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

FINANCE AND GENERAL PURPOSES COMMITTEE HELD ON 4 MAY 2022

Present:	Danielle Gillett (Chair) Verity Hancock* Chan Kataria	Ed Marsh* Caroline Tote
In Attendance:	Louise Hazel Shabir Ismail Della Sewell Craig Paterson	Director of Governance and Policy Deputy Principal/CEO Director of HR Bespoke Consulting (item 3)

*Joined meeting online via Teams

1 DECLARATION OF INTERESTS

1.1 Verity Hancock, Louise Hazel, Shabir Ismail and Della Sewell declared an interest in item 3.

2 APOLOGIES FOR ABSENCE

2.1 Apologies for absence were received from Jonathan Kerry.

3 SENIOR POSTHOLDERS PAY REVIEW – Confidential minute

Verity Hancock, Louise Hazel and Shabir Ismail joined the meeting

4 MINUTES OF PREVIOUS MEETING AND MATTERS ARISING

4.1 **The minutes of the meeting held on 2 March 2022 were received and agreed.**

4.2 As a matter arising it was **asked** if there had been any update to the Changing the Face of FE report. Work was ongoing and there was nothing to update on at this stage.

4.3 **The confidential minutes of the meeting held on 2 March 2022 were received and agreed.**

5 FINANCE REPORT (PERIOD 8)

5.1 The Deputy Principal presented finance report (period 8). The following points were highlighted.

5.1.1 The College was on track to hit the spring reforecast position. The year-to-date result was an operating deficit after restructuring costs of £2,428k compared to the budgeted deficit of £2393k.

5.1.2 The College was not expecting to meet its 16-18 learner responsive learner number and funding target by the end of the year. There were still some withdrawals and achievement was not yet known.

5.1.3 Indications from the latest data return and discussions with the curriculum directors suggested that the College would also fall short of its AEB allocation. This was reflected in the spring reforecast.

5.1.4 Apprenticeship income was currently in line with the reduced spring reforecast target of £3.9m, excluding employer incentives. The impact of COVID-19 on new starts in 2020/21 had resulted in fewer carry-ins for this year.

5.1.5 A further reduction of £327k in HE income was included in the spring reforecast. This had associated cost savings of £27k

5.1.6 Pay continued to be very tight and it was unlikely there would be any further efficiencies. Pay and non-pay would be reviewed further in the summer reforecast.

5.1.7 The College continued to meet its bank covenants and remained in the 'requires improvement' financial health rating at 170 points. Cash balances were healthy. The bank remained supportive and discussions continued over the College's position.

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

5.2.1 **If the points total for the autumn reforecast should read 170 not 160.** It should, this would be corrected.

5.2.2 **The College was on track for the spring reforecast but the summer reforecast would be important.** Agreed, for the summer reforecast all lines would be reviewed again. Enrolment was still taking place for AEB provision in ESOL and City Skills.

5.2.3 **What was the risk around a £3 million adverse movement which would move the College from 'requires improvement' to 'inadequate' and intervention?** This was felt to be low risk; it might occur through a combination of lower income and/or higher costs but it was unlikely that the College would be in that position. The main concern was around the risk of breaking bank covenants. Dialogue had already taken place with the bank but it remained supportive. The College did not want to revisit the covenants.

5.2.4 **Was there anything in writing to indicate the bank's support?** This had not yet been requested. The summer reforecast and budget for next year would be completed and then a view would be taken as to which year would be under more pressure and at what point the bank's formal support might be needed.

5.3 **Governors <u>noted</u> the period 8 finance report.**

6 FINAL FUNDING ALLOCATIONS 2022/23

6.1 The Deputy Principal presented a report on the final funding allocations for 2022/23. The following points were raised.

6.1.1 The Agency funding allocations for 16-19 funding and AEB had been received. The total AEB allocation was £10,337k compared to £10,309k in the current year and so was effectively being held at pre-COVID levels. There was no change in the 97% tolerance and no increase in the funding rates for an eleventh year. More adult funding was being devolved which left a smaller central funding pot.

6.1.2 The 16-18 allocation showed a reduction of 203 students to 3,364, an impact of COVID-19. This equated to nearly £1.5 million of funding that the College would ordinarily have received. There was additional funding for T levels and the TPS so overall the reduction looked to be around £250k less than 2021/22. This included the increase in rates. Although it was reported to be an increase of 8% the AoC estimated that it was much lower than this in real terms.

6.1.3 The National Skills Fund (NSF) would continue to impact on the loans allocation.

6.1.4 Discussion was ongoing with the local councils around high needs funding. It might be necessary to revisit discussions about the viability of the PMLD provision again.

6.1.5 Overall, allocations were 2.4% higher than 2020/21 but this hid the additional required 7% increase in delivery for 16-18s.

6.2 **Governors noted the final funding allocations.**

7 TUITION FEES 2022/23

7.1 The Deputy Principal presented a paper on the tuition fees for 2022/23. The following points were highlighted.

7.1.1 The fees policy was largely unchanged. The College would continue to adopt an assumed fee element of 50%.

7.1.2 The funding rules now reflected changes following Brexit including that only EEA students with settled or pre-settled status, under the EU Settlement Scheme, were now eligible for ESFA funding. This now included those who entered the UK under Ukraine and Afghanistan resettlement schemes.

7.1.3 The College had taken the decision to surrender its Home Office Sponsor Licence. It would retain fee levels for international students currently on programme. Deposits would no longer be required for overseas students as this was no longer relevant.

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

7.2.1 **What was the policy on agreeing discounts?** All avenues including providing access to bursaries and more flexible instalment plans were offered before discounts were agreed. These would be in exceptional cases and might be 10-15%.

7.2.2 **Had the Home Office Sponsor Licence been suspended after the Ofsted RI rating?** It had and had then been restated. The pandemic had affected international recruitment and there was now so much competition for students that the numbers were unlikely to recover.

7.2.3 **Were there therefore implications for the International Office?** There would be and this was currently being looked at.

7.3 **Governors <u>approved</u> the tuition fees for 2022/23.**

8 <u>ESFA FINANCIAL DASHBOARD</u>

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

8.1.1 Data had been taken from the financial record and from forecasts. It did not reflect any changes in policy that might have affected colleges' ability to forecast such as the introduction of the apprenticeships levy.

8.1.2 The dashboard confirmed there were no issues with financial controls.

8.2 In response to a **question** about why the debt service cover charts showed such a decline and then incline, it was explained that this was based on the forecast assumption that the College would have to pay the AEB clawback, which it had not had to do.

8.3 **Governors <u>noted</u> the ESFA dashboard.**

9 <u>BAD DEBT WRITE-OFF</u>

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 2021, there had been previous write offs of £46,615.29. With this recommendation, the cumulative total for the year would be £51,499.29.

9.2 **Governors <u>considered</u> the paper and <u>agreed</u> to approve the write-off of uncollectable debts totalling £4,884.**

10 <u>WAIVERS OF FINANCIAL REGULATIONS</u>

10.1 **Governors <u>received</u> and <u>noted</u> the report on waivers of financial regulations.**

11 <u>DATE OF NEXT MEETING</u>

22 June 2022

12 ANY OTHER BUSINESS

12.1 There was no other business.