position after restructuring was £513k in 2020/21, an increase of £84k.

6.2.2 Pay and pensions increases had been added including the pay progression implications previously agreed. A 1% pay award was included to help maintain a financial health of Good but this might come under pressure during the year given national expectations about pay.

6.2.3 The financial health scores showed the College at 190 in 2019/20 and 2020/21 moving to 200 in 2021/22 and maintaining a position of ‘Good’.

6.3 The following further assumptions were highlighted:

6.3.1 A 4.7% increase in the 16-18 rate had been included. The plan assumed growth of at least 1.5% in 2021/22 for 16-19 funding. It also factored in that the Basic Maths Premium and Capacity and Delivery funding would no longer be available. This was felt to be prudent.

6.3.2 No additional funding for T levels had yet been included.

6.3.3 The AEB rates would not change and it was assumed the College would achieve 103% of the allocation.

6.3.4 Apprenticeships would increase by 5% year on year based on the Autumn term reforecast. However, the College did not yet have an allocation from March 2020 onwards.

6.3.5 A further £350k in efficiencies was included although this was not likely to require a major restructuring programme.

6.3.6 A 1% increase in non-pay was included; this did not include subcontracting costs.

6.3.7 Capital expenditure of £1 million was included.

6.4 The ESFA's financial model contained errors and was still changing; version 5 had just been issued. It was possible that some of the detail in the spreadsheets might change as a result but the overall plan would be as presented.

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

6.5.1 **How confident the College could be that the bank covenants would be met.** Very confident; they would be met comfortably.

6.5.2 **When allocations would be expected and whether they were annual.** They should be available in March and would be annual. The timing was tight given the start of the teaching year in August. Apprenticeships were still not known and the assumption was that the allocations would be similar to previous years. Any major difference could be very difficult to manage.

6.5.3 **Whether the expected Budget in March might impact on the funding.** It was unlikely; the Budget would probably confirm what had been stated in the Government's manifesto. Any major changes to funding were more likely to come out of the next CSR**.**

6.6 **Governors <u>acknowledged</u> the difficulties with producing a three-year plan at this point in the year and:**

6.6.1 **<u>Approved</u> the financial plan for submission to the ESFA.**

6.6.2 **<u>Noted</u> the 2020/21-2021/22 financial plan and its assumptions.**

6.6.3 **<u>Agreed</u> that the formal annual budgets and the financial forecast would continue to be approved in July.**

7 DATES OF NEXT MEETINGS

- **2 April 2020**
- **12-13 June (away day)**
- **9 July.**

8 ANY OTHER BUSINESS

8.1 There was no other business.