

CORPORATION/COMMITTEE PAPER

Finance and General Purposes Committee

1 December 2021

<i>TITLE</i>	Minutes of the previous meeting held on 6 October 2021
<i>PURPOSE</i>	To receive, agree and approve the minutes of the previous meeting held on 6 October 2021
<i>RECOMMENDATION</i>	Governors are recommended to note the minutes and agree their accuracy

<i>No. of pages in main paper</i>	10
<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>	-
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MINUTES OF A MEETING OF THE BOARD OF LEICESTER COLLEGE CORPORATION:

FINANCE AND GENERAL PURPOSES COMMITTEE HELD ON 6 OCTOBER 2021



Present:	Danielle Gillett (Chair) Verity Hancock	Chan Kataria Tim Gray
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 4-6)

1 DECLARATION OF INTERESTS

- 1.1 There were no declarations of interest.

2 APOLOGIES FOR ABSENCE

- 2.1 Apologies for absence were received from Jonathan Kerry, Ed Marsh and Caroline Tote.

3 MINUTES OF PREVIOUS MEETING AND MATTERS ARISING

- 3.1 **The minutes of the meeting held on 23 June 2021 were received and agreed.**
- 3.2 **The confidential minutes of the meeting held on 23 June 2021 were received and agreed.**

4 HEALTH AND SAFETY ANNUAL REVIEW

- 4.1 The Director of Estates and Campus Services presented the Health and Safety Annual Review for 2020/21. The following points were highlighted.
- 4.1.1 Key developments during the year included the appointment of an additional Health and Safety Officer, a huge amount of work in dealing with the pandemic including on site testing, support for other departments and keeping up with government guidance. Policies had been revised to reflect COVID-19 requirements and risk assessments completed.
- 4.1.2 The number of accidents, 59, was lower than previous years largely because of the prolonged closure periods during lockdowns. It was

therefore difficult to draw any conclusions on trends. More accidents were reported at Freeman's Park which was unusual. The vast majority of accidents were minor. There was one reportable event; the case had now been closed by the HSE.

- 4.1.3 A new accident reporting system had been developed.
- 4.1.4 Statutory testing had been completed and a Fire Service Review completed which identified no issues.
- 4.1.5 Staff completion of mandatory training was high at over 90%. Instances of non-completion were followed up by managers.
- 4.1.6 Other objectives for the coming year were outlined and included improving information and communication of H&S issues with staff.

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

- 4.2.1 **Why there were more incidents of unruly behaviour at APC and what sort of behaviour was involved?** This was essentially down to there being more students on the site. Unruly behaviour was generally minor things like running, failing to move from steps, spitting.
- 4.2.2 **Was there any connection between the unruly behaviour and the number of unauthorised entries?** Not obviously. The site was more open but most of the unauthorised entries were friends of students.
- 4.2.3 **How were drills managed when there might be fewer staff on site and some students might miss the drills?** A video was being recorded to show students who may have missed the drills what to do. The core of staff involved in the drills would be estates and facilities staff who would always be on site.

4.3 **Governors noted the Health and Safety Annual Review.**

5 FINANCE REPORT (PERIOD 12)

5.1 The Deputy Principal presented finance report (period 12). The following points were highlighted.

- 5.1.1 The year end result was an operating deficit after restructuring costs of £686k compared to the budgeted deficit of £1,001k.
- 5.1.2 The latest data return suggested the College was slightly down on its 16-18 learner responsive learner number and funding target. This had been impacted by the lockdowns imposed during the year, as the College normally recruits in ESOL and REEN throughout the year.
- 5.1.3 Predicting the AEB outturn for the year had been challenging throughout the year. The year-end income earned was included in the Period 12 accounts as 64% of the allocation at £6.8m although it was now closer to 68% as a result of better than expected recruitment in term 3. This would result in a £2.3m cash clawback.
- 5.1.4 The College had submitted a business case to retain £2.1 million based on an assessment of costs it had incurred during the year.
- 5.1.5 Apprenticeship income was below the summer reforecast target figure of £4.3m, at £4m.
- 5.1.6 Overall, HE income was in line with target.

- 5.1.7 The College had met its bank covenants and remained in the 'requires improvement' financial health rating, based on the draft year end accounts.
- 5.1.8 There were adequate cash balances for operational purposes for the coming two years although there would be cashflow pressures from the repayment of grants in 2021/22.
- 5.1.9 Work on the draft accounts was ongoing and the final position was subject to the external audit, the outcome of the business case and the final funding claim.

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

- 5.2.1 **Would the outturn assume 64% of AEB was achieved?** It would assume 68% had been achieved.
- 5.2.2 **Why was some capital funding switched to revenue?** This included some lower value items which the College had been advised to treat as revenue.
- 5.2.3 **How were the savings in central costs achieved?** This was largely accounted for by the drop in apprenticeship employer incentives which would have been matched against income. It also included the removal of some bad debt provision which had not been needed. External auditors were still undertaking their work including a mini funding audit which was now required by the ESFA.
- 5.2.4 **What would be sanctions if issues were found?** The audit sample might be extended but if they were still not satisfied, the ESFA might extrapolate to the whole allocation and claw back funding.
- 5.2.5 **What would be the impact of the Business Case if it were successful?** The accounts assumed that it would not be successful and so showed a worst case position. If it were successful, it might be necessary to restate the financial statements, depending on the amount of funding the College was allowed to retain. The materiality level was £860,000; the business case was for £2.1 million. The case presented strong arguments on the basis of local circumstances and evidence of trends in recruitment and local need.
- 5.2.6 **When would the outcome be known?** The ESFA indicated it would confirm by 15 November. There was an appeals process which would conclude by 30 November. If necessary, a single item meeting of the Committee would be called to consider the impact on the financial statements.
- 5.2.7 **It would be important to make sure than any positivity around a successful business case did not mask any under recruitment for example around apprenticeships.** Agreed; weekly meetings were taking place to monitor apprenticeships and a reforecast was already underway.

5.3 Governors noted the period 12 finance report.

6 ESTATES AND CAPITAL UPDATE

6.1 The Director of Estates and Campus Services presented an estates and capital

update. The following points were highlighted.

- 6.1.1 The College had received £1.746 million in funding in September 2020 to upgrade areas of the estate graded B, C and D. This amount was to be match funded at a level of 20% from College funds. This had to be spent by 30 September 2021 which had been achieved.
- 6.1.2 Projects and areas of spend were described and included work on toilets across campuses, updates to the fire refuge system, roof works, mechanical and ventilation works, a redecoration of the restaurant and decoration across all sites. Photographs of the works undertaken were shown.
- 6.1.3 Following the decision not to proceed with match funding (£1.8 million) for the re-development of C Block to support T levels, £600,000 was allocated by the College to refurbish rooms at APC C and D blocks, and SMC. This took place during summer 2021 with the student classroom experience unaffected by the decision to not proceed with the larger project.

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

- 6.2.1 **Whether there had been any cost inflation to projects.** There had; it had been estimated that had the T level project gone ahead, £400k would have been added to the costs.
- 6.2.2 **What was happening with the T level Wave 4 new build?** It was still hoped that this would be possible although announcements about future capital funding for T levels were still awaited and might follow the CSR.
- 6.2.3 **Was there any work around decarbonisation?** The Sustainability Committee had just been relaunched and would be working to the Association of Colleges' sustainability roadmap. An action plan would be developed with costs identified.

6.3 **Governors noted the estates and capital update.**

7 REGULARITY SELF-ASSESSMENT

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

- 7.1.1 The completion of the questionnaire supplied by the ESFA was a requirement of the end of year process.
- 7.1.2 The questionnaire had also been considered by the Audit Committee which was content with the proposed responses.

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

- 7.2.1 **Who would sign the document?** This would be the Chair and Principal.
- 7.2.2 **Who would this go to?** It would be sent to the external auditors.
- 7.2.3 **The only question with a negative response related to an**

appropriate policy for approving long term development expenditure; was a policy needed? The College had an Estates Strategy which would provide the long-term plan but given the short-term and uncertain nature of capital funding, longer-term development expenditure was not available.

- 7.3 **Governors agreed to recommend the regularity self-assessment questionnaire for signature by the Chair and Principal.**

8 FINANCIAL REGULATIONS

- 8.1 The Deputy Principal presented a revised version of the Financial Regulations. The following points were highlighted.

- 8.1.1 The main changes to the Financial Regulations were highlighted. They included a new table reflecting changes to the levels of approval and authorisation for signing contracts
- 8.1.2 With the advent of hybrid working, a new section concerned with the acceptance of electronic signatures had been added.
- 8.1.3 A slight change had been made to the approval of severance payments to reflect more recent practice.
- 8.1.4 An update to the procurement regulations following the exit from the European Union had been added
- 8.1.5 Some changes to levels of authority and limits were proposed. Given the levels of capital grants currently being received, the maximum investment with the College's clearing bank had been increased from a net balance not exceeding £5m to a net balance not exceeding £10m.

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

- 8.2.1 **Whether there had been any severance payments over £10k.** Not in the past year; most payments were much smaller; the largest was £7k.
- 8.2.2 **Whether larger payments would be authorised by F&GP.** They would. Larger payments would be more likely to involve members of the senior leadership team and so the Committee's approval would be sought.

- 8.3 **Governors approved the revised Financial Regulations.**

9 PAY GAPS

- 9.1 The Director of HR presented papers on the gender and race pay gaps. The following points were raised.

- 9.1.1 The College was required to publish its gender pay gap. The mean and median pay gaps had both reduced to 7.8% and 9.0% respectively. This was largely due to pay progression. The College had tight pay scales.
- 9.1.2 There remained a gap but this was a function of the College employing

- a large number of women in lower paid roles and not outsourcing lower paid roles.
- 9.1.3 The College compared well with other local colleges in terms of gender pay gaps.
 - 9.1.4 The race pay gap was not a legal requirement but was calculated using the same methodology as for gender.
 - 9.1.5 The race gap was lower than for gender although had increased slightly on the previous year. This was likely to be due to a reduction in the number of part-time lecturers employed during the year although the numbers involved were smaller than for gender and therefore data was more volatile.
 - 9.1.6 Work had been undertaken during the year to train staff and undertake positive action to look at the under-representation of minority ethnic groups in management roles. A project funded by the ETF was underway to investigate this.
- 9.2 Governors made the following **comments**:
- 9.2.1 **Without other data it was hard to know how the College compared and so it would need to benchmark against itself.**
 - 9.2.2 **It was good to be ahead of the game; it was likely that this reporting would be made compulsory at some point.**
- 9.3 **Governors noted the reports on the College's gender and race pay gaps.**

Tim Gray left the meeting

10 ENROLMENT UPDATE

- 10.1 The Principal gave an update on enrolment. The following points were highlighted.
- 10.1.1 The process had gone more smoothly than the previous year and although mainly online included options for people to come on site to enrol where necessary. There had been more late enrolments than ever before which appeared to be the case across the sector.
 - 10.1.2 There was a huge increase in the number of students with support and mental health needs. The College would be working to reduce the number of negative withdrawals as much as possible.
 - 10.1.3 16-18 recruitment was at 98% of plan and should meet target by the year end. There were lower numbers in childcare and sport.
 - 10.1.4 T levels were largely on target except for science.
 - 10.1.5 The new starts target for Apprenticeships had been met but there was lower carry in from the previous year and so income would be down.
 - 10.1.6 ESOL was looking to be at a similar level to 2018/19 but Brexit meant that there were changes to funding eligibility which needed to be checked and were slowing the enrolment process.
 - 10.1.7 Skills for Life was 10% down which might be due to people prioritising work. The City Skills Centre which mainly included referrals from the DWP was on target.

10.1.8 HE was down on full-time numbers but had over recruited on part-time.

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

10.2.1 **Whether there appeared to be any indication of students starting A levels changing their mind and coming to the College.** It was too early to tell. Other colleges were reporting growth in A levels.

10.2.2 **Whether BTECs were still available.** There were and ran alongside T levels. There was competition for both from local sixth forms.

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

11 POLICIES

11.1 The Director of HR presented the Working Practices Policy, Hybrid Working Policy and Staff Grievance Policy. The following points were raised.

11.1.1 The College had made a lot of progress in flexible working during the pandemic and it was working well.

11.1.2 Moving forward, the College wanted to adopt to a more flexible working model to enhance staff wellbeing, improve productivity and make potential savings whilst contributing to the sustainability agenda. Not everyone would be able to work at home effectively and the benefits of more flexible working needed to be balanced against the needs of students.

11.1.3 A Flexible Working Practices Policy outlined the three types of flexible working: flexible, hybrid and agile. The Hybrid Working Policy set out the approach to hybrid working. There was no contractual right to flexible working. Directors would take the decisions about who could work flexibly in their area and would need to be clear about boundaries.

11.1.4 The Staff Grievance Policy now incorporated bullying and harassment which had previously been in a separate policy; this was to make it simpler for staff and managers to work to. Staff including the College's Race Equality Network had been consulted about the changes.

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

11.2.1 **It would be good to identify savings from hybrid working and set targets for that.** Acknowledged.

11.2.2 **How would managers ensure it was not a free for all and not abused?** Training had been given to managers. They would be responsible for managing the application of the policy in their areas. No one would be compelled to work from home but some might be required to work on site, depending on their job role.

11.2.3 **The College had done well to put a policy in place; it might need to be reviewed as legislation changed.** Agreed; the policy would be kept under review.

11.3 **Governors approved the Working Practices Policy, Hybrid Working Policy**

and Staff Grievance Policy.

12 ESFA DASHBOARD

12.1 The Deputy Principal presented the ESFA Financial Dashboard. The following points were highlighted.

12.1.1 The dashboard confirmed the College's financial health. There were no issues with financial controls.

12.1.2 The information was historical and it confirmed what was already known.

12.2 **Governors noted the EFA dashboard.**

13 TREASURY MANAGEMENT

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

13.1.1 Investment and loan activity were set out. Daily cash balances were forecast to allow optimum investment of surplus balances.

13.1.2 Loan payments were made quarterly for the capital element and monthly for interest.

13.1.3 The Revolving Credit Facility was now in place.

13.1.4 Depending on the outcome of the AEB business case, the College might need to look at investment options again. It might also need to test the market position for the loan at the break point.

13.2 **Governors noted the report.**

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 good financial stewardship even when faced with challenges, discussion at meetings and feedback from other governors and a high level of scrutiny and challenge shown at the committee.

14.1.2 Areas for improvement and suggested actions included face to face meetings when possible, continuing updates on the funding regimes, occasional deep dives on some critical issues and greater awareness of the financial challenges.

14.2 **Governors asked how the Committee could improve its monitoring of the impact of expenditure and efficiencies on equality, diversity and inclusion across the College.** All papers now included specific reference to EDI implications and this would be picked up through the Corporation and other committee agendas throughout the year.

14.3 **Governors noted the report.**

15 BAD DEBT WRITE-OFF

15.1 The Deputy Principal presented a paper requesting authority to write-off debts that were considered uncollectable. The following points were highlighted:

15.1.1 The debt had been chased as far as possible and was now considered to be uncollectable.

15.1.2 There had been no previous write offs since 1 August 2021. With this recommendation, the cumulative total for the year would be £3,889.43.

15.2 **Governors considered the paper and agreed to approve the write-off of uncollectable debts totalling £3,889.43.**

16 TRADE UNION FACILITIES TIME REPORT

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

17 STAFF DEVELOPMENT ACTIVITIES REPORT 2020/21

17.1 **Governors received and noted the report on staff development activities in 2020/21.**

18 EMPLOYMENT TRIBUNALS 2020/21

18.1 **Governors received and noted the report on employment tribunals in 202/21. They noted it would be interesting to see if there was any impact on the number of ETs involving hybrid working.**

19 WAIVERS OF FINANCIAL REGULATIONS

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

19.1.1 **What the value of the Learning Curve and Hands On Mechanical contracts were?** Learning Curve was £30k, Hands On Mechanical contracts were £53k and £23k.

19.1.2 **Whether The Virgin/BT/EE orders were part of the same issue, i.e. a review of the College's telephony services.** No, they were for different and discrete services.

19.1.3 **Whether there was any scope for looking at preferred supplier status or use of frameworks for these services.** This would be looked into.

19.1.4 **Would there be other ways of demonstrating value for money?** There would; for example, quotes could be sought or an explanation that the College had previously tendered for similar work or that seeking another supplier would incur additional costs.

19.2 **Governors requested that future papers include information on the rationale for choice of supplier.**

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

20 DATE OF NEXT MEETING

1 December 2021

21 ANY OTHER BUSINESS

21.1 There was no other business.