

LEEDS CITY COLLEGE GROUP

MINUTES OF THE MEETING OF THE BOARD OF GOVERNORS HELD ON MONDAY 19 JUNE 2017

Present

Colin Booth	Chief Executive & Principal
Robert Clunas	Staff Elected Governor
Cherry Fricker (Vice Chair)	Governor
Gerald Jennings	Governor
Shaid Mahmood (Chair)	Governor
Christine Smith	Governor
Tina Turnbull (Vice Chair)	Governor

The quorum for the meeting was seven Board members

In Attendance

Louise Child	Director of Capital Projects (agenda item 6 only)
Lydia Devenny	Chief Financial Officer
Gerry Godley	Principal & MD, Leeds College of Music
Melanie Halstead	Clerk to the Board
Bill Jones	Deputy Principal Teaching & Learning
Jane Pither	Deputy Principal Corporate Services
Andrew Whitaker	Executive Principal, White Rose Academies Trust

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

MEETING ADMINISTRATION

1. Apologies for Absence

Apologies for absence were received from Adam Beaumont, Emily Chapman, Becky Hewitt and Libby Raper (governors).

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; standing declarations were noted.

4. Minutes of the Meeting of the Board (Parts I and II) held on 22 May 2017

RESOLVED (B 37/17):

That the minutes of the meeting of the Board (Parts I and II) held on 22 May 2017 be approved and signed by the Chair.

BOARD MEMBER COMMUNICATIONS

5a. Key Statutory Areas

Health & Safety and RIDDOR

The Deputy Principal Corporate Services reported that there had been 29 reported incidents over the last month, none of which were RIDDOR reportable. Governors were also informed that an issue relating to fire doors had been identified at the Technology Campus and the Park Lane Campus; the Deputy Principal Corporate Services advised that this was currently being addressed.

The link governor briefed governors on the emergency response procedures in place across all campuses. It was noted that key staff were aware of the procedures and the forthcoming staff development day would be used to cascade to staff. Students would also be appropriately briefed. The link governor advised that the procedures in place were in accordance with national guidelines.

Safeguarding and Prevent

The link governor advised that the Safeguarding Strategy Group was scheduled to meet the following week; an update would therefore be provided at the next Board meeting.

SEND

The transition to college processes was ongoing following the transfer of VINE provision from the Local Authority to Leeds City College.

Equality & Diversity

The link governor confirmed that there were no issues or concerns to report.

5b. Task & Finish Groups / Committees

English and Maths

The Chair of the Task & Finish Group advised that the group had met for its final meeting the previous week. There had been approximately 6000 examination entries with a tremendous effort from staff to ensure a positive experience for students during the examination period. Predicted results for 2016/17, if coming to fruition, would be a significant improvement.

Property Strategy

Covered separately on the agenda for this meeting – see item 6 below.

GROUP BUSINESS

6. Quarry Hill Project Budget

Prior to considering the proposed budget for Quarry Hill, Board members were provided with an update on the project – this included a reminder of Board approvals to date, the curriculum provision to be located at the new campus, scheme overview and design, consultancy arrangements and the project programme. The Chair of the Property Strategy Committee advised that the scheme would be presented to planners the following day for final approval, with authority delegated to planning officers. He also reported that the termination of consultancy services provided by WYG had been managed satisfactorily. In terms of the programme, it was reported that enabling works were complete and, subject to Board approval of the project budget, it was planned to award the main construction contract at the end of June with a view to a mid July start on site. Project completion was still programmed for late June 2019, with teaching to commence at the campus in September 2019.

The current design provided for sprinklers only at lower levels and, in light of recent events in London, a lengthy discussion took place relating to the possibility of providing sprinklers throughout the whole building. This issue had been discussed at the Property Strategy Committee meeting earlier that day, at which Wates had indicated that to add the sprinklers throughout would add approximately £500k to the overall project costs. Although the current proposal to provide sprinklers at lower levels only was legally compliant, governors felt strongly that this was an area in which it was preferable to go beyond legal compliance to ensure that the new campus was of the highest safety standards. It was suggested that both the LEP and Leeds City Council be asked to provide funding towards meeting the extra costs.

It was reported that Wates had also been asked to confirm in writing the appropriateness of the proposed cladding. In response to a query from the Board, it was reported that Turner & Townsend (interim project managers) would review the advice received from Wates in this respect. The Director of Capital Projects advised that the college's own project manager would also be on site checking all aspects of the project on a regular basis.

Governors were advised that, due to timing issues, it was not possible to confirm that the new district heating system (when available) would be adopted for the Quarry Hill phase 1 project. The potential impact on stakeholder relations was acknowledged, noting that to retrofit the scheme at a later date would result in significant costs. However, it would be possible to plan to build the scheme into phase 2 of the project. It was suggested that a log of such issues relating to the project be maintained, serving as an aide-memoire for governors should it be needed in the future.

Board members went on to discuss the proposed project budget. The Property Strategy Committee had met with the main contractor (Wates) earlier that day and had rigorously reviewed the construction budget put forward by Wates. The Chair of the Committee advised that, whilst the construction budget had increased to £42,744k, committee members were confident that Wates had been rigorous in their submission. The total project budget now stood at £59,959k compared to the previous budget of £59.5m presented to the Board in March and April 2017. Governors therefore queried whether there was an opportunity for further value engineering. The Director of Capital Projects advised that this was not possible without impacting negatively on quality and the student experience as value engineering had already been maximised. The Chief Executive & Principal and the Chair of the Property Strategy Committee supported this position, emphasising that the value engineering had been robust and had been reviewed independently by professionals within the Local Authority and by Turner & Townsend. The Chief Executive & Principal advised that further cost savings would be difficult to achieve and recommended that the Board approve the proposed budget of £59,959k, to include the additional costs of adding sprinklers throughout the building.

In terms of affordability and potential loan requirements, the Chief Executive & Principal reported that the draft Three Year Financial Plan presented for approval at this meeting showed EBITDA at between the 'medium case' and the 'high case' presented to the Board in March 2017. He advised that achieving this financial performance against a Quarry Hill project budget of around £60m would mean that no loan would be required to fund the project.

Having considered all of the information presented to it and the views put forward by management and the Property Strategy Committee, all but one governor supported this recommendation. However, the Chief Executive & Principal was tasked with putting forward strong representations to the LEP and Leeds City Council with regard to additional funding for the additional sprinklers.

RESOLVED (B 38/17):

- (a) To approve an overall budget of £60m for the Quarry Hill project, this figure to include the addition of sprinklers throughout the whole building.

(b) To proceed to award of contract with Wates Construction Limited.

7. Finance

(a) Financial Position and Forecast

The Chief Financial Officer (CFO) presented a paper outlining the group's financial position for the period ending 31 May 2017.

The year to date EBITDA position remained higher than budget, resulting from a modest shortfall against budgeted income combined with significant savings on pay and non-pay. However, the CFO advised that not all the savings were anticipated to continue to the year end as many related to timing issues. Governors queried whether the savings in pay and non-pay had impacted negatively. The CFO advised that many of the savings resulted from delays in recruiting to posts - no adverse impact had been identified. The forecast remained unchanged from that presented to the Board in May 2017; no significant change was anticipated. Board members asked the CFO to articulate her level of confidence in the forecast being achieved. The CFO expressed this as 90-92% confidence, reflecting the remaining risks around income outlined in the circulated report. In response to a further question, the CFO advised that the EBITDA risk had reduced from the £700k previously reported to £200-300k. It was noted that the figures presented were a combination of a bottom up forecast and the professional view of the CFO.

At its meeting in April the Board had asked for consistent terminology around levels of risk. The Deputy Principal Corporate Services confirmed that this would be circulated by email during the first week in July.

In considering cash flow, it was noted that the Quarry Hill project was anticipated to create a time delay between expenditure and income that crosses the year end - discussions had commenced with Santander around a revolving credit facility, to be in place by 31 July 2017. The main change to the cash flow forecast related to the timing for the receipt for the sale of Horsforth Campus; the executive were working hard to complete the sale as soon as possible, thereby avoiding the need for a bridging loan in 2017/18. The CFO was asked to alert the Board at an early stage if there was any risk to this being achieved. A discussion followed in relation to the strength of cash flow management and accuracy of forecasting required going forward and it was suggested that the Chief Executive & Principal and the CFO consider this further outside of the meeting.

RESOLVED (B 39/17):

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

(b) Draft Budget 2017-18 and Three Year Financial Plan 2017-2020

The Board had considered an early draft of the 2017-18 budget and three year financial plan at its meeting in April 2017. The Chief Financial Officer (CFO) now presented an updated version for discussion/approval. The budget for 2017-18 increased income by 10.2% and EBITDA by 38.1%, with further growth in years 2 and 3. In response to a question from governors, the CFO clarified the following changes from the version presented in April:

- Income up £2.7m in Year 1
- EBITDA up £235k in Year 1

Arising from discussion, it was noted that the LCC Commercial Board would consider the proposed targets for apprenticeship income at its meeting on 4 July. Any proposed changes would then be incorporated into the final budget and financial plan to be presented for Board approval on 17 July.

Whilst the financial plan included a substantial increase in income, this was not reflected in the forecast EBITDA position. Governors had previously requested a reconciliation in this respect and the CFO undertook to provide this.

As previously requested by the Board, target market share information had been included in the circulated report. This was for 2017-18 only and governors therefore asked that this be expanded to cover all three years of the financial plan. The CFO undertook to provide this, using whatever reference point was most useful to management.

Governors went on to discuss the financing of the Quarry Hill project, and management were reminded that the Board had not agreed to the draw down of any loan funding to support the financing of the project. The Chief Executive & Principal confirmed that the financial plan showed EBITDA at between the 'medium case' and the 'high case' presented to the Board in March 2017 - achieving this financial performance against a Quarry Hill project budget of £60m would mean that no loan would be required to fund the project. The CFO confirmed her agreement to this, subject to the expected property disposal receipts.

RESOLVED (B 40/17):

To agree the 2017-18 budget and three year financial plan as presented, subject to any final changes being presented for approval in July 2017.

8. Area Based Review Update

Separate confidential minutes refer.

(Gerald Jennings and Gerry Godley left the meeting at this point; as the meeting was no longer quorate the Chair closed the formal part of the meeting and an informal discussion took place on the remaining items of business)

9. Strategic Risk Dashboard

The Deputy Principal Corporate Services introduced the group strategic risk dashboard for June 2017. In considering the forecast RAG status of individual risks, it was confirmed that these were based on the end of July. A discussion followed in relation to the role of the Audit Committee around risk management and it was suggested that the summary report prepared for the Board could better reflect this.

10. White Rose Academies Trust – Briefing on Governance and Reporting Structure

As previously requested by the Board, the Chief Executive & Principal delivered a presentation on the governance and reporting structure of the White Rose Academies Trust (WRAT) as part of the Leeds City College Group. It was noted that the Trust retained a separate Audit Committee and Remuneration Committee. The terms of reference for the latter would be reviewed to align with the new Group Remuneration Committee. At the request of governors, the Executive Principal explained the nature of the relationship between WRAT and The Gorse Academies Trust; this consisted of a two year service level agreement focused on school improvement. The Chair of the Trust advised that the DfE Advisor had discussed this with the WRAT Board, emphasising the need for a transference of knowledge and skills to ensure that the support could be released when appropriate.

FOR INFORMATION

The following papers were presented to governors for information:

- Group Strategy Review Process – progress update
- Rolling list of Group Board actions and matters arising as at June 2017

With regard to the strategy review process, it was noted that GatenbySanderson would facilitate a workshop with governors and the executive as part of the July Board meeting.

Signed: (Chair)

Date: