

# MINUTES OF A MEETING OF THE BOARD OF LEICESTER COLLEGE CORPORATION HELD ON 7 DECEMBER 2022



Present: Jonathan Kerry (Chair) Zubair Limbada\*  
Lisa Armitage Maureen Magutu  
Shaun Curtis Louisa Poole  
Danielle Gillett Lee Soden  
Verity Hancock Tom Wilson  
Chan Kataria\*

In Attendance: Louise Hazel Director of Governance and Policy  
Shabir Ismail Deputy Principal  
Kully Sandhu Vice Principal  
Della Sewell Director of HR  
Gail Pringle Head of Student EDI (item 4)

\*Joined meeting online via Teams

## **1 DECLARATIONS OF INTERESTS**

- 1.1 Danielle Gillett and Tom Wilson declared an interest in item 11. Tom Wilson also declared an interest in item 4 which mentioned the St Philip's Centre.

## **2 APOLOGIES FOR ABSENCE**

- 2.1 Apologies for absence were received from Zoe Allman, Sam Emery, Anne Frost, Caroline Tote, Jai Sharda, Debi Donnarumma and Claire Willis.

## **3 MINUTES OF THE LAST MEETING AND MATTERS ARISING**

- 3.1 **Governors received and approved the minutes of the meeting on 25 October 2022.**
- 3.2 **Governors received and approved the confidential minutes of the meeting on 25 October 2022.**
- 3.3 **Governors received and approved the minutes of the special meeting on 27 November 2022.**

## **4 EDI ANNUAL REPORT 2021/22**

- 4.1 The Head of Student EDI presented the EDI Annual Report for 2021/22. The following points were highlighted.
- 4.1.1 The report detailed activity during 2021/22 when services had largely returned to normal after the pandemic.
- 4.1.2 The recently published 2021 census data showed that Leicester's non-white population had increased and represented the majority of the

population.

4.1.3 Analysis of achievement rates showed that white males performed less well than other groups of students.

4.1.4 Objectives for the current year had been included in the report.

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

4.2.1 **Which of the objectives would be hardest to achieve?** A lot of the objectives were ongoing and several had already started; some would not be achieved in one year. There was still a need to nominate a governor EDI champion.

4.2.2 **Whether the increase in the amount allocated to free school meals was sufficient.** The College had increased the amount allocated for students eligible for free meals to £3.15; it would like to increase this further but was not funded for this. It was probably still not enough given cost increases.

4.2.3 **The underperformance of white males was not unique to the College; were there any particular features which were significant?** It was a national and local issue. Curriculum areas had very different cohorts and there were differences within and between curriculum areas. Work was needed with the individual areas to identify any specific issues. It was also important to look at students' starting points and see what progress they had made.

4.2.4 **The ethnicity pay gap information should be included in the report.** Noted.

4.2.5 **The staff profile still did not reflect the local population; what was being done to address this?** The work with the Black Leadership Group earlier in the year had been designed to tackle this and the action plan was all about improving the diversity of the workforce. An emerging leaders programme was planned and half of the places would be allocated to black staff. A range of other activities including mentoring and reverse mentoring were planned.

4.2.6 **There was an aging workforce with 50% aged over 50 which seemed high.** The College was struggling to recruit staff from all backgrounds. It was not alone in this, other colleges and employers locally were reporting similar issues. The pay issue was a particular challenge and market supplements were being paid to help retain staff, some of whom would be older. Retaining the skills and expertise was important when it was hard to recruit but there were also younger staff coming into the organisation.

4.2.7 **It would be useful to have some context and history to explain what progress the College had made.** Noted; this would be included in the next year's report.

4.2.8 **What was 'the rally'?** This was a cut through to the College which was unsafe; the College had taken action to reduce the likelihood of students using it.

4.2.9 **How could The World Reimagined project be accessed?** This was a national project, Leicester was one of seven cities involved. A range of teaching materials was available and the College was looking at how to support staff to make best use of them.

4.2.10 **There were a lot of objectives; how many could be achieved in one**

**year?** A lot were already underway and some would need more than one year to be achieved but it was felt important to have all of them as live objectives to help keep them at the forefront of people's minds.

4.2.11 **What did the census data mean for student support?** The College would need to look at the data carefully and see what the implications were. There would be some challenges in supporting students but it was also about seeing where the College could draw in support from other agencies. Work had been done with the City Council to look at the school pupil demographic. This showed that the numbers of pupils in schools with complex and profound needs was declining but those with ASD, ADHD or autism was increasing which would have implications for both the offer and support services offered by the College. However, the government did not always prioritise or recognise the needs within a local area; the national policy focus was on higher level skills. The census data would enable the College to plan provision based on changing patterns of needs; this would have implications for staffing and estates.

4.3 **Governors thanked the Head of Student EDI for the report and her work during the year and received the EDI Annual Report for 2021/22.**

## **5 SELF-ASSESSMENT REPORT AND QUALITY IMPROVEMENT PLAN**

5.1 The Principal presented the Self-Assessment Report (SAR) and Quality Improvement Plan (QIP). The following points were highlighted.

5.1.1 The document was an important reference document for the College but would also be used by Ofsted. The QIP was a live document and would be added to during the year.

5.1.2 The SAR identified the main strengths and areas for improvement for the College. Both the SAR and QIP had been developed following a larger process with all programme areas identifying and presenting the main strengths, weaknesses and areas for improvement to the SLT.

5.1.3 The SAR had been discussed at CSQI and Jai Sharda had offered detailed and helpful comments.

5.1.4 The College was self-assessing as Good in all areas. Some areas were close to outstanding, some close to requires improvement but consistency was always hard across a large organisation.

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

5.2.1 **Which areas were likely to be selected for deep dives during inspection?** Ofsted used to select on the basis of biggest, best, worst although this was not now always the case. They could go anywhere and might choose to inspect some large cross-College themes. ESOL might be chosen as few colleges did it, Hair and Beauty had been less successful and Business was the largest area. SEND was also likely to be inspected. The new sub-judgment around meeting skills needs might be challenging because the Ofsted standards seemed to be unrealistically high.

5.2.2 **How did the College compare in terms of progression?** This was

hard to know; it would vary considerably by type of institution. The College's destination data was much better than at the previous inspection.

- 5.2.3 **Apprenticeships were being judged as Good; was this a fair assessment given all the discussions at the Audit Committee and the areas for improvement?** The Audit Committee had looked more at controls and funding rather than the quality of teaching. National data showed that the College was well above benchmarks for apprenticeship achievement. Even with good provision, there would be areas for improvement and so the judgment was felt to be reasonable.
- 5.2.4 **A recent visit to APCO and Engineering had identified that because of the capital project and the need to take Block E out of action, the scheduling of some teaching would be affected. It was also true that balancing the needs of different employers might mean that sequencing might have to be compromised for some students.** Agreed.
- 5.2.5 **It was a good report although difficult to know if there was an optimistic or pessimistic bias. In terms of the leadership and management actions, what was being done to improve stakeholder engagement?** A stakeholder engagement strategy was being developed to identify the key stakeholder groups and how they were currently engaged and where there was scope to do more, including how governors could be involved. The stakeholder dinner earlier in the term had been successful in making some new connections which were resulting in new business.
- 5.2.6 **Would Ofsted look at previous SARs?** No, just the current one.
- 5.2.7 **How were staff being prepared for the inspection?** The deep dives were replicating the process and were being very helpful in preparing staff and also students.
- 5.2.8 **Last year there had been more debate about the overall grading. There seemed to be more confidence about the assessment this year; what had changed?** A lot of work had been done over the year and the College had improved particularly around personal development and behaviours and attitudes. English and maths was also very good.

5.3 **Governors approved the Self-Assessment Report (SAR) and Quality Improvement plan (QIP).**

## **6 AUDIT COMMITTEE ANNUAL REPORT**

6.1 The Chair of the Audit Committee presented the Committee's annual report. The following points were highlighted.

- 6.1.1 It was felt that the Committee had a good balance of skills and provided robust challenge.
- 6.1.2 The approach was similar to previous years with internal audit provided by RSM and external audit by KPMG.
- 6.1.3 The Committee had received a wide range of reports and reviews from across the College. It had reviewed the risk register at each meeting. This had helped identify where the committee and internal audit and external reviews should be focussed. Further work was

- planned to look at the approach to risk.
- 6.1.4 A lot of discussion had taken place around apprenticeships following an internal audit.
  - 6.1.5 The Committee had reviewed the approach to fraud; there had been no instances of fraud during the year. Two whistleblowing cases had been considered.
  - 6.1.6 FE Commissioner reports and other benchmarking reports had been reviewed to see what the College could learn from those.
  - 6.1.7 There had been a clean audit report with no management recommendations.
  - 6.1.8 In view of the range of reviews and the assurance provided by the internal and external audits and the external reviews, and its own self-assessment, the Committee took that view that it had been given assurance of the adequacy and effectiveness of the College's systems and arrangements for risk management, control and governance processes and, for securing economy, efficiency and effectiveness and the safeguarding of assets.
- 6.2 **Governors commented that it was helpful to see the range of work the Committee had undertaken during the year. The Committee was thanked for its work.**
- 6.3 **Governors noted and received the Audit Committee Annual Report.**
- 7 REPORT AND FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2022**
- 7.1 The Deputy Principal presented the report and financial statements for year ended 31 July 2022. The following points were highlighted.
- 7.1.1 The Audit Highlights and Management Report had previously been discussed by the Audit Committee and Corporation; there were no changes.
  - 7.1.2 There were no concerns, audit mis-statements, control deficiencies or issues identified in the regularity audit. It was intended to sign off the accounts after this meeting.
  - 7.1.3 The College's delivery to adults had continued to be affected by COVID-19 during 2021/22. The economic environment also compounded the challenge in the College's ability to recruit adults to achieve its target and this had impacted on income.
  - 7.1.4 The College's EBITDA was a surplus of £710,000 excluding the impact of FRS102 pension adjustments. This was achieved against a surplus budget of £27,000 (excluding FRS102 pension adjustments). The College outturned a deficit of £896,000, before restructuring and pension adjustments.
  - 7.1.5 The College met its bank covenants and had a financial health status of 'Requires Improvement'.
  - 7.1.6 Further minor changes would be made to the version presented before signature including reference to the ONS decision, an updated audit opinion and reference to the external governance review. An updated version would be shared with governors.

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

- 7.2.1 **The Corporation had not previously seen the accounts, had they been discussed by F&GP?** They had.
- 7.2.2 **F&GP had considered them in detail, had suggested some minor changes and had discussed the pensions issue.**
- 7.2.3 **It was always hard to focus on the most relevant point in accounts of 70 pages but it was understood that some of the structure was required.** Correct; auditors did review the narrative to make sure it was a true and fair view.
- 7.2.4 **How was it decided what to include after 31 July cut off?** The auditors would review the statements and if there were issues which they thought would have a significant impact on the true and fair view, these would be added.
- 7.2.5 **Was the letter of representation available?** It was; this would be circulated.

**8 Governors approved the Report and Financial Statements for Year Ended 31 July 2022.**

## **9 FINANCE REPORT (PERIOD 3) AND AUTUMN REFORECAST**

9.1 The Deputy Principal presented the finance report (period 3) and autumn reforecast. The following points were highlighted.

- 9.1.1 The year to date result was an operating surplus after restructuring costs of £2,061k compared to the budgeted surplus of £2,369k.
- 9.1.2 16-18 student numbers were above allocation by 166 students. Although this would not result in an increased income this year, it would have a positive impact on next year's allocation.
- 9.1.3 Predicting the AEB outturn was difficult at this point in the year but initial indications were that the College would achieve 91%-95% of its AEB target.
- 9.1.4 Apprenticeship income was currently below target with an expected income shortfall of £410k.
- 9.1.5 HE recruitment was below target, expected to result in a £273k decrease in income.
- 9.1.6 An autumn reforecast had been undertaken. Positive movements included additional funding for PMLD students, release of Lennartz assessments which were out of time, bus pass accruals and reduction in the planned maintenance budget. The reactive maintenance budget would be retained as planned for any issues that arose in year. There was a lot of work for the estates team to manage the previously approved capital projects. The College would receive £420k additional capital funding following the ONS announcement.
- 9.1.7 Overall, the expected Total Comprehensive Income after restructuring costs had decreased by £534k, from a deficit of £514k to a deficit of £1,048k.
- 9.1.8 There was still a potential £900k of income at risk at this stage; work was underway to generate as much income as possible to reduce this.
- 9.1.9 The College continued to meet its bank covenants and remained in the

‘requires improvement’ financial health rating following the autumn reforecast.

- 9.1.10 A recent conversation with the bank had provided some comfort that the bank might be less concerned about the College breaching bank covenants following the ONS decision. Further clarification on this was needed.
- 9.2 **The Chair of F&GP commented that the Committee had reviewed the reforecast in detail including the sensitivity around the £900k at risk. The cash position had been reviewed. It was important to go ahead with the mitigations and the spring reforecast would now be crucial.**
- 9.3 The Principal then presented a report which provided a summary of actions to mitigate the financial deficit assumed in the autumn reforecast. The following points were highlighted.
  - 9.3.1 A series of mitigation actions were planned or underway to help address the financial position. The College would try to grow income wherever possible.
  - 9.3.2 There would be a freeze on recruitment for three months and a review of part-time lecturing and agency costs.
  - 9.3.3 There might be other options which would be less palatable but these would be kept under review and the position would be reviewed again at the spring reforecast.
- 9.4 Governors asked a number of **questions** including:
  - 9.4.1 **What did income at risk mean?** There was the potential that the College would not achieve this income.
  - 9.4.2 **Was a £1.9 million deficit likely to be the worst case position?** It was.
  - 9.4.3 **What level of deficit would push the College into inadequate financial health?** Around £3.5 million.
  - 9.4.4 **Was it likely that the recruitment freeze would be extended after the three months and was it linked to enrolment?** There would be a lot of factors to consider before the freeze was lifted and enrolment would be one of those factors. The bank’s approach to the covenants might also affect the decision.

- 9.5 **Governors noted the Period 3 finance report and approved the Autumn Reforecast.**

## **10 PROGRESS REPORT ON OPERATING STATEMENT**

- 10.1 The Principal presented a report on progress with the Operating Statement. The following points were highlighted.
  - 10.1.1 Several of the areas described in the paper had been reported during the meeting.
  - 10.1.2 Following the stakeholder dinner, the College was now working on with the NHS Partnership Trust on a new sector based work academy

through the City Skills Centre. If successful, this might grow. The relationship with a community partner in Highfields was also being reinvigorated with training being offered on their premises.

- 10.1.3 There were some concerns around student attendance although retention was close to 100%.

- 10.2 In response to a **question** as to whether the stakeholder dinner would be repeated, it was confirmed that this could become an annual event with different stakeholders invited.

- 10.3 **Governors noted the Operating Statement Progress Report.**

## **11 MODERN SLAVERY TRANSPARENCY STATEMENT**

- 11.1 The Principal presented the Modern Slavery Act Transparency Statement. The following points were highlighted.

- 11.1.1 The College was required to publish a Transparency Statement.
- 11.1.2 Reference had been made to the pandemic. The College had kept in touch with the local authority and other services.
- 11.1.3 There had been one report of slavery or trafficking this year.
- 11.1.4 Additional training and awareness raising had been developed during the year and further staff training would be rolled out in 2022/23.
- 11.1.5 A meeting had taken place with the Gangmasters Authority and Deputy City Mayor and work on a pilot project would be taken forward.

- 11.2 **Governors commented that it was unrealistic to assume that this would not be happening locally.** Agreed; the care sector was an area of concern because of staff shortages.

- 11.3 **Governors approved the Modern Slavery Act Transparency Statement.**

*Danielle Gillett and Tom Wilson left the meeting*

## **12 ELECTION OF CHAIR AND VICE CHAIR**

- 12.1 The Chair introduced the supporting statements from the candidates for the positions of Chair and Vice Chair.

- 12.1.1 Danielle Gillett was standing for Chair
- 12.1.2 Tom Wilson was standing for Vice Chair.

- 12.2 **Governors commented that they were supportive of both candidates.**

- 12.3 **Governors approved the appointment of Danielle Gillett as Chair and Tom Wilson as Vice Chair from 1 April 2023 for two year terms of office.**

*Danielle Gillett and Tom Wilson rejoined the meeting*



### **13 EXTERNAL REVIEW OF GOVERNANCE ACTION PLAN**

13.1 The Director of Governance and Policy presented the external review of governance action plan. The following points were highlighted.

- 13.1.1 The action plan identified proposed actions for all of the recommendations. Some of these were already underway and some would be taken forward through committees with recommendations to Corporation.
- 13.1.2 Further work around risk appetite was being planned with a workshop with the board proposed for later in the year.
- 13.1.3 Governors' views were sought on whether reports should make reference to sustainability impacts and whether the review report should be published in summary or in full.

13.2 Governors made the following **comments**:

- 13.2.1 **The board was not bound by the recommendations. What decision had been made about the size of the committees?** This would be discussed by Search and Governance in February.
  - 13.2.2 **The addition of sustainability impact to the report cover sheets would be welcome.**
  - 13.2.3 **A summary report was felt to be sufficient.**
  - 13.2.4 **The recommendations around technology in the board room needed to be sorted at the earliest opportunity.**
- 13.3 **Governors agreed the action plan, agreed to include sustainability impacts in report cover sheets and agreed to publish a summary version of the report.**

### **14 FEEDBACK FROM MEETINGS**

14.1 The Chair invited Committee Chairs to provide feedback on recent meetings. The following points were highlighted:

- 14.1.1 Student Liaison Committee had raised issues around communications after staff left the College, inconsistency in the incentives and rewards used across different areas, and the safety of performing arts students who were being filmed by other students; this had since been investigated.
- 14.1.2 The Audit Committee had looked at achievement rates, a report on apprenticeships, the Ofsted report of the nursery. It had considered an internal audit report on HE data, the risk management report and a report on cyber security and data breaches.
- 14.1.3 CSQI had looked the SAR, the deep dive process and had reviewed achievement rates.
- 14.1.4 In addition to the reforecast, F&GP had approved the Digital Strategy which was a new strategy for the College. The implications of the ONS decision for the bank loan had also been considered.

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

*Maureen Magutu left the meeting*

## **15 GOVERNOR VISITS REPORTS**

15.1 The Chair invited governors who had recently visited the College to report on their visits. The following points were highlighted.

15.1.1 Lee Soden had completed a visit to the outreach centres and performing arts. It was particularly good to see campus wardens taking action to ensure students were wearing their badges.

15.1.2 The Chair reported on a recent visit to apprenticeships. It had been pleasing to see that work on mental health champions and support for students was being taken forward.

15.2 **Governors noted the visit reports.**

*Lee Soden left the meeting*

## **16 ONS RECLASSIFICATION OF COLLEGES**

16.1 The Principal reported on the recent decision by the Office for National Statistics (ONS) on the reclassification of FE colleges into the public sector. The following points were raised.

16.1.1 The change was as a result of legislation which increased the level of control exerted by the Department for Education (DfE) over colleges.

16.1.2 There were no planned changes to the law. Colleges continued to be self-governing corporations with charitable status and with responsibility for their educational character, courses, contracts, and relationships with staff and students.

16.1.3 The new controls from the DfE involved 16 areas where colleges would need to get prior approval. These applied immediately.

16.1.4 There were changes relating to borrowing which had implications for colleges' relationships with banks. There were no changes to existing loans but an objective to replace borrowing from banks in the future with grants or borrowing from government.

16.1.5 Most of the controls were similar to those applied to academies but colleges would not need to get prior approval for capital transactions and normal commercial activity. Colleges would retain their reserves, any surpluses they made, control over capital spending and asset sales, and their ability to use leases.

16.1.6 There would be a new College Finance Handbook in 2024. Colleges' accounting years might change.

16.2 The Deputy Principal explained the implications for the College's loan arrangements.

16.2.1 The College had a £1.9 million being paid at a variable rate which had matured on 13 October 2022. It had been agreed to extend this arrangement for a further three months until 13 January 2023 while

alternative options were considered.

- 16.2.2 Three options had been considered: convert to a fixed rate arrangement; repay the loan or continue with a variable rate arrangement. A five-year arrangement would be preferable as this aligned to the term of the fixed rate element of the loan.
- 16.2.3 However, the ONS decision earlier in the week now meant that the College would need to seek permission from the DfE for any changes to existing arrangements as well as any new arrangements.
- 16.2.4 F&GP had given approval to seek a further three-month extension to the existing arrangement pending a decision from the DfE.
- 16.2.5 Corporation's approval was requested to seek consent from the DfE for an extension of the variable loan agreement for five years for the outstanding £1.425 million loan.

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

- 16.3.1 **Whether there was anything that could be done to lobby for a change in the decision.** The AoC would need to take a lead on this but governors' voices should also be heard. The decision had implications for governance and governors' responsibilities as charity trustees.
- 16.3.2 **What would happen if the DfE did not give consent?** The College might need to repay the loan, or it might be able to borrow from the government instead.

16.4 **Governors agreed to seek consent from the DfE for an extension to the variable rate loan agreement for five years for the outstanding £1.425 million loan.**

## **17 ANY OTHER BUSINESS**

17.1 There was no other business.

## **18 STUDENT UNION CONSTITUTION**

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

## **19 COMPLAINTS REPORT**

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

## **20 GOVERNOR APPOINTMENTS**

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

## **21 RISK MANAGEMENT UPDATE**

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

## **22 ANNUAL REPORT OF SEARCH AND GOVERNANCE COMMITTEE**

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

**23 DATES OF NEXT MEETINGS**

- 26 January 2023 (safeguarding session)
- 23 March 2023
- 9-10 June 2023 (Away Day)
- 6 July 2023