

## LEEDS CITY COLLEGE GROUP

### MINUTES OF THE MEETING OF THE BOARD OF GOVERNORS HELD ON MONDAY 30 OCTOBER 2017

#### Present

Colin Booth	CEO & Principal
Cherry Fricker	Governor
Gerald Jennings	Governor
Shaid Mahmood (Chair)	Governor
Ken Morton	Governor
Hayvi Rahem	Student Governor
John Toon	Governor
Tina Turnbull	Governor

The quorum for the meeting was seven Board members

#### In Attendance

Lydia Devenny	Deputy CEO Services
Gerry Godley	Principal & MD, Leeds College of Music
Melanie Halstead	Clerk to the Board
Bill Jones	Deputy CEO Curriculum & Quality
Gemma Simmons	Vice Principal Curriculum

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

#### MEETING ADMINISTRATION

##### 1. Welcome and Introductions

The Chair welcomed Ken Morton, Hayvi Rahem and John Toon to their first group board meeting and introductions were made.

##### 2. Apologies for Absence

Apologies for absence were received from Adam Beaumont, Libby Raper, Christine Smith and David Yates (governors). Apologies were also received from Andrew Whitaker (Executive Principal, White Rose Academies Trust).

##### 3. Determination of Observers/Attendees at the Meeting

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

##### 4. Declaration of Interests in any Agenda Items

Governors were reminded of the requirement to declare their interest in any agenda items. Gerald Jennings declared an interest in that a company he was involved with (Social Communications) was working with Vital Energi, the partner organisation appointed to design, build, operate and maintain the District Heating Network.

## **5. Minutes of the Meeting of the Board held on 17 July 2017 and Rolling List of Actions and Matters Arising**

Governors considered the draft minutes of the previous board meeting and the rolling list of actions and matters arising from previous meetings.

RESOLVED:

- (a) That the minutes of the meeting of the board held on 17 July 2017 be approved as a true and accurate record and that these be signed by the Chair.
- (b) That the Leeds City College Fees Policy be presented to the Leeds City College Board for approval in January 2018.

## **COMMUNICATIONS**

### **6. Quarterly Update on Key Statutory Areas and Appointment of Link Governors**

Governors received an update in relation to the key statutory areas of Health & Safety, Safeguarding & Prevent, SEND and Equality & Diversity. At its meeting in July 2017 the board had agreed a role description for link governors to be assigned to each of these statutory areas of responsibility and the board was now asked to approve the appointment of nominated link governors for 2017/18, as follows:

Health & Safety – John Toon  
Safeguarding & Prevent – Tina Turnbull  
Special Educational Needs & Disability (SEND) – Ken Morton  
Equality & Diversity – David Yates

RESOLVED:

To approve the appointment of link governors for 2017/18, as listed above.

### **7. Written Resolutions and/or Chair's Action**

The board received a summary of the written resolutions circulated and approved since the previous board meeting. There had been no specific Chair's Action since the previous board meeting.

### **8. Other Communications**

The Chair briefed governors on the following correspondence that he had signed in his capacity as Chair of the group board:

- Letter to Regional Schools Commissioner regarding Wakefield Academy Trust (in the college's capacity as sponsor of White Rose Academies Trust)
- Letter to the Prime Minister and MPs regarding 16-19 funding (signed by 141 college principals and chairs)

Positive feedback was provided on the recent Leeds City College HE Graduation Ceremony which had been attended by a number of governors and co-optees.

## **STRATEGY AND POLICY**

### **9. Group Vision, Mission, Values and Strategy**

The Chair presented an update produced by GatenbySanderson on the work they were doing with governors and the executive on group vision, mission, values and strategy. The Chair advised that he and the Vice Chairs had also received feedback directly from GatenbySanderson. On the whole this was very positive in terms of the work being done

with the executive. GatenbySanderson had also made some observations and recommendations around board behaviours and how board members could best support the executive. Following on from this, the Chair had taken up the opportunity of some coaching with GatenbySanderson in his role as Chair of the group board. He also intended to seek 360° feedback as part of this process and in the fullness of time would encourage other board members to take up similar opportunities.

## 10. CEO & Principal's Update

The CEO & Principal delivered a presentation to the board and governors discussed the following highlighted topics:

- The recently published DfE T Level Action Plan, including the 15 'routes' that sit alongside apprenticeships and substantial work placements of up to 3 months.
- Technical and FE Act 2017, including the establishment of the Institute for Apprenticeships and Technical Education and the FE insolvency regime.
- Post 16 funding (linked to the letter to the Prime Minister/MPs signed by the Chair).
- Stability of the FE and Skills Sector – it was noted that the average operating surplus/deficit for colleges in England for 2015/16 was minus 1%.
- Current HE consultations, particularly related to the HE and Research Act 2017.
- HE student information, including development of the Teaching Excellence Framework (TEF), change from the Destination of Leavers from HE (DLHE) Survey to the Graduate Outcomes Survey and the addition of Longitudinal Educational Outcomes (LEO) data. A discussion followed regarding the latter and whether it would be timely for LCoM to carry out some research in this area; the Principal & MD advised that the key issue was to ensure that LCoM's TEF submission is robust.
- The Leeds Inclusive Growth Strategy and Talent & Skills Plan – governors commented that the lack of focus on retraining in the Skills Plan was disappointing, particularly in light of the ageing population. It was also felt that whilst there was much ambition, it lacked a delivery plan. Governors also commented that it would be good to get to the point where the college's outcomes data could be presented at neighbourhood level.

## 11. Property Strategy

### Update on Property Strategy and Feedback from Property Strategy Committee

The Chair of the Property Strategy Committee (PSC) presented a paper providing an update on the property strategy and feedback from a meeting of the committee held in September. Feedback from a further meeting held the previous week was also provided and the board went on to discuss the following key issues:

#### *Quarry Hill Project*

Full planning consent had now been secured for the changes resulting from value engineering. A full building mock-up was also in place on site and governors were invited to make contact outside of the meeting if they wished to view this. In response to a query from governors, it was clarified that the costs associated with the acceleration to recover programme would be absorbed within the agreed project budget. It was confirmed that any proposed expenditure outside of the agreed budget would be brought back to the board for approval. The PSC had discussed the mechanical and electrical services specification in detail with the contractor and had requested a follow up report on this issue. Governors were updated on the ongoing discussions relating to Gateway Court and the college's continued dissatisfaction with the proposed design, particularly in relation to the suitability and safety of the proposed access. It was reported that, at the request of the LEP, the college had submitted an expression of interest for grant funding to build Quarry Hill Phase 2; linked to this, the PSC had discussed the pressures on other areas of the approved 2016 Property Strategy and a review of the Property Strategy would form a substantive agenda item for its next meeting.

### *Leeds College of Music (LCoM) Projects*

Governors noted the progress on three significant building projects for LCoM – a new music library (Skyline building), The Venue rooftop extension and the reconfiguration of level 5 (3 Quarry Hill) following the relocation of the existing library provision. With regard to The Venue rooftop extension, it was reported that the landlord and the design team continued to challenge the contractor's valuation and the variation to contract - this could potentially result in an increase in rent payable by LCoM. Following consideration by the PSC, the LCoM Board would be recommended to agree that LCoM join the city council's District Heating Network (DHN), subject to legal advice being obtained on the draft Heads of Terms and further advice around future pricing. There would be no capital cost to LCoM as an early adopter of the DHN.

### *Butterley Street*

It was reported that the landlord had recently signed the lease with the existing tenants, leaving the college without accommodation for use in January 2018. The CEO & Principal advised that whilst a setback in the longer term to accommodate growth in student numbers, this was not an immediate issue. A site search was being undertaken to identify alternative suitable accommodation in the vicinity.

### *Disposal of Horsforth Campus*

The Chair of the PSC briefed governors on the price adjustment mechanism which remained under discussion with the Education and Skills Funding Agency (ESFA). Governors were reminded that the board had previously agreed the sale of the campus to the ESFA for £12m – in the event that a decision was required prior to the next board meeting, it was agreed that authority be delegated to the Chair of the Board, the Chair of the PSC and the CEO & Principal to approve a revised offer of not less than £11m.

### *Disposal of Thomas Danby Sports Centre*

Governors were updated on the current negotiations relating to the proposed disposal of the Thomas Danby Sports Centre. It was noted that this may necessitate the circulation of a written resolution to seek board approval of an offer prior to the next meeting.

### RESOLVED:

That authority be delegated to the Chair of the Board, the Chair of the PSC and the CEO & Principal to approve a revised offer for the Horsforth Campus of not less than £11m, should a decision be required between board meetings.

### Proposed Purchase of Skyline Long Leasehold

The Deputy CEO Services presented a report seeking approval for the purchase of the landlord's long lease interest of the ground floor unit of the Skyline building.

Two options appraisals had been carried out to establish whether purchase of the leasehold represented better value for money compared to leasing. Both options presented a low cost over the leasing option. Having considered the options presented, members of the Property Strategy Committee were satisfied that the purchase option provided better long term value for money and therefore recommended that the option to purchase the leasehold be exercised, subject to the results of cash flow modelling. The Deputy CEO confirmed that £900k to cover the proposed purchase had been built into the revised group cash flow forecast.

Whilst supporting the proposed purchase of the Skyline long leasehold, board members commented that property related decisions seemed to be being made in isolation. The Property Strategy Committee needed to be mindful of this when reviewing the overall Property Strategy. It was also suggested that the board have a debate at some point around investment decisions, for example investment in buildings versus investment in people.

**RESOLVED:**

To approve the purchase of the landlord's long lease interest of the ground floor unit of the Skyline building on the terms set out in the circulated report.

Quarry Hill Project Financial Update

A paper was presented to update governors on the financing arrangements and requirements for the Quarry Hill project, in particular detailing project affordability and potential loan requirements.

At the request of governors, the Deputy CEO Services explained the shifts in financial projections (asset release and EBITDA) since the project was agreed by the board in March 2017. The Deputy CEO confirmed that the shortfall outlined in the circulated report (c£5m) could be met through improved financial performance over the next few years. Therefore, the requirement to secure a loan to fund the project remained dependent on the values from asset release and the group's financial performance over the next 3 years. Set against a reduction in cash generated from asset sales, management were confident that the baseline (Medium Case) improvements in EBITDA projected in March 2017 would be met or exceeded.

It was reported that the revised projections indicated that, despite the lower sale proceeds for asset disposals, the Quarry Hill project could be completed without the need for a long-term loan if baseline projections for EBITDA were exceeded. However, it was considered prudent at this stage to assume that a loan of between £1-7m would be required. Set against this, the turnover of the group EBITDA generation by 2020/21 should be higher than projected, making an additional loan easily affordable.

In response to a query from governors, the Deputy CEO Services advised that the £6m working capital (via Santander) would be drawn down by July 2017, as previously agreed by the board.

It was clarified that no decisions were required from the board resulting from this discussion; the report served to provide an update only at this stage. Specific board approval would be sought prior to any loan being drawn down.

Governors recognised that whilst the current situation was being managed, it did have an impact on future investment decisions. Governors also emphasised the need for caution when valuing assets in the future; this was acknowledged and agreed by management.

**RESOLVED:**

To note the update provided on the financing arrangements for the Quarry Hill project, including the potential loan requirement and project affordability based on the projected financial performance of the group.

**PERFORMANCE MONITORING AND SCRUTINY – QUALITY AND STANDARDS**

**12. Group Achievement and Results 2016/17**

The Deputy CEO Curriculum & Quality provided an overview of headline outcomes for each member of the Leeds City College Group.

It was reported that student results and outcomes had improved significantly in the group schools and FE colleges, from being significantly below the national average position for most measures in 2014/15 to being at or above the national rate in the same measures in 2016/17. The board was particularly pleased with the results at Leeds East Academy, making it the most improved school in Leeds and one of the most improved in the country. It was suggested that consideration be given to a communications strategy on the positive

results across the group and governors undertook to share the success stories as part of their ambassadorial role.

The position for the group's HE provision (at Leeds City College and Leeds College of Music) was more mixed, with the improvements targeted not being achieved in several measures. Governors discussed the improvements required which included improving undergraduate achievement, reducing non-continuation rates between year 1 and year 2 of courses and improving the satisfaction of students as measured via the National Student Survey (NSS).

### **13. Outcomes of Staff Survey 2017 and Investors in People**

The Deputy CEO Services presented a report outlining the outcomes and proposed actions arising from the 2017 staff survey and the recommendations identified from the Investors in People (IIP) reaccreditation. The staff survey and IIP recognition (confirmed until 2020) covered Leeds City College and Keighley College and more detailed reports had been provided to those boards.

Compared to the staff survey for 2016, the results produced an increase in the overall average score from 57.6% to 65.9%. Although the overall results had improved, it was noted that the overall ranking of the questions remained largely unchanged in that those questions scoring low in 2016 continued to be the lowest scoring questions and the same pattern was reported in respect of the top ranking questions. The York College Survey Group (consisting of 48 colleges) had asked the same questions and scored them in the same way, providing a benchmarking tool. It was reported that Leeds City College/Keighley College continued to score below the average benchmark, which was disappointing. However, the board recognised the significant cultural shift demonstrated in the survey results.

The areas scoring low in the staff survey were similar to the areas for improvement recommended in the IIP reaccreditation report. Four main areas for improvement had been identified – Communication; Engagement and Well-being; Leadership Development; Systems and Processes. Governors considered the action plan compiled to address each of these areas.

The Chair of the Leeds City College Board reported that members of that board had expressed disappointment that the survey question relating to the college genuinely caring about the welfare of staff was one of the lowest scoring and had questioned the executive on what action(s) were planned in response to this. The Deputy CEO Services had advised of the plan to conduct a 'pulse survey' in November 2017 to explore this further.

### **14. Performance against Targets in the 2016/17 Group Development Plan**

The CEO & Principal presented a paper analysing the performance against the high level targets set in the group's 2016/17 Development Plan. The targets were BRAG rated, indicating performance against target and performance against overall expectations and national benchmarks. Across the group, performance in most areas was good or outstanding, representing the significant improvements achieved in 2016/17.

Governors considered the significant areas where targets had not been met and overall performance remained below national averages. These included:

- ALPS (value added) A Level and AS scores – it was noted that although the value added score had fallen in 2016/17, the AS ALPS score had increased, giving a good chance of achieving an improved value added score in 2017/18. The Chair of the Leeds City College Board advised that members of that board had discussed the reputational risks relating to A Level results (pass rates); it was acknowledged that the college had achieved its highest ever pass rates in 2016/17.

- Apprenticeship Success Rates (Leeds City College and Keighley College) – the overall apprenticeship success rate had increased but was below target and below the national average. The CEO & Principal advised that the colleges were confident that the positive direction of travel would continue and that the success rate for 2017/18 would be above the national average.
- HE Achievement Rate (Leeds City College and Leeds College of Music)
- HE Overall NSS Score
- A Level Student Progression to HE
- Staff Proud to Work for Leeds City College and Keighley College – whilst the percentage of staff giving a positive response to this question had increased, the overall result was below the target set for 2016/17.
- Sickness Absence Days per person at Leeds City College and Keighley College.

It was noted that proposed targets for each of the above areas were included in the draft 2017/18 Development Plan, presented separately on the agenda for this meeting.

There were a number of areas where targets had been significantly exceeded and overall performance against expectations or benchmarks above national averages. These included:

- Headline FE Achievement Rates for students aged 16 to 18
- English and Maths Progress Targets
- 14 to 16 Apprenticeship Academy Targets
- FE Student Survey Targets (Leeds City College and Keighley College)
- EBITDA for Leeds City College, Keighley College and Leeds College of Music combined
- White Rose Academies Trust Progress 8 Targets

## **15. Strategic and Operational Development Plan and Targets 2017/18**

The board went on to consider the draft development plan and targets for 2017/18. For the benefit of new board members, the CEO & Principal explained that the annual development plan is the highest level document across the group, detailing the group's strategic aims and priorities and high level operational targets. The action plans and targets included were carefully chosen to ensure that all parts of the group move quickly towards outstanding quality and strong financial performance.

Arising from discussion, it was identified that the more significant and challenging parts of the plan which required close focus and monitoring to achieve targets were:

- Apprenticeship achievement rates for Leeds City College and Keighley College
- Value Added for A Levels at Leeds City College
- HE achievement rates and continuation rates
- HE National Student Survey (NSS) results

Governors asked that a mid-year update on progress against these targets be presented to the board. It was also suggested that these areas be added to relevant local risk registers.

In considering the proposed strategic priorities, it was noted that each would have a board level action plan, monitored by the nominated link governor(s). In order to carry out their role effectively, it was confirmed that link governors should have access to all parts of the group.

**RESOLVED:**

To approve the Strategic and Operational Development Plan and Targets for 2017/18.

## PERFORMANCE MONITORING AND SCRUTINY - FINANCIAL

### 16. Financial Position and Forecasts 2016/17

The Deputy CEO Services presented a report outlining the financial position for the year ended 31 July 2017, subject to statutory audit. The year end EBITDA position was better than budget and forecast, representing 8.05% of income. The financial health score remained as satisfactory and the net asset position at 31 July was stronger than anticipated as a result of the improved EBITDA position. In response to a question on the reported EBITDA variance, the Deputy CEO Services advised that none of the identified risks had materialised and that nothing had arisen during the year end audit work that would change the EBITDA position.

Governors were particularly pleased to note that the Adult Education Budget (AEB) classroom based delivery had ended the year in excess of budget. This income line had been closely monitored by the board and governors asked that their congratulations be conveyed to the staff involved in this significant achievement.

It was reported that the 12 month cash flow forecast to July 2018 had been reviewed and the anticipated inflow for the sale of Horsforth had been re-phased as a result of ongoing discussions with the ESFA (as discussed earlier in the meeting).

### 17. Financial Position and Forecasts 2017/18

The board considered the financial position for the period ended 30 September 2017. The EBITDA position was reported as better than budget by £176k, due to timing differences on expenditure rather than an underlying improvement in performance.

Governors discussed the identified risks around apprenticeships starts at Leeds City College and HE tuition fees at Leeds College of Music. It was reported that savings had been identified to mitigate the income deficit and therefore both risks were felt to be tolerable in relation to the group EBITDA position.

The overall forecast remained unchanged at this stage.

## FEEDBACK AND RECOMMENDATIONS FROM LOCAL/SUBSIDIARY BOARDS AND GROUP COMMITTEES

### 18. Leeds City College (LCC)

Governors received a paper summarising the discussions, decisions and recommendations from the LCC board meeting held in September 2017. The full minutes and related papers had been made available via the governor intranet.

RESOLVED:

- (a) To endorse the proposed additional two strategic priorities and targets for Leeds City College for 2017/18, as detailed within the circulated report.
- (b) To approve the proposed change to the college's supply chain fees and charges policy for 2017/18, as detailed within the circulated report.

### 19. Leeds College of Music (LCoM)

Governors received a report summarising the discussions, decisions and recommendations from the LCoM board meeting held on 19 October. The full (draft) minutes and related papers were available via the governor intranet.

RESOLVED:

- (a) To approve the LCoM FE Self-Assessment Report 2016/17 outcomes for inclusion in the group Self-Assessment Report.
- (b) To approve LCoM's strategic priorities and targets for inclusion in the group Development Plan 2017/18.
- (c) To approve the proposed change to the LCoM policy on staff DBS checks, as detailed in the circulated report.

## **20. White Rose Academies Trust (WRAT)**

The CEO & Principal provided feedback from a meeting of the WRAT board held on 19 October. He advised that there had been a strong start to the year in terms of staff and student engagement, reduction in fixed term exclusions and student attendance.

## **21. Audit Committee**

The Chair of the Audit Committee presented a paper summarising the discussions, decisions and recommendations from a meeting of the committee held in September 2017. Full minutes and related papers were available via the governor intranet.

RESOLVED:

That the following be approved following detailed review and recommendation by the Audit Committee:

- Internal Audit Strategy and Audit Plan 2017/18
- Risk Management Policy and Procedure 2017/18
- Changes to the Financial Regulations, Fraud Policy/Procedure and Treasury Policy
- Audit Committee Terms of Reference

## **22. Remuneration Committee**

The Chair reported that the new Group Remuneration Committee had held its inaugural meeting in September. A further meeting was planned for early November, recommendations from which would be presented to the December board meeting.

## **GOVERNANCE AND COMPLIANCE**

### **23. Group Board Membership**

#### **(a) Appointment of Staff Governor wef 1 November 2017**

The Clerk reported that following the recent nomination and election process, Tim Lupton (Deputy Head of Vocational and Access Science) had been elected by staff to serve as staff governor.

RESOLVED:

That Tim Lupton be appointed as staff governor for a two year term of office effective from 1 November 2017.

#### **(b) Appointment of Chair and Vice Chair(s) for 2017/18**

RESOLVED:

That Shaid Mahmood and Tina Turnbull continue to serve as Chair and Vice Chair of the Group Board respectively for 2017/18.

It was noted that the Instrument & Articles of Government provided for the appointment of up to two Vice Chairs; therefore, any other governors interested in serving as Vice Chair were encouraged to contact the Chair or the Clerk.

**24. Board Annual Reporting Schedule 2017/18**

The Clerk presented the annual reporting schedule for the board. This served to ensure that the board fulfilled its duties and responsibilities and was in line with the agreed Group Scheme of Delegation.

**ANY OTHER BUSINESS**

**Governance and Nominations Committee / Board Diversity**

It was noted that the new Group Governance and Nominations Committee would hold its inaugural meeting early in the New Year, with a key priority and area of focus being board diversity across the group.

**Key Messages**

Governors asked that a list of the top ten messages to be communicated in their role as ambassadors be produced and circulated; the CEO & Principal undertook to action this.

**Area Based Review**

The Chair advised that the Chairs of Shipley College and Craven College had requested a meeting with him to discuss the Area Based Review recommendation relating to the Aire Valley. This had been scheduled for early December and the Chair therefore undertook to feed back to the board at its meeting on 18 December.

The meeting closed at 7.50pm

Signed: ..... (Chair)

Date: .....