

LEEDS CITY COLLEGE GROUP

DRAFT MINUTES OF THE MEETING OF THE BOARD OF GOVERNORS HELD ON MONDAY 22 MAY 2017

Present

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| Adam Beaumont | Governor |
| Colin Booth | Chief Executive & Principal |
| Emily Chapman | Student Elected Governor |
| Robert Clunas | Staff Elected Governor |
| Cherry Fricker (Vice Chair) | Governor |
| Becky Hewitt | Governor |
| Gerald Jennings | Governor |
| Shaid Mahmood (Chair) | Governor |
| Libby Raper | Governor |
| Tina Turnbull (Vice Chair) | Governor |

The quorum for the meeting was seven Board members

In Attendance

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| Maureen Deary | Lead Auditor and Coach, FE Associates (agenda item 6 only) |
| Lydia Devenny | Chief Financial Officer |
| Gerry Godley | Principal & MD, Leeds College of Music |
| Melanie Halstead | Clerk to the Board |
| Charlene Lyons | Director, Lyons Consultancy (observer) |
| Jane Pither | Deputy Principal Corporate Services |

The meeting was held at the Printworks Campus and started at 5pm

MEETING ADMINISTRATION

1. Apologies for Absence

Apologies for absence were received from Christine Smith (governor), Bill Jones (Deputy Principal Teaching & Learning) and Andrew Whitaker (Executive Principal, White Rose Academies Trust).

2. Determination of Observers/Attendees at the Meeting

The Board agreed attendees/observers at the meeting as per the above attendance list.

3. Declaration of Interests in any Agenda Items

Governors were reminded of the requirement to declare their interest in any agenda items. The Student Elected Governor declared an interest in agenda item 7 in her capacity as SU President.

4. Minutes of the Meeting of the Board held on 24 April 2017

An updated version of the draft budget for 2017/18 and three year financial plan would be presented to the Board in June and then presented for final review/approval in July. The minutes would be expanded to reflect this.

It was noted that C Smith had left before the end of the meeting; a note would be added to the minutes to reflect this.

RESOLVED (B 31/17):

That the minutes of the meeting of the Board held on 24 April 2017 be approved and signed by the Chair, subject to the above additions.

LEEDS CITY COLLEGE AND KEIGHLEY COLLEGE BUSINESS – taken out of agenda order

6. External Quality Audit and Development Review – May 2017

M Deary presented to the Board the outcomes of the recent external quality audit and development review of Leeds City College and Keighley College carried out by FE Associates. As part of their review FE Associates had undertaken joint learning walks, observations, discussion groups and meetings, coaching, scrutiny of students' work and review of tracking, recording and monitoring systems and processes. Judgements had been made in the following key areas:

- Overall Effectiveness
- Effectiveness of Leadership and Management, including Governance, Safeguarding and Prevent Duty
- Quality of Teaching, Learning and Assessment
- Personal Development, Behaviour and Welfare
- Outcomes for Students and Apprentices

All areas had been assessed as 'meeting expectations'. However, FE Associates had stressed that in relation to Teaching, Learning and Assessment this judgement was subject to study programmes continuing to improve and, in relation to Outcomes for Students and Apprentices, was subject to the pace of improvement and achievement rates continuing to improve as an upward trend.

All curriculum provision types had also been judged as 'meeting expectations'. Study programmes represented a key area for continuing development during 2017, being the largest student cohort. Clear strengths had been identified in High Needs provision and 14-16 School Partnerships. In response to a question from governors, M Deary outlined the improvements and key strengths identified in apprenticeship provision which had led to the positive judgement. These included target setting and apprentice tracking, highly effective on/off the job training, good attendance and punctuality of apprentices, strong management of subcontracting (quality and financial aspects), Functional Skills delivery and apprentice progression rates.

With regard to key supporting areas, Governance, Fundamental British Values and Additional Learning Support were also judged to 'meet expectations' with clear strengths identified in Governance and Additional Learning Support.

Governors discussed the emerging strengths, areas for further development and key recommendations identified by FE Associates. One of the key recommendations related to increasing the pace of formal performance management measures – in discussing this point, governors stressed the need to continue to operate within the organisational values. In relation to Fundamental British Values, governors commented that they would have expected student voice to be cited as a clear strength; M Deary advised that whilst this was strong, it formed only one part of the overall judgement. Governors questioned how far along the journey the colleges were in relation to staff professional development; M Deary advised that the Advanced Practitioner and coaching model was enabling good progress and good practice to be shared much wider. She added that the audit team had observed a much different culture throughout the colleges and real ownership of the change programme. In response to a further question from governors, it was confirmed that progression into higher education had been considered during the audit work and was found to be statistically sound.

In concluding, M Deary advised the Board that since the Ofsted inspection in 2016, Leeds City College and Keighley College had made swift progress to improve the vast majority of provision; it was now important to continue with the intensity of this work and the resulting swift progress. It was suggested that a mid-year executive summary self assessment report be produced in readiness for any future Ofsted inspection. The development of analytical high level position papers for every aspect and type of provision was also recommended. In relation to governance, such a position paper could be used to demonstrate governance challenge and the improvement journey as this had been identified as a strength by the audit team.

Governors expressed their thanks to M Deary and the rest of the audit team for their robust challenge and support throughout the review.

BOARD MEMBER COMMUNICATIONS

5a. Key Statutory Areas

Health & Safety and RIDDOR

The link governor confirmed that there were no issues of concern to report.

Safeguarding and Prevent

The link governor advised that 254 safeguarding concerns had been reported in Term 1 and 238 in Term 2. Such a downward trend during the year had been experienced previously and was likely to continue into Term 3. There was currently a focus on child sexual exploitation, peer abuse and mental health issues. The link governor advised that the Leeds City College safeguarding reporting arrangements were being rolled out to cover the Vine provision (specialist provision for students with learning disabilities). It was reported that some staff training was out of currency; the HR department was addressing this.

SEND

The link governor planned to meet with the Director of 14-19 provision on her return from maternity leave in June 2017.

Equality & Diversity

The link governor reported that a staff survey had been launched that week as part of work towards the Investors in Diversity standard.

5b. Task & Finish Groups / Committees

English and Maths

The Chair of the Task & Finish Group advised that the group had met the previous week; the current focus was on maximising attendance at examinations and ensuring a positive experience for students during the examination period. The group was also now focusing on the planning for 2017/18 to ensure a good start to the academic year.

Property Strategy

Covered via separate reports on the agenda – see item 13 below.

Group Structure

The Chair of the Task & Finish Group advised that the group had met again the previous week to discuss the issues flagged by governors at the previous Board meeting. The following update was provided:

- Staff and Student Members – the staff and student members nominated/elected to sit on the local boards to select from amongst themselves one of them to serve as staff/student governor (and therefore serve on Group Board). Should they be unable to decide amongst themselves, selection would be via the Group Governance &

Nominations Committee. The outgoing staff and student governors would assist with the induction and initial support/training of new members. In addition, regular meetings would be diarised between the staff/student members, the relevant executive member and the Clerk as part of ongoing coaching/mentoring. Feedback received from the outgoing staff and student members suggested that this had been a good source of support to them during their terms of office.

- Board and Committee Membership – the group had reviewed current membership, proposed changes, expressions of interest/applications received to date and gap analysis (based on skills audits) – this review had identified that 3 or 4 new/additional governors would need to be appointed to the Group Board, each being required to serve on at least one of the local/subsidiary boards or group committees. The group did not envisage there being any difficulties in having the new boards and committees in place for the start of the new academic/financial year in September.
- Terms of Reference – only one change was proposed to the terms of reference previously circulated, that being to provide for the Chair of each local/subsidiary board to be appointed by the Group Board for terms of office between 1-4 years, to be determined by the Board at the time of appointment.
- LCC Commercial – options were still being discussed – a recommendation would be presented to the Board in due course.
- The Clerk had met with the Company Secretary of the LTE Group in Manchester; this had provided a useful insight into the LTE group/governance structure and lessons learned.
- Remuneration of governors/co-optees – the group recommended that this issue be explored in the autumn term. It was felt that this may assist with current diversity challenges.

The Task & Finish Group would meet again on 26 June – final recommendations would therefore be presented to the Board in July.

LEEDS CITY COLLEGE AND KEIGHLEY COLLEGE BUSINESS – continued

7. Student Voice

(a) Students' Union (SU) Update

The Board received and noted a comprehensive update on SU activities and developments during 2016/17.

(b) SU Budget and Constitutional Changes for 2017/18

The SU President presented a paper seeking Board approval of the SU budget for 2017/18 and a change to the SU constitution. The proposed budget included a £50k block grant from Leeds City College. The proposed change to the constitution provided for a reduction in the number of full time sabbatical officers (from 3 to 2) supported by 10 voluntary SU executive positions.

Arising from a discussion around governance of the Union, the SU President undertook to include this as part of her handover arrangements.

The SU President was commended on her control and strengthening of the SU's finances.

RESOLVED (B 32/17):

To approve the SU budget and the new SU officer structure for 2017/18, as detailed in the circulated report.

8. 2017/18 Fees Policy

The Chief Financial Officer presented the proposed 2017/18 Fees Policy for Leeds City College and Keighley College. The policy reflected the rules issued by the Education and Skills Funding Agency (ESFA) and the Higher Education Funding Council for England (HEFCE). No changes were proposed to the FE or HE fee rates for 2017/18.

A discussion took place regarding potential fee increases for future years. Arising from this, it was agreed that a strategic discussion should take place in the autumn term, supported by appropriate market research/analysis.

RESOLVED (B 33/17):

- (a) To approve the Leeds City College and Keighley College Fees Policy for 2017/18, it being unchanged from 2016/17.
- (b) That authority be delegated to the Chief Executive/Principal to approve any changes required to the 2017/18 Fees Policy (if necessary) in response to any changes to funding rules by the ESFA.
- (c) That any potential fee increases for future years be discussed in the autumn term, supported by appropriate market research/analysis.

9. Human Resources (HR) Update

The Chief Executive/Principal informed governors of planned restructuring within service areas and some minor restructuring of curriculum departments. In terms of service areas, approximately 46 FTEs were at risk with approximately 35 new posts being introduced, resulting in a net reduction of around 11 FTE posts. Plans for the curriculum departments were still being finalised, with further details expected in the next 2-3 weeks. At this stage, approximately 60 FTEs were at risk with 57 new curriculum posts being added.

In response to a query from governors around the purpose of the restructuring, the Chief Executive/Principal advised that the changes would be about changing the focus and skill sets of staff rather than reducing headcount. He added that the overall headcount and salary bill would increase for 2017/18.

Governors were mindful of the results of the 2016 staff survey and emphasised the need for careful messaging of the proposed changes. Governors also stressed the need for consultation with staff to take place prior to the summer break; the Chief Executive/Principal confirmed this.

GROUP BUSINESS

10. Group Strategic Risk Dashboard

The Deputy Principal Corporate Services introduced the group strategic risk dashboard for May 2017. All ten risks identified were currently RAG rated as red or amber. Governors considered the red (significant) risks and the related mitigation plans. It was agreed to add monthly monitoring by the new Property Strategy Committee to the mitigations relating to the Quarry Hill project risk. One of the key risks related to apprenticeship targets not being met and, following discussion, it was agreed that the risk needed to be refocused for 2017/18, reflecting both strategic and operational risks. The Quarry Hill risk related to the project not achieving its objectives – the Deputy Principal Corporate Services clarified that this related to both programme and budget objectives.

Governors went on to discuss whether the mitigations in place/planned would be effective in addressing the risks identified. Governors asked that future reports provide additional commentary against any risks where the forecast RAG rating remained as red or amber.

A discussion followed in relation to information security and whether this should be added to the strategic risk register. The Chair of the Audit Committee advised that the committee had requested a 'deep dive' report on this topic; this was scheduled for presentation at the June committee meeting. Linked to this, governors asked that an update be presented to the Board in July on how the group was responding to the new General Data Protection Regulations (GDPR) that would come into effect in May 2018.

11. Feedback from Local/Subsidiary Boards

(a) Leeds College of Music (LCoM)

The Board received a paper updating on the discussions, decisions and recommendations from the LCoM Board meeting held on 11 May, the main topics being:

- Access, Widening Participation and Diversity
- Fundraising
- Group Subscription Fee
- Applications for 2017/18 Entry
- Estates Strategy (this reflected current estates plans and had been produced at the request of HEFCE as part of the HEI submission)
- FE Tuition Fees Policy 2017/18

(b) White Rose Academies Trust (WRAT)

The Board received a paper updating on the discussions, decisions and recommendations from the WRAT Board meeting held on 11 May, the main topics being:

- Feedback from DfE Education Advisor following visits to each Academy. The advisor outlined questions for the Board to consider in terms of effectiveness and whether it was set up to focus on the right things – he identified lots of strength and knowledge around the Board table but questioned whether it was being utilised effectively. The advisor also cautioned what whilst the external support with Gorse was positive, the Trust needed to ensure that there was a transference of knowledge and skills to ensure that the support could be released when appropriate.
- Student progress, behaviour and attendance
- Recent Ofsted inspections of Leeds West Academy and Leeds City Academy; there would be an update on progress of action plans, to be presented by the LAB chairs monthly. The Chief Executive/Principal advised that notification had been received from Ofsted earlier that day of Leeds East Academy's inspection 23-24 May.
- The role of the Academy Improvement Partner
- Finance Report and Budget Update

Governors queried the reported deficit for 2016/17; the Chief Executive advised that he would be reviewing this position in detail with the Executive Principal of WRAT.

It was noted that both the LCoM and the WRAT reports had been prepared in advance of the minutes of those meetings being produced. The Chair of LCoM suggested that the Group Structure Task & Finish Group be tasked with considering the most appropriate authorship, content and format of future reports from local/subsidiary boards to Group Board.

12. Group Finance

(a) Financial Position and Forecasts

The Chief Financial Officer (CFO) presented the group's current financial position for the period ending 30 April 2017.

The year to date EBITDA position was higher than budget, resulting from a stable income position and savings in both pay and non-pay expenditure. The forecast outturn EBITDA to year end was based on full reviews undertaken in March with all budget holders - no material changes were envisaged at this stage. The CFO explained that the deterioration of EBITDA between April and year end was due to the pattern of payments from government funding sources.

A lengthy discussion took place around EBITDA and the need to consider carefully any additional investments in light of the Quarry Hill investment. It was agreed that any proposals for additional investments needed to include a full and clear rationale/business case and fully articulate the financial implications. Any proposals relating to major capital projects would be presented to the Property Strategy Committee for review prior to being presented to the Board for approval.

The closing cash balance at the end of April was reported to be better than forecast due to timing differences in both operational and property projects. The year end cash balance forecast had also increased slightly.

The report referred to a number of students being yet to make payment for their tuition. Governors queried this point and the CFO advised that this related to a timing issue on confirmation of attendance that would be rectified in future months.

RESOLVED (B 34/17):

To note the current financial position of the group and the updated forecast outturn for 2016/17.

(b) Financing and Working Capital 2017-2020

The Chief Financial Officer (CFO) presented a paper informing governors of the approach taken in engaging with financial institutions to provide funds to support the construction of the Quarry Hill project (phase one). The paper sought Board approval to progress with management's preferred option.

To inform governors' consideration of the options presented, the CFO provided an explanation of the difference between 'bridging' finance and 'working capital' and the estimated cost of the proposed financing. The CFO also explained the difference between a revolving credit facility and overdraft. In response to a question from the Board, the CFO confirmed that the costs of the financing had been included in the three year financial plan. The CFO also confirmed that the preferred option presented for approval was consistent with the discussions and decisions of the extraordinary Board meeting held on 10 March 2017.

Having considered the information presented, governors were mindful that, whilst presenting a cost to the group, the proposed financing would reduce financial risk overall.

RESOLVED (B 35/17):

To agree the preferred option presented for financing for the Quarry Hill project, as detailed within the circulated report, and to authorise the Chief Financial Officer to conclude the negotiations, subject to the appropriate security covenants and due diligence for:

- Bridging financing of up to £8m over 3 years with Santander; and
- A working capital facility of up to £6m over 3 years with Santander.

13. **Group Property Strategy**

(a) Major Capital Projects Update

The Board received an update on the major capital projects within the Group Property Strategy – Printworks Phase 3 and Quarry Hill.

It was reported that the contractors were now expected to complete on site at the Printworks in mid June and the building would be open for delivery in September. The project would be completed within the agreed budget.

Governors noted that enabling works at Quarry Hill had gone well and were scheduled for completion the following week; there was no delay to the overall programme at this stage. The transition from WYG as project managers to the new project management arrangements agreed the previous month was ongoing and was progressing satisfactorily. The Deputy Principal Corporate Services advised that the budget remained to be finalised once the target price exercise with Wates had been completed – this was scheduled for mid June with a mid July start on site. The Chair of the Property Strategy Committee advised that the committee had spent time at its meeting earlier that day discussing public realm and public art and would receive a report on this topic at its next meeting. He also reported that the Planning Panel the previous week had delegated authority to planning officers – a detailed application would be submitted in June, which should enable a start on site in July.

(b) Extension of Enfield Lease

The Deputy Principal Corporate Services presented a report seeking approval for an extension of the lease of the Enfield Centre. The landlord had offered a fifteen year extension on the lease until October 2032, including two break clauses. The incentives were a freeze on rent at the current level and waiver of dilapidations costs when vacating the site. The latter was reported to be a potential saving in the region of £250k.

The Deputy Principal Corporate Services advised that, although it was planned to vacate and replace Enfield in due course (as outlined in the Group Property Strategy), this was not likely to be possible before the end of the current lease.

The Property Strategy Committee had considered the proposal in detail at its meeting earlier that day. The committee supported the proposal subject to Cushman & Wakefield (agents for the group) being asked to confirm their advice/opinion on the rent level.

RESOLVED (B 36/17):

To approve an extension of the lease on the Enfield Centre for a further fifteen years from October 2017, subject to the Property Strategy Committee being assured in relation to the proposed rent level.

FOR INFORMATION

The following papers were presented to governors for information:

- Student Retention, Achievement and Progress
- Teaching, Learning and Assessment Update
- HE Annual Provider Review 2016/17
- Rolling list of Group Board actions and matters arising

There were no questions/concerns arising from these information papers.

ANY OTHER BUSINESS

North Yorkshire Area Review

The Chief Executive/Principal advised that, further to recent discussions with the Assistant FE Commissioner, an expression of interest had now been submitted on behalf of the group. This did not represent any obligation on the part of the group. Detailed proposals would be brought to the Board for discussion if and when appropriate.

Student Elected Governor

As this was likely to be E Chapman’s last Board meeting, governors expressed their sincere thanks to her and wished her well for the future.

The meeting closed at 7.30pm

Signed: (Chair)

Date: