

MINUTES OF A MEETING OF THE BOARD OF LEICESTER COLLEGE CORPORATION:

FINANCE AND GENERAL PURPOSES COMMITTEE HELD ON 5 OCTOBER 2022



Present:	Danielle Gillett (Chair) Verity Hancock Nicola Gonsalves Chan Kataria	Jonathan Kerry Lee Soden Caroline Tote*
In Attendance:	Louise Hazel Shabir Ismail Della Sewell Charles Buchanan	Director of Governance and Policy Deputy Principal/CEO Director of HR Observer – ETF/IOD external board reviewer

*Joined meeting online via Teams

1 DECLARATIONS OF INTEREST

- 1.1 Verity Hancock, Louise Hazel and Shabir Ismail declared an interest in item 13. Chan Kataria declared an interest in item 13 (EMH referenced); Shabir Ismail had become a member of the Board of EMH. Jonathan Kerry declared an interest in any items relating to Higher Education as a board member of De Montfort University.

2 APOLOGIES FOR ABSENCE

- 2.1 Apologies for absence were received from Ed Marsh.

3 MINUTES OF PREVIOUS MEETING AND MATTERS ARISING

- 3.1 The minutes of the meeting held on 22 June 2022 were received and agreed.
- 3.2 The confidential minutes of the meeting held 22 June 2022 were received and agreed.

4 ENROLMENT UPDATE

- 4.1 The Principal gave an update on enrolment showing data in the Matrix. The following points were highlighted.
- 4.1.1 16-18 was at 102% of plan with 3,412 against a target of 3,334, excluding supported learning students. This was an improvement on

the previous year. There would be attrition and a 'swap don't drop' campaign was being run to promote retention. There were lower numbers in hair and media. There were a lot of late enrolments which appeared to be the case across the sector.

- 4.1.2 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.
- 4.1.3 Adults were recruited throughout the year. 22% of the target had been achieved so far, this was on par with 2018/19. The assumption of 103% achievement was challenging but there had been a good start. Full-time adults were not recruiting as planned; this was probably a result of the cost of living crisis. The College would need to look at its full-time adult offer.
- 4.1.4 HE courses were still enrolling but were below target overall. Full-time numbers were down but there was over recruitment on part-time courses. Four courses had been suspended. DMU had not yet raised its tariff. Subcontracting had ceased.

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

- 4.2.1 **Why was data missing from some columns?** These were obsolete codes.
- 4.2.2 **Were there any capacity issues where there was high recruitment?** The College was not overstaffed so if people were off sick or had left the College, there would be gaps but the plan covered capacity. There had been more applications in some construction courses but not sufficient numbers to make a business case to the ESFA.
- 4.2.3 **Were the planned numbers similar to pre-COVID numbers?** They were based on an assessment of what would be achievable looking at previous recruitment and participation in open and experience days.
- 4.2.4 **Were there many adults on part-time courses in the day?** Most would be in ESOL or skills for life. There were very few on evening vocational courses.
- 4.2.5 **Were any adults switching to apprenticeships?** Not many.
- 4.2.6 **To what extent was the cost of living crisis impacting on drop out?** It was a bit early to know but it was affecting recruitment particularly for Access courses; people were prioritising work.

4.3 **Governors noted the update.**

5 **HEALTH AND SAFETY ANNUAL REVIEW 2021/22**

5.1 The Deputy Principal presented the health and safety (H&S) review for 2021/22. The following points were highlighted.

- 5.1.1 Key developments during the year included the launch of a new accident reporting system across the College; ongoing advice following the pandemic; improved communication through SharePoint webpages and new H&S noticeboards; the creation of a new H&S student induction for 2022/23; reviews of Health and Safety policies; and continuing with compliance with fire safety, risk management, and accident information.

- 5.1.2 The number of accidents, 124, was higher than the previous year (59) which was a Covid-19 disrupted year. It was difficult to draw any conclusions on trends but the increase in accidents was believed to be down to both better communication and the new accident reporting system which was more user friendly.
- 5.1.3 More accidents were reported at Freeman's Park which was usual given the practical nature of the offer. The vast majority of accidents were minor. There were no reportable events.
- 5.1.4 Completion of mandatory staff training was high at 95%. Instances of non-completion were followed up by managers.
- 5.1.5 Student training was now reported; this showed 86% completion for 16-18s. Adult completion was lower.
- 5.1.6 There had been a spike in bike thefts; a gang had been operating and it was a City-wide issue. Steps had been taken to re-site bike racks and increase the campus warden presence.
- 5.1.7 There were more students at Abbey Park which accounted for more incidents on that site; these included some low level unruly behaviour. The wearing of lanyards was being promoted and there was better compliance.
- 5.1.8 Objectives for the coming year were outlined.

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

- 5.2.1 **There were usually lots of people without lanyards including those coming for the restaurant.** Yes, although it was generally clear where members of the public were in College for the restaurant or salons.
- 5.2.2 **Did the instances of drug taking involve mainly soft drugs?** They did.
- 5.2.3 **What was the College's relationship with the HSE?** There was little contact with the HSE although advice was sought on specific issues on occasion.
- 5.2.4 **Would investment in measures to promote health and safety be a challenge given financial constraints?** The College would always prioritise measures needed for safeguarding and health and safety. It had invested in a new CCTV system and in an additional campus warden. The number of buildings that now had card access entry had been increased in response to student feedback.
- 5.2.5 **Were first aiders paid and were there enough of them?** They were paid. There were not enough and the pandemic had made it more difficult to encourage people to take on the role.
- 5.2.6 **What was being done to increase take up of training by adult students?** The priority was 16-18 and full-time students. Many adults would be on short courses and so might be reluctant to do any training but all would receive basic information on evacuation procedures and health and safety as it related to their course.
- 5.2.7 **It would be useful to provide more comparative data to show how figures compared to previous years. It would also be helpful to know how the number of accidents and incidents compared to the student population. Also, it was unclear whether the figures on staff training were good or not.** Noted. Comparison with the previous year had not felt to be helpful but comparative data would be

included in future reports.

- 5.2.8 **It would also be helpful to include some information on lessons learned.** Noted. Some of this would also be covered at the Health and Safety Committee.

- 5.3 **Governors noted the report and requested a mid-year Health and Safety update.**

6 FINANCE REPORT (PERIOD 12)

- 6.1 The Deputy Principal presented the finance report (period 12). The following points were highlighted.

- 6.1.1 The year end result was an operating deficit after restructuring costs of £1,080k compared to the budgeted deficit of £1,063k.
- 6.1.2 The latest data return showed that the College had not achieved its 16-19 learner responsive number and funding target.
- 6.1.3 It had also fallen short of the AEB target and would achieve around 82% of the allocation. Adult enrolment been impacted by the slow return of adult learners following COVID-19. There would be a clawback and this had been factored into the management accounts and cashflow forecast.
- 6.1.4 Apprenticeship income was below the summer reforecast figure excluding employer incentives and would outturn at £3.9m. The impact of COVID-19 on new starts in 2020/21 had resulted in fewer carry-ins for this year.
- 6.1.5 Overall, HE income was in line with the summer reforecast target.
- 6.1.6 Use of the tuition fund had been higher than predicted at around £840k.
- 6.1.7 The position for the year had been helped by the Lennartz claim but this was a one-off item.
- 6.1.8 The cash position was relatively healthy but would dip in March of each of the next two years.
- 6.1.9 The College had met its bank covenants and achieved a 'requires improvement' financial health rating, based on the draft year end accounts at 150 points. Work continued on the draft accounts and the final position was subject to the external audit review. The bank would continue to treat COVID-19 influenced factors as exceptional items for this year.

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

- 6.2.1 **Whether the predicted deficit included the COVID-19 exceptional item.** It did not, this would be included. An initial conversation had already taken place with the bank about the covenants going forward.
- 6.2.2 **What would the point score need to be to fall into 'inadequate'?** This would be 110 points and a deficit of £3-3.5 million. 130 points was the previous benchmark for intervention.
- 6.2.3 **Had any exceptional items been identified during the audit?** Not so far although work was still underway and auditors were doing rigorous checks around going concern.
- 6.2.4 **The position reflected the summer reforecast but what would**

happen next? The autumn reforecast would be started after the R03 return. The impact of enrolment on funding would be reviewed and plans for efficiencies would be developed.

6.2.5 **The budget had been set before some of the current pressures were known. It included some big assumptions particularly around adult recruitment. What was being done to look at the impact of these?** Withdrawals would be the main concern; after the 42 day deadline had been reached there would be greater certainty. There was also more pressure around pay even though the College had already made a pay award for the year. Other colleges were still negotiating their awards and this might raise expectations. However, there were good relationships with the unions and they were well informed about the College's financial position. SLT had already started to look at where there might be savings. All big cash spends were being reviewed. No new capital projects would be considered because of the need to match fund. There had not been a collapse in any curriculum areas and so curriculum efficiencies were likely to be at course level.

6.2.6 **What would be the impact of the energy cap for businesses?** This was being reviewed at the moment. The use of the estate was also being reviewed to see if any buildings or rooms could be mothballed or repurposed.

6.3 **Governors noted the period 12 finance report. Governors also noted that an additional discussion would take place to review R03 data in early November, to provide early insight into financial pressures on this year's budget.**

7 TREASURY MANAGEMENT

7.1 The Deputy Principal presented the Treasury Management Report. The following points were highlighted.

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

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

7.1.3 The variable loan was due to mature on 13 October 2022 and it was recommended that this arrangement was extended for three months on the current terms and conditions while options going forward were considered.

7.2 In response to a **question** as to whether the revolving credit facility was being used or was just a contingency, it was explained that at this stage it was just a contingency. There would be a non-utilisation fee but it was felt sensible to have this in place in advance of it being needed.

7.3 **Governors noted the report and approved the extension of the variable loan for three months.**

8 REGULARITY SELF ASSESSMENT

8.1 The Deputy Principal presented the draft regularity self-assessment

questionnaire. The following points were highlighted:

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

8.2 **Governors agreed to recommend signature of the regularity self-assessment by the Chair and Principal.**

9 **BAD DEBT WRITE-OFF**

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

- 9.1.1 The debts had been chased as far as possible and were now considered to be uncollectable.
- 9.1.2 During the academic year to date, from 1 August 2022, there had been no previous write offs. With this recommendation, the cumulative total for the year will be £12,654.48.

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

- 9.2.1 **How much did it cost to chase each debt?** It was around £20.
- 9.2.2 **Was debt chasing ever successful?** It was although the College would always take a view as to when and how far to chase debts.
- 9.2.3 **What controls were in place to avoid students accumulating large debts?** Debts covered the cost of the course. In cases of large debts such as that being written off, the student had indicated they would take out a loan for the programme but where the loan did not materialise, the College would need to invoice for the full amount.
- 9.2.4 **Was the write-off an accounting treatment?** No, the debts would need to be written off but there was provision of around £100k annually for bad debt write off.

9.3 **Governors considered the paper and agreed to approve the write-off of uncollectable debts totalling £12.654.48.**

10 **HR KPIS**

10.1 The Director of HR presented a paper on HR KPIs. The following points were highlighted.

- 10.1.1 Comparisons with previous years were difficult because of the pandemic.
- 10.1.2 There had been an upward trend in headcount figures over the past five years with 1,101 staff employed in 2022 compared with 1,063 in 2018. However, the FTE figure had decreased by 15.7 to 680.8 in the same time period.
- 10.1.3 A census of the workforce was carried out earlier in the year to encourage staff to share their protected characteristic data with the College. There had been improvements in all areas although there

was still work to do in targeting the gaps. Large numbers of the workforce had not declared their sexual identity (20%) or their religion (25%). The data for ethnicity had improved with only 3.4% not declared; 1.5% of those preferred not to say.

- 10.1.4 There had been little movement in the composition of the workforce by protected characteristic. 67% were women; 33% non-white; 6.2% had a declared a disability; 47% were 50 or older.
- 10.1.5 55% of the workforce had been with the College for more than five years which was a positive retention indicator. Turnover continued to increase following a more static period through the pandemic and was 2% higher at 14.1% than in the same period last year.
- 10.1.6 Sickness absence increased to 4.7 days per person from 4 days at the same point last year. Sickness levels had been affected by the pandemic which was a national trend.
- 10.1.7 Data showed that there continued to be a drop-off through the recruitment process in applicants from non-white backgrounds, predominantly Black rather than Asian applicants, with Black applicants 50% less likely to be successful. This had been a consistent finding over the past few years and was one of the reasons the College had undertaken the project with ETF funding with the Black Leadership Group.
- 10.1.8 Examples of HR case work were provided. A lot of work to support staff mental health had been undertaken during the past two years.

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

- 10.2.1 **Noting that 55% of staff were long serving, was anything done to re-induct them into College policies and procedures?** There was not a formal process although any changes to policies and procedures were communicated to staff. There was an opportunity to do more around reminding staff of the Employee Code of Conduct and standards of behaviour.
- 10.2.2 **It would be interesting to know what strategies were being deployed to increase the application success rates of non-white candidates.** It was proposed to ensure better and more diverse representation on interview panels, particularly for management roles.
- 10.2.3 **The number of grievances given the number of staff in the College suggested a well-managed team.** Acknowledged.

10.3 Governors noted the HR KPIs and requested more information on the work around staff wellbeing.

PAY GAPS

10.4 The Director of HR presented a paper on the gender pay gap. The following points were highlighted.

- 10.4.1 The College was required to publish its gender pay gap. The mean and median pay gaps had both narrowed to 8.3% and 5.6% respectively. This was largely due to pay progression. The College had tight pay scales.
- 10.4.2 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.
- 10.4.3 The College compared well with other local colleges in terms of gender pay gaps.

10.5 **Governors commented that it was good to see the gap narrowing; the gap was largely a factor of employing in house support staff.**

10.6 The Director of HR then presented a paper on the ethnicity pay gap. The following points were highlighted.

- 10.6.1 The race pay gap was not a legal requirement but was calculated using the same methodology as for gender.
- 10.6.2 The race gap had increased over the past three years but there were several factors behind this. The amount and accuracy of data collected in the staff census had improved. 202 staff received an increment during the year up to 31 March 2022 as a result of the restructuring of the pay scales in 2018. 28% were non-white and 72% were white. The white staff percentage was greater in all staff groups but particularly Teaching and Support Staff. In addition, 28% of leavers in the year were non-white and 37% of new starters were non-white; new staff were usually placed at the bottom of the scale and reached the top point after two and a half years.
- 10.6.3 The College looked at every opportunity to reduce pay gaps when changes around pay were made.

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

- 10.7.1 **It was good to be ahead of the game in terms of producing this data. The College should publicise the data, be accountable for it and be clear that it wanted to improve.** Noted.
- 10.7.2 **It was concerning that the College had a workforce that did not reflect the local community; it if was able to get that right, might that help with pay gaps?** There were some long standing cultural issues which made it hard to recruit non-white staff in some areas such as creative and performing arts and construction. This was starting to work through the industries but it remained a wider issue.
- 10.7.3 **What targets did the College have?** The Strategic Plan included a KPI to increase the number of non-white staff included.
- 10.7.4 **What was being done with the data, what actions were planned?** The data gathered in previous years had prompted the College to

undertake the research project with the Black Leadership Group. A leadership action plan was now in place and was being progressed by the SLT.

10.8 **Governors noted the gender and ethnicity pay gaps.**

11 **HOLIDAY PAY – SUPREME COURT RULING**

11.1 The Director of HR gave an update on the recent Supreme Court ruling on holiday pay. The following points were highlighted.

- 11.1.1 The ruling had confirmed that all staff must have 5.6 weeks of paid leave including bank holidays. It was possible to pro-rata hours in a week but not weeks so someone working 18.5 hours per week should have 5.6 weeks at 18.5 hours across the year.
- 11.1.2 Staff affected would be part time and sessional staff on continuous and permanent contracts including term time only, part-time lecturers and casual staff. Many colleges, schools and universities would face the same issues
- 11.1.3 The calculation for holiday pay that many organisations used was 12.07% added to pay as a separate element; the College paid 12.02% and had done for many years.
- 11.1.4 For staff working variable hours, average earnings excluding unpaid weeks would need to be calculated.
- 11.1.5 Part-Time Lecturer was a misnomer and the College would need to change the job title to sessional or variable hours.
- 11.1.6 The College would need to look at earnings and what staff should have been paid and what they should be paid going forward. Staff could claim unlawful deductions backdated for two years. There could also be some equal pay issues.
- 11.1.7 The liability was currently being calculated. Unions would need to be consulted and contracts would also need to be reviewed.

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

- 11.2.1 **What was the wording in the contract relating to bank holidays?**
It varied by contract.
- 11.2.2 **Had this been factored into the budget?** It had not.

11.3 **Governors noted the update.**

12 **COMMITTEE SELF ASSESSMENT**

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

- 12.1.1 Overall, the self-assessment was very positive with impacts identified and evidenced.
- 12.1.2 Areas for improvement and suggested actions included more briefings and deep dives on specific issues. These would be planned in for the year.

12.2 **Governors noted the outcomes of the self-assessment report.**

Verity Hancock, Louise Hazel and Shabir Ismail left the meeting.

13 SENIOR POSTHOLDERS SALARY REVIEW AND REMUNERATION ANNUAL REPORT - confidential

14 ANY OTHER BUSINESS

14.1 There was no other business.

15 WAIVERS OF FINANCIAL REGULATIONS

15.1 Governors **commented** that tendering for some of those contracts covered by waivers might have helped save money. Noted.

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

16 CAPITAL UPDATE: T LEVEL PLANS

16.1 In response to a **question** about why there was an expected overspend and what was being done about it, it was explained that this was due to rising costs of materials but the tender for the project was about to be issued and the project would be scoped down if needed to keep within the project costs.

16.2 **Governors received and noted the report on T Level capital plans.**

17 STAFF DEVELOPMENT ACTIVITIES REPORT 2021/22

17.1 **Governors received and noted the report on staff development activities.**

18 TRADE UNION FACILITIES TIME REPORT

18.1 **Governors received and noted the report on Trade Union Facilities Time.**

19 EMPLOYMENT TRIBUNALS

19.1 **Governors received and noted the report on employment tribunals.**

20 DATES OF NEXT MEETINGS

- 1 December 2022
- 1 March 2023
- 3 May 2023
- 22 June 2023