



AGENDA
REFERENCE

A1

CORPORATION/COMMITTEE PAPER

Meeting of the Corporation

28 October 2021

<i>TITLE</i>	Minutes of the previous meeting held on 14 July 2021
<i>PURPOSE</i>	To receive, agree and approve the minutes of the previous meeting held on 14 July 2021
<i>RECOMMENDATION</i>	Governors are recommended to note the minutes and agree their accuracy

<i>No. of pages in main paper</i>	12
<i>Appendices (with no. of pages)</i>	None
<i>Risk Register Reference</i>	-
<i>Operating Statement Reference</i>	-
<i>Financial Implications</i>	None
<i>EDI Implications</i>	None
<i>Other Risk Implications</i>	Failure to follow agreed and proper practices
<i>Paper Previously Considered by</i>	-
<i>Author</i>	Louise Hazel

MINUTES OF A MEETING OF THE BOARD OF LEICESTER COLLEGE CORPORATION

HELD ON 14 JULY 2021 VIA TEAMS



Present:	Jonathan Kerry (Chair) Shaun Curtis Anne Frost Danielle Gillett Tim Gray Verity Hancock	Zubair Limbada Simon Meakin Ed Marsh Abigail Proctor Jai Sharda Caroline Tote
In Attendance:	Louise Hazel Shabir Ismail Debi Donnarumma Jody Kerrod David Jackson	Director of Governance and Policy Deputy Principal Vice Principal Quality Improvement Manager (item 6) Director of Student Services (item 7)

Debi Donnarumma was welcomed to her first meeting.

1 DECLARATIONS OF INTERESTS

- 1.1 Zubair Limbada declared an interest in item 11. Verity Hancock, Louise Hazel, Debi Donnarumma and Shabir Ismail declared an interest in item 16. Jonathan Kerry declared an interest in item 19.

2 APOLOGIES FOR ABSENCE

- 2.1 Apologies for absence were received from John Allen, Zoe Allman, Lisa Armitage, Chan Kataria, Louisa Poole, Tom Wilson, Kully Sandhu and Della Sewell. Kathy Foster was absent.

3 MINUTES OF THE LAST MEETING AND MATTERS ARISING

- 3.1 **Governors received and approved the minutes of the meeting on 10 March 2021.**
- 3.2 **Governors received and approved the minutes of the Special meeting on 15 April 2021.**
- 3.3 **Governors received and approved the minutes of the Special meeting on 11 May 2021.**
- 3.4 **Governors received and approved the confidential minutes of the Special meeting on 11 May 2021.** As a matter arising it was noted that the Revolving Credit Facility was now in place.

3.5 **Governors received and approved the minutes of the Strategic Session on 11 June 2021.**

3.6 **Matter Arising: Confidential minute**

4 FEEDBACK FROM RECENT COMMITTEE MEETINGS

4.1 The Chair invited Committee Chairs to feed back on recent meetings. The following points were highlighted:

4.1.1 The CSQI had considered the Curriculum Plan which was on the agenda.

4.1.2 The F&GP had met recently and reviewed the reforecast and budget for 2021/22. It had also considered an HR Strategy and debt write offs.

4.1.3 The Search and Governance Committee had considered succession planning, feedback from the Chair's 1:1s and Performance Review, a revised Conflicts of Interest Policy which now included reference to curriculum and quality conflicts and the governance improvement action plan.

4.1.4 The Audit Committee has reviewed the risk register and discussed the changes in risk ratings. Internal audit reports were reviewed including the follow up report with seven out of nine recommendations completed, and a second apprenticeships audit which showed improvement from the previous report although there was still work to do. Changes to the Post-16 Audit Code of Practice and Accounts Direction were considered and a separate session was being run for governors by the auditors. Discussion took place around the reappointment of external auditors and the external audit plan.

4.2 **Governors noted feedback from recent committee meetings.**

5 GOVERNOR VISIT REPORTS

5.1 Simon Meakin reported on a recent visit. The following points were highlighted:

5.1.1 The visit had looked at how the College was coping with COVID-19 particularly in terms of how practical sessions were being restarted, and how capital funding had been spent.

5.1.2 The visit had been very encouraging. Students were working safely and were confident they could get their work done in time. All were comfortable with the arrangements to keep them safe. There was a low number of drop outs.

5.1.3 Refurbishments had visibly improved the College environment.

5.2 **Governors received and noted the visit reports.**

6 STUDENT SURVEYS 2021

6.1 The Quality Development Manager presented a paper on the outcomes of the College's student surveys. The following points were highlighted:

- 6.1.1 The student survey and the apprenticeship student survey were conducted from 12 - 30 April 2021. The survey would normally have been completed in January but was delayed until students returned to onsite learning. This was the first year of conducting the apprenticeship student survey in this way.
 - 6.1.2 4,996 students were invited to complete the student survey; 2,398 completed the survey, a response rate of 48%. This was 4% lower than the previous academic year. Further work was being done to explore how to improve the response rate in the future.
 - 6.1.3 1,093 apprentices had the opportunity to complete the apprenticeship student survey; 340 completed the survey, a response rate of 31%.
 - 6.1.4 The overall Agree percentage for the Student Survey was 85%, the same as for the previous two academic years.
 - 6.1.5 There were very positive responses to questions on teaching and learning including: 'tutors know their subjects well', 'teaching on my course is good' and 'my tutors constantly encourage me to do my best'.
 - 6.1.6 The survey questions with the highest agree rate were around the importance of reporting any symptoms of COVID-19 immediately, tutors knowing their subjects very well and guidance on keeping safe during the pandemic.
 - 6.1.7 The survey questions with the lowest agree percentages were around use of ProPortal and participation in and satisfaction with the online enrichment programme.
 - 6.1.8 Diversity indicators showed that students with EHCP, disabilities, free school meals and in care were more satisfied.
 - 6.1.9 There was a gap between ethnic groups. White and Black African students were the least satisfied ethnic group (77%) and Asian (other Asian background) were most satisfied (91%) a gap of 14%.
- 6.2 Governors asked a number of **questions** including:
- 6.2.1 **Whether there were persistent gaps between some groups.** There tended to be.
 - 6.2.2 **What impact had there been looking back at the outcomes from previous surveys?** Where results were low, Curriculum Areas held follow up discussions with students to gather more qualitative data; actions plans were then put in place to make improvements.
 - 6.2.3 **Whether there was any link between the low satisfaction rating for leadership and management by apprentices and what the internal audits had found.** The audit was looking at controls and funding compliance rather than quality. However it was acknowledged that although a lot had been done to stabilise quality, there was still work to do. In completing the survey, apprentices were commenting on their whole year experience including their employment and their experiences would inevitably have been mixed over the past 18 months because of the pandemic.
- 6.3 **Governors noted the report and commented that given the disrupted year, the maintenance of the satisfaction levels was a credit to the College and to the resilience of students.**

7 EQUALITY AND DIVERSITY POLICY

- 7.1 The Director of Student Services and Marketing presented a revised Equality and Diversity Policy for approval. The following points were highlighted.
- 7.1.1 The Policy had been slightly amended to reflect the advice of a recent review of the College's HR policies in respect of types of bullying, harassment and victimisation and to include the International Holocaust Remembrance Alliance (IHRA) definition of anti-Semitism.
 - 7.1.2 Ofsted inspectors had seen the Policy during the ITE inspection, prior to these amendments, and offered no comments.
 - 7.1.3 The College had recently strengthened its resources around equality, diversity and inclusion from 1 FTE to 1.65 FTE.
- 7.2 Governors asked a number of **questions** including:
- 7.2.1 **In updating the Policy had any reflections from the strategic session earlier in the year been taken into account?** Following that discussion, one of the main objectives going forward would be action around race and further work on this would be needed.
 - 7.2.2 **Had any areas of concern been raised by unions over the Policy.** Once the Policy was approved it would be shared with staff and any issues picked up then.
 - 7.2.3 **How would this be communicated?** It would be shared on the website and intranet.
- 7.3 **Governors approved the Equality and Diversity Policy.**
- 7.4 **It was noted that this would be David Jackson's last meeting as he was retiring. Governors thanked him for his significant contribution to the College and to supporting and keeping students safe, and wished him well.**

8 FINANCE REPORT (PERIOD 10) AND SUMMER TERM REFORECAST

- 8.1 The Deputy Principal presented the finance report (period 10) and Summer term reforecast. The following points were highlighted.
- 8.1.1 The year-to-date result was an operating surplus after restructuring costs of £109k compared to the budgeted deficit of £16k.
 - 8.1.2 The latest data return suggested the College remained slightly down on its 16-18 learner responsive learner number and funding target.
 - 8.1.3 Apprenticeship income was on track to meet the forecast figure of £4 million. The only unknown at this stage was EPA income which was forecast at £400k but could be higher.
 - 8.1.4 The AEB income remained the area of greatest risk. There had been little change since the end of May and income was likely to be in line with the spring 2 reforecast. Between 58-60% of the allocation was expected to be achieved. Recruitment including summer schools was continuing.

- 8.1.5 Overall, HE income was on target. Advanced learner loans were down slightly because of some withdrawals.
 - 8.1.6 A reduction in income for PMLD had been assumed with a worst-case loss of £78k.
 - 8.1.7 The costs of putting in place COVID-19 testing and other measures to cope with the pandemic were estimated at £1 million; the College had received £39k. It had also spent around £150k on the teacher assessed grades (TAGs) process, for which there was no compensation.
 - 8.1.8 Pay continued to be tightly controlled.
 - 8.1.9 Non-pay savings of £360k had been identified. The ESFA had confirmed that the matched funding for the T level specialist equipment allocation was based on affordability; given the £3.2 million clawback, the College could no longer afford to match fund the allocation and so £200k for equipment purchases had been released.
 - 8.1.10 A summer reforecast had been undertaken. Overall, the expected total comprehensive income after restructuring costs had increased by £450k, from a deficit of £1,451k to a deficit of £1,001k.
 - 8.1.11 Following the summer reforecast, the College was predicted to meet its bank covenants and remain in the 'requires improvement' financial health rating. The position was sensitive and adverse movement of £100k could lead to the College breaching covenants.
 - 8.1.12 The period 11 accounts suggested that the outturn might be slightly better than planned.
 - 8.1.13 The College had adequate cash balances for operational purposes for the remainder of the academic year but would suffer cashflow pressures from the repayment of grants in 2021/22.
- 8.2 **The Chair of F&GP confirmed that the Committee had considered the report in some detail, particularly looking at the £100k sensitivity and the implications for the bank covenants.**
- 8.3 Governors asked a number of **questions** including:
- 8.3.1 **Whether the announcement about the business case approach might help with the capital projects that had been affected or was it now too late?** It was too late for the Wave 2 project. However, an improved financial position would help with future bids for which the College would need to make a contribution and take out a bank loan.
 - 8.3.2 **Was it likely that the Lennartz payment would come out in July?** Further advice was needed from the VAT advisor on the best approach to take. Those colleges wishing to pursue their claims would not be able to claim relief on utilities.
 - 8.3.3 **It was sensible to be cautious in this respect.** Acknowledged.
 - 8.3.4 **Whether the auditors were comfortable with the £100k sensitivity.** This had been discussed at F&GP and there were other sources of income to mitigate the possible impact. The letter from the bank confirming its position on exceptional COVID-19 related items would be shared with the auditors.
 - 8.3.5 **What were the levels of materiality?** At the upper end, £500k, and £36k at the lower end for each transaction.

- 8.4 **Governors noted the Period 10 finance report, and approved the summer term reforecast.**

9 PROGRESS REPORT ON OPERATING STATEMENT 2020/21

- 9.1 Principal presented a progress report on the Operating Statement for 2020/21. The following points were highlighted.
- 9.1.1 Areas of good progress and areas of concern were highlighted within the paper. Many of these had already been discussed throughout the year.
 - 9.1.2 The good outcome from the ITE inspection was highlighted; this had been an intensive inspection with six inspectors for 32 students.
 - 9.1.3 A rigorous TAGs process had been undertaken. A few extended deadlines had been requested and the aim was for there to be only a few appeals as last year. It had been a robust process with a huge amount of work undertaken by staff including extensive consideration of individuals' circumstances during the year.
 - 9.1.4 There was an ongoing impact on apprenticeship recruitment which would continue into the following year.
- 9.2 In response to a **question** as to why T level preparation was rated red, it was explained that this was because of the materiality of the work rather than the absence of preparation. A lot had been undertaken but recruitment was still in progress.
- 9.3 **Governors noted the report.**

Anne Frost left the meeting.

10 2021/22 PLANS

- 10.1 The Principal presented the Curriculum Delivery Plan for 2021/22. The following points were highlighted.
- 10.1.1 The plan had previously been discussed by CSQI and was felt by the Committee to be a well-written document particularly in setting out how the main blocks of funding were affected by policy.
 - 10.1.2 It continued to be an uncertain environment for apprenticeships; there would be fewer carry-ins for 2021/22 and it was difficult to anticipate what demand would be; this would need to be kept under careful review.
 - 10.1.3 The changes to funding rules following Brexit would have an impact with many more people now not eligible for funding. Around 80k people had applied for settled status in the City, double what had been expected. Whereas previously people could rely on the status of their family members to be eligible for funding, now they had to have settled status themselves. This would affect ESOL numbers particularly although it was difficult at this stage to model what the impact would be. It was unclear whether all government departments understood the implications as DWP were still referring people who were ineligible. This was likely to be an issue that affected some areas of the country more than others.
 - 10.1.4 Despite these uncertainties, it was felt sensible to work with the

proposed Curriculum Plan and Budget for the start of the year and review both as early as possible in October once enrolment numbers were known.

10.2 Governors approved the Curriculum Delivery Plan for 2021/22.

10.3 The Deputy Principal presented Budget for 2021/22 and Financial Plan for 2022/23. The following points were highlighted.

- 10.3.1 The budget for 2021/22 set out a breakeven position of £27k surplus. The College's EBITDA would be £2,011k (4.6%) in 2021/22 rising to £3,010k (6.7%) in 2022/23 which was closer to the FE sector benchmarks. It was noted that some elements were excluded from the figures in the appendices.
- 10.3.2 Total income for 2021/22 was forecast to increase by £3.1 million to £46.3 million.
- 10.3.3 It was assumed that £500k of efficiencies would be achieved. The position would be reviewed after recruitment had taken place and if necessary, targeted efficiencies would be needed.
- 10.3.4 Pay expenditure in 2021/22 would increase by £1.2 million before restructuring costs. Pay awards and the pay progression were included although these might need to be reviewed depending on the efficiencies required.
- 10.3.5 Non-pay expenditure of £15 million was included with £4.5 million for continued investment in capital projects, estates improvements and IT.
- 10.3.6 One of the financial objectives, generating cash inflow from operating activities, would not be achieved in 2021/22 due to the AEB clawback being paid in December 2021.
- 10.3.7 Financial health under the ESFA criteria graded the College as 'Good' in 2021/22 with a point score of 180. However, this was sensitive to a small adverse movement of £30k. Cashflow remained healthy; gearing was low. The planned budget met all banking covenants.
- 10.3.8 The assumptions and sensitivity of the budget and financial plan had been discussed in detail at F&GP. If the overall position moved to a deficit of £1.1 million, the College would breach one of its bank covenants although the financial health would remain 'Requires Improvement'. If the position moved to a £1.5 million deficit with a financial health score of 130 points, the College would move into early intervention and bank covenants would be breached. A £3.2 million deficit would move the College into formal intervention.

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

- 10.4.1 **It was a considerable achievement to set a breakeven budget given the past year and the AEB decision. F&GP had looked at the budget in detail and noted that given the sensitivities and assumptions, it would want to keep a close eye on the financial position and an early review in October would be sensible.** Agreed; early action would be taken if necessary.
- 10.4.2 **It was inevitable that there would be some unknown factors during the year.** Acknowledged; these would be factored into reforecasts.

10.5 **Governors:**

10.5.1 **approved the financial plan for submission to the ESFA**

10.5.2 **approved the 2021/22 budgeted income and expenditure account, balance sheet and cash flow contained within the plan**

10.5.3 **approved the capital expenditure budget for 2021/22**

10.5.4 **noted the 2022/23 financial plan and its assumptions.**

10.6 The Principal presented the Partnerships Report. The following points were highlighted.

10.6.1 The paper described the range of partnership activity in its widest sense including subcontracting.

10.6.2 Subcontracting had reduced significantly and the existing HE contracts would finish in 2021/22; the College would want to grow its own HE activity although this would continue to be challenging.

10.6.3 New partnership working included the Institute of Technology and work with the National Space Centre, Leicestershire Police and a new digital skills partnership looking at increasing workforce digital capability.

10.7 **Governors approved the Subcontracting and Tendering Policy, the revised Subcontracting Statement, the contract variation for 2020/21 and the overall contract values for 2021/22.**

10.8 The Principal presented the Operating Statement for 2021/22. The following points were highlighted.

10.8.1 The Operating Statement was similar to the current year. Much would depend on enrolment in the new term.

10.8.2 T levels would be offered from September. The College had prepared well and recruitment was looking good; this would be monitored by CSQI.

10.8.3 There was more work to do around aligning to the Education Inspection Framework (EIF) and preparation for inspection particularly around enrichment. The College would inherit students who had had a very disrupted education and might need additional support.

10.8.4 Additional actions had been included around the climate emergency and these would also be picked up in the new Strategic Plan.

10.9 **It was noted that there had been some developments on the EIF including a move away from college produced data and a shift in how 'Intent' was being viewed, focussing mainly on the curriculum context rather than strategic intent.** Noted; it would be helpful to understand any changes in emphasis to ensure the College was concentrating on the right things.

10.10 **Governors approved the Operating Statement for 2021/22.**

11 INSTITUTE OF TECHNOLOGY

11.1 The Vice Principal for Study Programmes and Apprenticeships presented an update on the Institute of Technology (IoT). The following points were

highlighted.

- 11.1.1 The IoT was focussed on space, manufacturing, digital, cyber, electronic/mechanical engineering, and advanced manufacturing skills. It aligned well with the Government's skills agenda, increasing training and skills at Levels 4, 5+, boosting regional growth and supporting widening participation, lifelong learning, and 'levelling up.'
- 11.1.2 The College had made a major contribution to the bid not just as an FE lead partner but in contributing the underpinning evidence. The process had strengthened relationships across the region and enhanced the College's reputation.
- 11.1.3 If successful, the IoT would be administered through a joint vehicle company (IoTCo), limited by guarantee, owned and operated through the core delivery partners. The company would be the licensee and accountable body for the IoT, and responsible for transferring the capital grant received from DfE to the partners.
- 11.1.4 The IoT would be overseen by a board of Directors with a representative from all core delivery partners and two representatives from the core employers.
- 11.1.5 Discussions were ongoing over how the contribution to the central pot would be split.

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

11.2.1 If the bid were successful, things would need to move quickly?

Correct; the working groups would continue to meet to ensure that progress could be made ready for a September 2022 start. If the bid were unsuccessful, the partners were still keen to work collaboratively on progression routes.

11.3 Governors approved the College's membership of the Joint Vehicle Company (IoTCo) should be bid be successful.

12 REAPPOINTMENT OF EXTERNAL AUDITORS

12.1 The Chair of the Audit Committee presented a paper setting out the recommendation of the Audit Committee to reappoint KPMG as External Auditors. The following points were highlighted.

- 12.1.1 KPMG had been the College's auditors since 2012 with an extension agreed in 2017 and rotation of staff during the period. The current market was seeing significant increases in fees as a result of additional work around going concern and changes to auditing standards.
- 12.1.2 Although the College was out of contract, in view of the unprecedented circumstances of the pandemic and the current audit market, it was proposed to reappoint KPMG for a further two years to cover up to 31 July 2022 but to complete a full tender process within that period.
- 12.1.3 There had been a good debate at the Audit Committee with differing views expressed but a conclusion that this was a pragmatic approach.

12.2 Governors approved the reappointment of KPMG as External Auditors to

cover years ending 31 July 2021 and 31 July 2022.

13 RISK MANAGEMENT STRATEGY 2021/22

13.1 The Chair of the Audit Committee presented the Risk Management Strategy for 2021/22. The following points were highlighted.

13.1.1 The Risk Management Strategy had been considered by the Audit Committee. The Strategy informed the audit plan for the year including internal and external audit and other external reviews which were set out in the assurance map.

13.1.2 The Strategy had not changed but the risks had been revised to include new funding risks, the White Paper/Post-16 Education Bill, T levels, hybrid working and mental health.

13.1.3 The College's approach to risk management had last been reviewed in 2017 and it was felt sensible to review this again, possibly during the current year.

13.2 In response to a **question** as to when the risk process could be reviewed, it was confirmed that this might sensibly take place after the new Strategic Plan had been produced although this could be early in 2022/23. This would be followed up with the Chair of the Audit Committee.

13.3 **Governors approved the Risk Management Strategy for 2021/22.**

14 COMMITTEE TERMS OF REFERENCE

14.1 The Director of Governance and Policy presented the revised Committee Terms of Reference for approval. The following points were highlighted.

14.1.1 All committees had reviewed their Terms of Reference. Minor changes were proposed to the Curriculum Strategy and Quality Improvement Committee and Search and Governance Committee.

14.1.2 Audit Committee included a number of amendments to reflect changes set out in the Post-16 Audit Code of Practice.

14.2 **Governors approved the Committee Terms of Reference.**

15 CORPORATION WORKPLAN 2021/22

15.1 The Director of Governance and Policy presented the Corporation workplan. The following points were highlighted.

15.1.1 The workplan followed a similar format to previous years but further meetings would be called if required and additional agenda items would be added as necessary.

15.2 **Governors approved the Corporation Workplan for 2021/22.**

All members of staff and students left the meeting.

16 SENIOR POSTHOLDER SALARIES

16.1 The Chair of F&GP presented the annual report on senior post holder remuneration from the F&GP. The following points were highlighted.

16.1.1 All salary changes had been discussed by F&GP and then agreed by Corporation in December 2020.

16.1.2 The multiple of the College average salary in respect of the Principal's salary was 0.1 higher than last year. This reflected pay increases and possibly that lower graded staff worked less overtime during the pandemic because of the College closure.

16.2 **Governors received the annual report on senior post holder remuneration.**

16.3 The Chair of F&GP presented the senior post holder salary framework. The following points were highlighted.

16.3.1 One minor change was proposed, to include reference to the local and regional picture when analysing the current market position, to ensure the College was paying competitively and appropriately.

16.4 **Governors approved the senior postholder salary framework for 2021/22.**

17 GOVERNOR APPOINTMENTS

17.1 **Governors received and noted the paper.**

18 ITEM FROM AUDIT COMMITTEE: RISK UPDATE

18.1 **Governors received and noted the paper.**

19 ITEM FROM SEARCH AND GOVERNANCE: CHAIR'S PERFORMANCE REVIEW

19.1 **Governors received and noted the paper.**

20 ANY OTHER BUSINESS

20.1 Governors thanked staff for their work during a very challenging year. The Principal in turn thanked governors for their ongoing support and challenge during the year.

21 DATES OF NEXT MEETINGS

- 16 September 2021 – Informal 4.00pm – 5.30pm
- 28 October 2021
- 25 November 2021 – Special meeting 12.30 – 9.00pm
- 15 December 2021
- 27 January 2022 (tbc)
- 16 March 2022

- **10/11 June 2022 – Away Day**
- **6 July 2022**