



AGENDA
REFERENCE

A1

CORPORATION/COMMITTEE PAPER

**Finance and General Purposes Committee
3 December 2020**

<i>TITLE</i>	Minutes of the previous meeting held on 7 October 2020
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<i>PURPOSE</i>	To receive, agree and approve the minutes of the previous meeting held on 7 October 2020
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<i>RECOMMENDATION</i>	Governors are requested to note the minutes and agree their accuracy
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<i>No. of pages in main paper</i>	9
<i>Appendices/Annexes</i>	None
<i>Financial Implications</i>	None
<i>Risk Implications</i>	Failure to follow agreed and proper practices
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MINUTES OF A MEETING OF THE BOARD OF LEICESTER COLLEGE CORPORATION:

FINANCE AND GENERAL PURPOSES COMMITTEE HELD ON 7 OCTOBER 2020



(Meeting held online via MS Teams)

Present:	Danielle Gillett (Chair) Verity Hancock Brigitte Heller	Chan Kataria Caroline Tote
In Attendance:	Louise Hazel Shabir Ismail Della Sewell Shaun Curtis	Director of Governance and Policy Deputy Principal/CEO Director of HR Director of Estates and Campus Services (items 4 and 8)

1 DECLARATION OF INTERESTS

- 1.1 Verity Hancock declared an interest under item 9 as a member of the Office for Students (OfS) Board.

2 APOLOGIES FOR ABSENCE

- 2.1 Apologies for absence were received from Jonathan Kerry and Tim Gray.

3 MINUTES OF PREVIOUS MEETING AND MATTERS ARISING

- 3.1 **The minutes of the meeting held on 1 July 2020 were received and agreed.**
- 3.2 It was noted that the period 12 accounts would be amended to explain how much the College might have outturned had the pandemic happened and where this income would come from.

4 HEALTH AND SAFETY ANNUAL REVIEW

- 4.1 The Director of Estates and Campus Services presented the Health and Safety Annual Review for 2019/20. The following points were highlighted.
- 4.1.1 Trends showed that the number of accidents was broadly stable. The closure of the College meant that there were fewer accidents reported in 2019/20 although a comparison of numbers up to March 2020 indicated a decline in the number up to that point compared to the previous year.
- 4.1.2 An audit of the College's response to the pandemic and preparation for

- re-opening had just been undertaken by the College's insurers and feedback had been that the College was one of the better colleges.
- 4.1.3 Extensive risk assessments, including for those high risk areas had been undertaken as well as campus tours and safety inspections.
 - 4.1.4 There had been three reportable incidents during the year.
 - 4.1.5 An asbestos review undertaken in October 2019 had identified a few actions which had now been completed.
 - 4.1.6 Staff training had declined slightly and would be a focus for the coming year. Mandatory COVID-19 had been introduced.
 - 4.1.7 Other objectives for the coming year were outlined and included supporting staff working from home.
- 4.2 Governors **commented** that it was a comprehensive report asked a number of **questions** including:
- 4.2.1 **Whether COVID-19 statistics would have fallen outside the remit of the report.** Since the report covered 2019/20, there were no statistics to report but these were now available. Extensive work had been undertaken to plan for the re-opening of the College with weekly meetings of the Health and Safety Committee and further meetings with unions and students.
 - 4.2.2 **Were those statistics now being considered?** Data was logged on a daily basis and was being considered by SLT, with fortnightly reports to governors. The data would feed into next year's report. It was noted that the HSE was making visits to colleges; the experience of these visits to date had been variable.
- 4.3 Governors **noted** the Health and Safety Annual Review.

5 FINANCE REPORT (PERIOD 12)

- 5.1 The Deputy Principal presented the finance report (period 12). The following points were highlighted.
- 5.1.1 The Period 12 accounts represented the College's performance following the closure of College's campuses and reflected the financial position at 31 July.
 - 5.1.2 The year end result was an operating surplus after restructuring costs of £960k compared to the forecast surplus of £602k. The College had done well to achieve this. This improvement was mainly a result of the further lockdown impacting on estates related work. The accounts were still subject to external audit but the work had been done and no changes were anticipated. The College was one of the first to be audited and provide accounts.
 - 5.1.3 The latest data return suggested the College would exceed its 16-18 learner responsive learner number and funding target.
 - 5.1.4 Income from the AEB appeared to have been dropping off since April. The previous potential risk in terms of any reconciliation required by the ESFA was now not an issue as the College would be well above the 68% threshold. However, the College had been on track to exceed

its allocation (108%) beyond the fundable 103% with plans to recruit more ESOL students and further work with Job Centre Plus consistent with the previous year. Section 1.8 in the paper would be amended to reflect that the College would have been close to achieving a £1.8 million surplus if the pandemic had not occurred.

- 5.1.5 Apprenticeship income had also fallen behind target and there would be significant challenges going into 2020/21.
- 5.1.6 HE income was forecast to be below target but there would be savings in partner costs.
- 5.1.7 The College continued to meet its bank covenants and maintain its financial health as 'Good'.
- 5.1.8 Cash balances for the end of the academic year were currently more favourable than planned. Based on the planning assumptions for 2020/21, the College would face some pressure on cashflow in March 2021 and March 2022 when the profile from the Agency declined.

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

- 5.2.1 **How much of a risk the cashflow 'low point' in March 2021 would be?** This would be the lowest point in the year but cashflow would still be fine. A year after this, March 2022, would be lower and a greater risk if the T level projects were funded; a credit revolving facility would be needed to cover this period.
- 5.2.2 **Whether there were any issues which were flagged now as potential risks that were out of the ordinary.** It was still quite early given the delay to enrolment and data was still being finalised. The reforecast would be done at the end of October and would be brought to the next F&GP.
- 5.2.3 **What plans were there for restructuring or recruiting new staff for areas of growth or new provision?** There were no plans for restructuring at this stage. Until it was clear what the recruitment position was it was not possible to say where there was too much resource or where additional resources might be needed. Unless funding was received up front, it would be difficult to take on any new Level 3 students in April. Apprenticeships were looking low and the College had been lobbying hard at national level for transitional protection. SLT continued to scrutinise every vacancy. National pay negotiations had not yet concluded and the College would wait to hear the recommendation before considering any proposals.
- 5.2.4 **Whether the cashflow assumptions were optimistic or realistic and was a deficit of £500k still being planned for?** It was difficult to know at this stage although the College tended towards realistic assumptions. Apprenticeship income would probably be worse than expected. The overall cost base would be reviewed but the College still needed more resource to deliver the provision differently.

5.3 Governors noted the finance report (Period 12).

6 REGULARITY SELF-ASSESSMENT

6.1 The Deputy Principal presented the regularity self-assessment questionnaire. The following points were highlighted.

6.1.1 The completion of the questionnaire was a requirement of the end of year process.

6.1.2 The questionnaire had also been considered by the Audit Committee which was content with the proposed responses.

6.2 **Governors commented that the responses looked comprehensive and agreed to recommend the regularity self-assessment questionnaire for signature by the Chair.**

7 ENROLMENT UPDATE

7.1 The Principal gave an update on enrolment. The following points were highlighted.

7.1.1 Like many large urban colleges, recruitment had been difficult this year, largely as a result of knock on from the exam results issues. More students had left it longer to apply and many had got better grades than expected and so had 'upgraded' to A levels.

7.1.2 It was harder for the College to anticipate recruitment because it had not been able to hold the usual discovery days and other onsite events. People were still applying and some were changing courses so numbers had not yet settled down.

7.1.3 The College had recruited to its 16-18 allocation although not to the plan. It had lost out to more people choosing A levels and possibly fewer wanting to travel from the County although an analysis of where students had come from would be undertaken.

7.1.4 For adult numbers it was hard to tell at this stage. Some had struggled to enrol online. ESOL numbers were picking up but Skills for Life numbers were still slow because lots of pre-assessments were needed. There had not been many referrals from JCP because the furlough scheme was still in place; this might change.

7.1.5 If the College needed to move to online delivery again, adult provision was the biggest risk.

7.1.6 HE was very low but could be worse and was still viable. Four courses had been closed.

7.1.7 The assumptions which had been made about reductions in full cost provision looked right.

7.1.8 Most employers were not currently recruiting apprenticeships and so numbers were low. There would be a big reduction in income.

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

7.2.1 **What were the courses that had been dropped?** These were HE courses in creative arts.

7.2.2 **Whether there was any feedback from other colleges about their**

recruitment. This looked to be following a similar pattern. Those with A levels were seeing an increase, Apprenticeships were down and vocational courses more or less static.

- 7.2.3 **Whether there was any expectation that the Kickstart scheme would lead to more Apprenticeships.** This was unlikely and it might actually affect Apprenticeship numbers adversely.

7.3 **Governors noted the update on enrolment.**

8 **CAPITAL UPDATE**

- 8.1 The Deputy Principal presented an update on the capital programme. The following points were highlighted.

- 8.1.1 The College had received an allocation of £1.75 million, based on student numbers, for the upgrading of the estate; 25% of matched funding was required.
- 8.1.2 £1 million had been set aside so the capital budget for 2020/21 would now be £2.75m.
- 8.1.3 The College had conducted its own condition survey and identified the main areas in need of improvement. The allocation would allow the College to fund these improvements and boost investment in IT including mobile technology and infrastructure.
- 8.1.4 Match funding for the T level project was included in the budget although the College had not yet received confirmation that its bid had been successful and plans would need to be brought back to F&GP and to the Corporation before acceptance of any funding was confirmed.

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

- 8.2.1 **Whether funding needed to be spent or committed by March 2021; the timescale seemed very tight.** Current guidance was that it had to be spent but clarity on this was being sought from the ESFA. Since there were a number of projects which had been deferred from the period when the College was closed, plans were already in place and contractors identified. The condition survey also identified further priority work. It was confirmed it should be possible to complete the work in time although any further lockdowns could impact on plans.
- 8.2.2 **Whether there were sufficient resources in the Estates team to deliver the projects.** The Director of Estates confirmed that there were.
- 8.2.3 **Whether more detail on exactly how funding would be spent could be provided.** This would be provided in the paper to Corporation. Around £440k would be spent on toilets and roofs.
- 8.2.4 **Whether the £1.75m needed to be cashed out and what impact this would have on cashflow.** The College already had the funding and so would not impact adversely on cashflow.

- 8.3 **Governors agreed to recommend the capital programme for 2020/21 to**

the Corporation for approval and requested further detail on how the funding would be spent.

9 HE SUBCONTRACT – confidential minute

10 GENDER PAY GAP

10.1 The Director of HR presented a report on the gender pay gap for 2019/20. The following points were highlighted.

- 10.1.1 The mean and median pay gaps had both reduced to 10.6% and 11.7% respectively. This was largely due to the introduction of new pay scales in 2019.
- 10.1.2 There remained a 10-11% gap. This was a function of the College employing a large number of women in lower paid roles.
- 10.1.3 The College would continue to see what else could be done to reduce the gap although it had already done many of the recommended actions.

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

- 10.2.1 **How had women benefitted more from the pay grade changes?** This would be looked into.
- 10.2.2 **Why were there such differences in other colleges?** Several outsourced lots of roles and so direct comparisons were difficult.
- 10.2.3 **Whether the College provided a narrative when it published the information.** It did.
- 10.2.4 **Whether it was possible to investigate if there was an ethnicity pay gap.** This would be brought to the next meeting.

10.3 **Governors noted the report on the gender pay gap.**

11 HR PERFORMANCE INDICATORS

11.1 The Director of HR presented a report setting out HR performance indicators. The following points were raised.

- 11.1.1 The data presented was as at May 2020. College staffing continued to decline. The College employed 12 fewer people than a year ago.
- 11.1.2 The workforce comprised 67% women (1% higher than a year ago); 34% 'non-white' (5% higher than a year ago); 45% were 50 or older (1% lower than a year ago); 6% were disabled (1.5% higher than a year ago).
- 11.1.3 Sickness absence had slightly increased over the past year by 0.7 days per person. Overall absence was now 6 days per person per year, which was slightly higher than the 2019 Association of Colleges college average of 5.5 days per person per year. This had been an unusual year. There had been a reduction in short term absence reporting during lockdown. Most of the long-term absences had now been resolved.

- 11.1.4 Turnover was very low. The current economic situation might be a factor.
- 11.1.5 The drop off in BAME candidates was a concern. This had been looked at previously but more analysis and further thought was needed as to what further action could be taken. Unconscious bias training would be increased.

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

- 11.2.1 **How could the College future proof itself against the aging workforce issue?** There were some structural issues including awareness of FE as a career path and pay which were harder to address. Some areas had older workforce so succession planning would need to look at which areas and roles older people were in.
- 11.2.2 **Was there any data as to why there was a drop off by BAME candidates?** Not the moment. Further work was needed including looking at profiling staff to provide role models, marketing and guidance on how to apply. Analysis of BAME in management and progression was also needed.

11.3 **Governors noted the report on HR performance indicators.**

12 TREASURY MANAGEMENT

12.1 The Deputy Principal presented a paper setting out the position on Treasury Management. The following points were highlighted:

- 12.1.1 Investment and loan activity were set out. Daily cash balances were forecast to allow optimum investment of surplus balances.
- 12.1.2 Loan payments were made quarterly for the capital element and monthly for interest.

12.2 **Governors noted the report.**

13 LENNARTZ UPDATE

13.1 The Deputy Principal gave an update on the College Lennartz claim. The following points were highlighted.

- 13.1.1 The College had put in a claim. A test case was going before the courts and the response was awaited from HMRC.
- 13.1.2 The VAT adviser had written to say that regardless of the decision, the period for which the VAT was liable had expired and therefore it should be possible to remove the liability from the balance sheet. The invoice for advice was now due.
- 13.1.3 However, the College had not yet received confirmed from HMRC that the VAT was not due and so it was reluctant to assume that it was not going to be liable.

13.2 **Governors noted the update and agreed that the College should not**

remove the liability or pay for the advice until confirmation had been received from HMRC in writing that the tax would not be due.

14 COMMITTEE SELF-ASSESSMENT

14.1 The Director of Governance and Policy presented the Committee's self-assessment outcomes. The following points were highlighted.

14.1.1 Overall, the self-assessment was very positive with impacts identified and evidenced by use of KPIs, financial commentary in reports and robust, transparent reporting to the committee. Sufficient information was provided at the right level of detail to enable challenge, support and decision making and extra support/learning was available.

14.1.2 Areas for improvement and suggested actions included meeting other members of the management team although this would be difficult in the current situation. Workshops and briefings focusing on government funding decisions were requested. It was noted that the ETF and AoC provided a range of training which had been signposted and governors were encouraged to take advantage of these.

14.1.3 Further performance management and scrutiny including impact against EDI measures was also needed.

14.2 **Governors noted the report.**

15 TRADE UNION FACILITIES TIME REPORT

15.1 **Governors received and noted the Trade Union Time Facilities.**

16 STAFF DEVELOPMENT ACTIVITIES REPORT 2019/20

16.1 Governors **asked** how many staff had been trained. This would be provided.

16.2 **Governors received and noted the report on staff development activities in 2019/20.**

17 EMPLOYMENT TRIBUNALS 2019/20

17.1 **Governors received and noted the report on employment tribunals in 2019/20.**

18 INTERNATIONAL ACTIVITIES 2019/20

18.1 **Governors received and noted the report on International Activities.**

19 WAIVERS OF FINANCIAL REGULATIONS

19.1 **Governors received and noted the report on waivers of financial regulations.**

20 DATES OF NEXT MEETINGS

- 3 December 2020
- 3 March 2021
- 5 May 2021
- 23 June 2021

21 ANY OTHER BUSINESS

21.1 There was no other business.