

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

FINANCE AND GENERAL PURPOSES COMMITTEE HELD ON 1 DECEMBER 2021 ONLINE VIA MS TEAM



Present: Danielle Gillett (Chair) Jonathan Kerry
Verity Hancock Ed Marsh
Chan Kataria

In Attendance: Louise Hazel Director of Governance and Policy
Shabir Ismail Deputy Principal/CEO
Della Sewell Director of HR

1 DECLARATION OF INTERESTS

- 1.1 Verity Hancock, Louise Hazel, Shabir Ismail and Della Sewell declared an interest in items 11 and 12.

2 APOLOGIES FOR ABSENCE

- 2.1 Apologies for absence were received from Caroline Tote. It was explained that Tim Gray had recently resigned from the Corporation.

3 MINUTES OF PREVIOUS MEETING AND MATTERS ARISING

- 3.1 **The minutes of the meeting held on 6 October 2021 were received and agreed.**
- 3.2 As a matter arising it was explained that the government had issued new guidance to colleges which recommended that face coverings be worn in corridors and other communal areas. This message was being communicated to students and staff. Students would be required to do lateral flow tests before returning to College after the Christmas break. Case numbers within the College remained very low but the situation was being kept under daily review.

4 HR KPIs

- 4.1 The Director of HR presented a report setting out HR KPIs. The following points were highlighted.
- 4.1.1 There had been a downward trend in both headcount and FTE figures over the past 10 years with 1,040 staff employed in 2021 compared with 1,499 in 2011 (a reduction of 459 or 131.7 FTEs).
- 4.1.2 There had been little movement in the composition of the workforce by

protected characteristic. 67% were women; 34% non-white; 5% had a declared a disability; 47% were 50 or older.

- 4.1.3 Large numbers of the workforce had not declared their sexual identity or religion. A census of the workforce would be carried out towards the end of the autumn term with staff encouraged to complete this information.
- 4.1.4 59% of the workforce had been with the College for more than five years which was a positive retention indicator. Turnover was back up to pre-COVID levels.
- 4.1.5 Sickness absence had decreased from six to four days per person at the same point last year. There were a lot of staff with mental health issues, not necessarily related to work.
- 4.1.6 Data showed that there was a drop off in applicants from Asian backgrounds as they went through the recruitment process. An externally funded project would be exploring why this might be the case.
- 4.1.7 Examples of HR case work were given; the majority were related to long term sickness.
- 4.1.8 EDI implications were highlighted throughout the paper.

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

- 4.2.1 **Although it was understandable why people might not want to give information on their religion or sexual identity, what could be done to explain why the College wanted to collect this? It would be a benefit if the College could be seen as an inclusive employer by current and prospective employees.** Agreed. More would be done to explain this to staff during the census.
- 4.2.2 **Whether the College had a LGBT staff network.** There was an active race equality network; the HR team was working with colleagues to set up an LGBTQ+ network and to revive the disability network.
- 4.2.3 **The number of mental health cases seemed high; what was meant by 'long term' sickness?** The number of cases was around 4% of staff; it might be that benchmarking data would indicate whether or not this was high. Some of these were very complex issues and most were not related to work. Long term sickness was over 20 working days.
- 4.2.4 **Not declaring religion or sexual identity was a personal matter but if it indicated a culture of fear, then that would be a concern. Was it possible to understand the reason for non-declaration?** Further work would be done during the census, to try to ascertain this.
- 4.2.5 **Did the decline in sickness absence reporting and more people working from home present a problem?** There was now a different pattern of behaviour with people being able to work at home if they were unwell and not wanting to pass illness onto colleagues, whereas previously they might have come in to work while ill. This was not necessarily a problem if staff were able to work productively.
- 4.2.6 **Was it possible to get any information on the ethnicity of staff with long term sickness?** This would be provided.
- 4.2.7 **It would be interesting to see the outcome of the project looking into potential reasons for the drop-off in of different ethnic**

- 4.2.8 **groups through recruitment process.** This would be brought back.
The HR KPIs were now also published in the financial statements; it would be interesting to look at trend data over time. Agreed; this would be provided in future years.

4.3 **Governors noted the HR KPIs.**

5 FINANCIAL STATEMENTS 2020/21

5.1 The Deputy Principal presented the Annual Report and Financial Statements for Year Ended 31 July 2021. The following points were highlighted.

- 5.1.1 The Audit highlights and management report was now available. There were no concerns, audit mis-statements, control deficiencies or issues identified in the regularity audit. KPMG had undertaken additional funding audits and no issues had been identified in those.
- 5.1.2 The confirmation that the College's AEB business case had been successful meant that £2,136,000 of funding could now be retained. The Financial Statements now included this adjustment.
- 5.1.3 The College's delivery to adults had been affected during 2020/21. It had planned to deliver to its allocation. Prior to the third national lockdown, the College was reforecasting to achieve 64% of its AEB allocation; actual AEB delivery for 2020/21 out-turned at 68%.
- 5.1.4 The College's EBITDA was a surplus of £3,317,000 excluding the impact of FRS102 pension adjustments. This was achieved against a deficit budget of £511,000 (excluding FRS102 pension adjustments). The College achieved a surplus of £1,482,000 before restructuring and pension adjustments.
- 5.1.5 The College would meet its bank covenants and had a financial health status of 'Good'. The outturn gave the College a much stronger base in terms of cash.
- 5.1.6 All of the financial KPIs had been met.
- 5.1.7 Risks included ongoing risks around Covid-19 and potential impact on recruitment.

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

- 5.2.1 **It was good to have a clean audit letter; were there any lessons from the funding audits?** These had been top level tests to confirm the appropriate use of public money. There were no recommendations from the audits and therefore no lessons to learn.
- 5.2.2 **Despite some major challenges during the year, it was good to have a positive outturn but the negative impacts during the year should not be forgotten. Could the £2.1 million help address work that had to be cancelled?** Acknowledged. The College would want to be able to achieve similar levels of surplus each year but without an increase in the funding envelope, this would be difficult. The College had taken hard decisions because of the AEB tolerance and had not been able to invest as planned, notably in T levels, but the cash position should help with future capital projects.

- 5.2.3 **Was there any opportunity to talk to the ESFA about the complexity of the funding mechanism?** Regular conversations took place with the ESFA; it had been advised of the impact on the T level project for example, and the College would continue to raise issues with the Agency throughout the year.
- 5.2.4 **Would the accounts now be signed off at the December Corporation.** They would.
- 5.2.5 **Had the Audit Committee seen the revised Audit Highlights?** Not yet but this would be circulated to the Audit Committee and presented to Corporation on 15 December.

5.3 **Governors agreed to recommend the Annual Report and Financial Statements for year ended 31 July 2021 to Corporation for approval.**

6 ATA UPDATE

6.1 The Deputy Principal gave an update on the ATA. The following points were highlighted.

- 6.1.1 The process to strike off the ATA had been initiated and the company and its bank account were in the process of being closed.

6.2 **Governors noted the update on the ATA.**

7 REPORT ON STUDENT UNION ACCOUNTS FOR YEAR ENDED 31 JULY 2021

7.1 The Deputy Principal presented the Student Union Accounts for Year Ended 31 July 2021. The following points were highlighted.

- 7.1.1 The Income and Expenditure Account showed a decrease in income of £1,212 from £9,063 to £7,850 and a decrease in costs of £1,865 from £5,543 to £3,678. The accounts showed a surplus for the year of £4,173.
- 7.1.2 The fall in income was due to a decrease in commission earned from NUS Extra cards. There was also no income from the Freshers Fair or from use of the pool table as these activities did not take place during the pandemic, although more was spent on enrichment and promotional events. The equipment spend included the purchase of a candy floss machine and PPE.

7.2 In response to a **question** as to why the College continued to support the union when it had good cash, it was explained that the College wanted to continue to support it and had made a commitment to do so.

7.3 **Governors noted Student Union Accounts for Year Ended 31 July 2021.**

8 FINANCE REPORT (PERIOD 3) AND AUTUMN TERM REFORECAST

8.1 The Deputy Principal presented finance report (period 3) and Autumn term

reforecast. The following points were highlighted.

- 8.1.1 The year-to-date result was an operating surplus after restructuring costs of £2,018k compared to the budgeted surplus of £2,266k.
- 8.1.2 At this stage, although student numbers were below target, the College was expecting to be close to its 16-18 learner responsive learner number and funding target by the end of the year.
- 8.1.3 Predicting the AEB outturn was difficult at this point in the year but initial indications were that the College was on track to achieve its allocation, subject to no further pandemic related issues.
- 8.1.4 Apprenticeship income was currently below target. Although recruitment was on track for the year, the impact of COVID-19 on new starts in 2020/21 had resulted in fewer carry-ins for this year. The latest forecast suggested that there would be an expected income shortfall of £700k.
- 8.1.5 HE income was forecast to be below budget, giving a net loss in contribution of £340k.
- 8.1.6 An autumn reforecast had been undertaken. Overall, the expected Total Comprehensive Income after restructuring costs had decreased by £506k, from a surplus of £27k to a deficit of £479k. Movements included additional income from the Tuition Fund and Centre for Excellence project.
- 8.1.7 The original budget included a 1% pay award and the continuation of the pay progression model. It also assumed £500k of efficiencies which the College was currently on track to achieve through vacancy savings. Since the original budget was set, an increase in the employers' National Insurance NI rate had been announced as well as an increase in the minimum wage. These had been factored into the pay budget resulting in an increase of £201k to the pay budget.
- 8.1.8 A review of non-pay costs resulted in an increase of £216k.
- 8.1.9 The College continued to meet its bank covenants but fell into the 'requires improvement' financial health rating, following the autumn reforecast.

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

- 8.2.1 **The College did not want to go into intervention. What else might be done to control pay and non-pay?** Non-pay would be kept under review and capital expenditure would be pushed towards the end of the year. In terms of pay, the College was not looking for efficiencies within the apprenticeships area at this stage as resources might be needed for new starts in January but if these did not materialise, costs would be looked at. SLT continued to scrutinise all staffing requisitions.
- 8.2.2 **Was the College able to apply for capital funding now that the cash position was stronger?** This was the plan. A bid for a new build for T levels at Abbey Park was planned to accommodate growth. The College also had the RCF if needed.

8.3 Governors noted the period 3 finance report and agreed to recommend

the autumn term reforecast to the Corporation for approval.

9 ESFA DASHBOARD

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

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

9.1.2 The information was already out of date as the financial health category had now changed. It did suggest that the College was good at forecasting.

9.2 **Governors noted the ESFA dashboard.**

10 POLICIES

10.1 The Director of HR presented the Overtime and Out of Hours Policy and Market Supplements Policy. The following points were raised.

10.1.1 The College did not currently have an Overtime policy although did pay staff for additional time worked above contractual hours and allowances for hours worked when the College was not normally open. There was not much overtime claimed.

10.1.2 The Policy set out that overtime would be approved by line managers in advance and only paid where necessary and at plain time. Teaching staff would be paid overtime where additional teaching above the contractual teaching hours was undertaken.

10.1.3 Enhanced rates would be paid to Support staff who worked at unsociable times. Teaching staff were compensated by Time Off In Lieu (TOIL) if they worked on a Saturday.

10.1.4 The Market Supplements Policy set out the circumstances in which a Market Supplement could be paid where it was difficult to recruit or retain staff in hard to recruit areas, or staff who had a unique set of skills or knowledge. Market supplements would only be paid in exceptional circumstances where there was a demonstrable business case approved by the Senior Leadership Team.

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

10.2.1 **Whether unsocial hours working was for those working extra hours or whether any staff contracts included unsocial hours work.** No contract explicitly included weekend working. Some facilities staff might need to work additional hours to deal with out of hours emergencies but it was not regular enough to merit being included in contracts.

10.2.2 **Whether it was ever a problem getting people to agree to work extra hours.** Overtime was rare and had to be approved in advance. Some teams such as Marketing also worked more flexibly. No particular issues had been highlighted.

10.2.3 **Whether the new flexible/hybrid working policy should make**

things clearer. The policies should help but the College did not want or expect lots of people to be making overtime claims; any overtime should be approved beforehand. Staff could also take TOIL.

- 10.3 **Governors approved the Overtime and Out of Hours Policy and Market Supplements Policy, subject to final discussion with trades unions.**

11 PAY AWARD - confidential minute

Louise Hazel and Shabir Ismail left the meeting.

12 SENIOR POSTHOLDER SALARIES - confidential minute

Verity Hancock left the meeting.

13 MARKETING UPDATE

- 13.1 **Governors received and noted the Marketing Update.**

14 INTERNATIONAL UPDATE

- 14.1 **Governors received and noted the International Update.**

15 WAIVERS OF FINANCIAL REGULATIONS

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

16 DATE OF NEXT MEETING

2 March 2022

17 ANY OTHER BUSINESS

- 17.1 There was no other business.