

## LEEDS CITY COLLEGE GROUP

### MINUTES OF THE MEETING OF THE BOARD OF GOVERNORS HELD ON MONDAY 16 JULY 2018

#### **Present**

Colin Booth	CEO & Principal
Cherry Fricker	Governor
Gerald Jennings	Governor
Tim Lupton	Staff Governor
Shaid Mahmood (Chair)	Governor
Libby Raper	Governor
Christine Smith	Governor
John Toon	Governor
Tina Turnbull (Vice Chair)	Governor
David Yates	Governor

The quorum for the meeting was eight 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-Blench	Vice Principal Curriculum
Andrew Whitaker	Executive Principal, White Rose Academies Trust

The meeting was held at Leeds College of Music and started at 5pm

#### **MEETING ADMINISTRATION**

##### **1. Apologies for Absence**

Apologies for absence were received from Adam Beaumont (governor), Ken Morton (governor) and Hayvi Rahem (student governor).

##### **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. T Turnbull declared an interest in relation to the Leeds City College Supply Chain Fees & Charges Policy and proposed partnership arrangements for 2018/19 in her capacity as Chief Executive of People Matters (Leeds). J Toon declared an interest in the potential transfer of provision (confidential minutes refer). Other standing declarations were noted.

##### **4. Minutes of the Meeting of the Board held on 16 April 2018 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. With regard to the latter, it was noted that all identified items were on schedule to be completed or appeared on the agenda for this meeting.

RESOLVED:

That the minutes of the meeting of the board held on 16 April 2018 be approved as a true and accurate record and that these be signed by the Chair.

## COMMUNICATIONS

### 5. Update on Key Statutory Areas and Feedback from Link Governors

The board received a written update and verbal feedback from the nominated link governors:

#### Health & Safety

The Health & Safety Committee had met in May 2018. There had been no further RIDDOR reportable incidents since the previous board meeting in April 2018. The new group health and safety policy would be considered at the next committee meeting, following which it would be presented to the respective boards for approval.

#### Safeguarding & Prevent

Key issues discussed by the Safeguarding Strategy Group at its meeting in June 2018 were highlighted. The link governor had met with the White Rose Academies Trust (WRAT) board member leading on safeguarding to discuss the arrangements in place across the Trust, following which it had been agreed that representatives would be invited to the Strategy Group to create a cross-group Safeguarding and Prevent forum. It was confirmed that safeguarding related reports to the WRAT Board had been standardised over recent months.

#### Special Educational Needs & Disabilities (SEND)

Since the previous board meeting, the link governor had met with the Executive Principal of White Rose Academies Trust (WRAT) to discuss how the SEND link governor role could be used to offer the Group Board a line of sight and assurance on the SEND responsibilities of the WRAT Board – a copy of the link governor's feedback from this meeting had been circulated to governors for information.

#### Equality, Diversity & Inclusion (EDI)

Key points from the most recent meeting of the EDI Committee were shared with governors. It was reported that the committee was now a group forum, with representatives from Leeds City College, Keighley College, each WRAT school and Leeds College of Music. Good progress was being made in relation to Stage 2 of Investors in Diversity, with a steering group in place and visits from a National Centre for Diversity advisor scheduled across the next term. The link governor advised that refresher training for governors was being considered.

### 6. Written Resolutions and/or Chair's Action

The board received a summary of the written resolution circulated and approved since the previous board meeting. This related to variations to the 'options agreement' with Metropolitan & District Securities Ltd regarding the purchase of the Leeds City College Technology Campus. There had been no specific Chair's Action since the previous meeting.

### 7. Other Communications

The Chair provided feedback from a meeting with the Chair of Leeds College of Building. Forthcoming meetings to be attended by the Chair and CEO/Principal included a meeting at Harrogate College and a meeting with the new Executive Member for Skills and Learning (Councillor Pryor).

Governors were informed of recent correspondence from several local MPs regarding college restructuring and the CEO/Principal's response to such. An invitation to meet with the Chair and CEO/Principal had been extended to each of the MPs. Copies of the correspondence were available to governors on request. A discussion followed around staff pay awards and the Principal/CEO proposed communicating to staff that any nationally agreed increase would be implemented; governors endorsed this.

Board members provided positive feedback from recent events they had attended, including the Leeds City College/Keighley College STAR Awards, White Rose Academies Trust 'Reflection of Year Two' event, the Leeds City College Foundation Studies Graduation Ball and Leeds College of Music's End of Year Show.

## **RISK, GOVERNANCE AND COMPLIANCE**

### **8. Review of Group Strategic Risks**

The board discussed the group strategic risk register as at June 2018. There remained two red risks on the register relating to group finances (cash flow) and the group's ability to resource its property strategy; governors were familiar with the detail of both red risks, having discussed them at previous board meetings.

One new amber risk had been added to the register – this related to the West Yorkshire Consortium of Colleges (Joint Venture), as highlighted by the CEO/Principal at the previous board meeting. Board members were satisfied with the way in which this particular risk was being treated.

RESOLVED:

To note the group strategic risk register as at June 2018.

### **9. Feedback and Recommendations from Member Boards**

#### Leeds City College

Governors received a paper summarising the discussions, decisions and recommendations from a meeting of the Leeds City College (LCC) Board held in June 2018.

The Chair of the LCC Board highlighted a new risk added to the college's risk register relating to the very large and complex GCSE English and mathematics examinations. This had followed a potentially serious issue with the first mathematics paper this year. LCC board members had sought and received assurance that the staffing and management issues had been addressed to prevent any reoccurrence.

The board had considered the college's proposed delivery partnerships and maximum contract values for 2018/19 and recommended the same for approval. The board also recommended approval of the college's Supply Chain Fees and Charges Policy, having been satisfied with the following changes incorporated for 2018/19:

- In order to minimise the risk of a VAT liability, references to "management fees" had been replaced with "fees".
- Addition of a paragraph to confirm that the college reserves the right to hold a retention against the contract.

Governors were pleased to note that Leeds City College was forecasting to exceed its EBITDA target with a year end forecast of 9.77% against the budgeted position of 8.85%.

The Chair of the LCC Board provided feedback from the board's first strategic seminar, held in June 2018. Stakeholder engagement had been identified as an area for further development, together with strengthening the college's role as an anchor institution within the city.

RESOLVED:

- (a) To approve the Leeds City College delivery partnerships and maximum contract values for 2018/19, as detailed within the circulated report.
- (b) To approve the Leeds City College Supply Chain Fees & Charges Policy for 2018/19.

Keighley College

Governors received a report summarising the discussions, decisions and recommendations from a meeting of the Keighley College (KC) Board held in June 2018 and the Chair of the KC Board highlighted the following points:

- The board had expressed its condolences to the family and friends of Keighley College student Callum Dawson following his tragic death.
- The Strategic and Operational Development Plan, designed to secure the future of Keighley College, had been agreed subject to final review by the executive. The plan had been presented at the Group Board strategic seminar earlier that day and was recommended for formal approval by the Group Board. It was confirmed that the plan was consistent with the Group Strategy agreed in April 2018.
- Board members had considered and endorsed a detailed marketing plan for Keighley College covering the period September 2018 to August 2019 and had requested a quarterly update against the plan. The board had also agreed a new logo and branding for Keighley College, details of which had been presented at the Group Board strategic seminar earlier in the day; this was recommended for approval.

Governors welcomed the significant progress made at Keighley College during 2018/19, assisted by the support and challenge of the new KC Board.

RESOLVED:

- (a) To approve the Keighley College Strategic and Operational Development Plan.
- (b) To approve the new logo and branding for Keighley College.

White Rose Academies Trust (WRAT)

Governors received a report summarising the discussions and decisions from meetings of the WRAT Board held in May and June 2018. The May meeting had been observed by the Deputy Director for the Regional Schools Commissioner (Lancashire and West Yorkshire), from which positive feedback had been received.

It was noted that, having considered the outcome of consultation, the board had approved the closure of the Post 16 provision at Leeds West Academy (LWA) from September 2019.

The Trust had an interim CFO (Chief Financial Officer) in post following the departure of the CFO/Director of Resources in June 2018. There had been a delay in finalising and circulating the draft budget and three year financial plan for the Trust and therefore the board would meet again on 19 July to consider these in detail. The WRAT Board had approved a revised Reserves Policy for the Trust; this would be closely monitored due to the current limited reserves.

The WRAT Board had also welcomed a series of independent reports presented by the Trust's Academy Improvement Partner.

Leeds College of Music (LCoM)

The Chair of the LCoM Board presented a summary of the discussions and decisions from the board's most recent meeting held in June 2018.

LCoM's designation as an institution eligible to receive support from funds administered by a higher education funding council had been confirmed with effect from 22 June 2018 and the board considered the associated conditions of designation relating to academic governance and Audit Committee requirements.

In considering the college's annual operating budget for 2018/19, the board were mindful that a stretch income target had been set by the group executive, to be monitored as part of the performance review process. Board members had requested assurance on how any income above target might be used and whether the EBITDA target would change proportionally. This would be the subject of a further discussion between the Chair of the Group Board, Chair of LCoM, CEO/Principal and the Clerk.

The group financial position had been added to the LCoM risk register on the basis that group borrowing requirements might reduce LCoM's flexibility for further investment. The risk had been categorised as amber due to the constraints placed on investment of EBITDA and capital spending as part of the budget. An estates related risk had also been increased from green to amber because of the phasing of capital.

## **10. Feedback and Recommendations from Group Committees**

### Audit Committee

The board received and noted a paper summarising the discussions, decisions and recommendations from a meeting of the Audit Committee held in June 2018.

RSM had been commissioned to carry out an investigation into an alleged fraud involving a college employee. Having considered RSM's findings and the assurances provided by management, the Audit Committee was satisfied that the Fraud Response Plan had been implemented appropriately and was satisfied with the actions taken to strengthen internal controls.

The committee had discussed IT security, an issue that had been re-highlighted following the recent sentencing of a college student. Whilst it was acknowledged that the sentencing did not relate to any activity carried out on college premises or using college equipment, it had highlighted the need for a further review of systems and controls in this area and whether the college should work towards the ISO 27001 standard. Due to the specialist nature of this work, it was agreed that a specialist within RSM be deployed to provide an independent view. Board members were in favour of the college working towards the standard unless advice from RSM suggested otherwise.

Having considered a draft internal audit strategy and plan presented by RSM, the committee was satisfied that the proposed annual audit plan would provide sufficient assurances to monitor the organisation's risk profile effectively. Members felt that the strategy for internal audit covered the organisation's key risks, as recognised by the committee.

### **RESOLVED:**

To approve the internal audit strategy/plan covering the period 2018-2021, as recommended by the Audit Committee.

### Property Strategy Committee

The Chair of the Property Strategy Committee (PSC) presented a paper providing an update on the property strategy and feedback/recommendations from a meeting of the committee held on 16 July.

It was reported that Metropolitan & District Securities (MDS) had triggered the option to buy the Technology Campus on 29 June on the terms previously agreed by the board. The Chair of the PSC briefed governors on the continuing discussions with WYCA around their lifting of the restriction on the campus; he and the CEO/Principal would arrange to meet with the MD of WYCA with the aim of expediting this matter and removing any risk to the college.

The committee had discussed a range of options for the disposal of the Park Lane Campus and University Centre. The committee had also considered a recent valuation of the sites, undertaken on the assumption of student accommodation as future use. Committee members had suggested that the college needed to be as flexible as possible in its marketing of the sites to allow developers to formulate their proposals. In terms of timescales, the preference of the committee was to proceed to market Park Lane A and B blocks (but not the University Centre) before the end of the calendar year. A meeting was being arranged with the Chief Planning Officer to have some initial discussions around the planning opportunities and restrictions on the site(s). In response to queries from governors, it was clarified that no decisions were required from the board at this stage; further feedback and proposed options would be presented at the next board meeting (October 2018). It was acknowledged that there were no reputational risks associated with going to market at this stage. A discussion followed regarding sale and lease back options and governors expressed concern with such an approach over an extended period; it was confirmed that the Property Strategy Committee would carefully consider any proposed sale and lease back terms.

Seven bids had been received for the Horsforth Campus following re-marketing and the committee had considered Cushman & Wakefield's detailed evaluation of the bids. Stonewater/STG were identified as the preferred bidder based on the estimated net purchase price and beneficial payment terms. A level of financial due diligence had been carried out and no issues had been identified. The committee therefore recommended the sale of the Horsforth Campus to Stonewater/STG and governors unanimously agreed this.

Having considered a proposal presented by the Deputy CEO Services, the committee recommended the creation of two new legal entities (special purpose vehicles or SPVs) for the purpose of property development by the Leeds City College Group. Governors had previously been advised of discussions with Leeds City Council regarding the development of their John Charles Centre in the south of Leeds; one of the proposed SPVs would be established as a joint venture with Leeds City Council to allow the costs of this work to be managed in a single entity. The second SPV would be a property development company solely owned by the Leeds City College Corporation; the company would be responsible for the costs of the design and build phase of future developments with the asset(s) being transferred into the ownership of the Corporation at the end of the project. In considering this proposal governors asked that the Deputy CEO Services ascertain whether a disclosure would be required under the DOTAS regime. Board members also noted the suggested ownership split of each proposed SPV, the estimated costs and the likely governance arrangements. A discussion took place around how the proposal fit with the previously agreed strategy, following which the proposal was agreed by a majority of governors.

Heads of Terms for the lease of Temple Newsam had been agreed with Leeds City Council and the draft lease was now being reviewed on the college's behalf by Eversheds Sutherland.

Discussions were continuing to finalise lease arrangements for both Somerville House and Unit A1 Union Works (The Foundry). The committee had considered and were satisfied with the proposed Heads of Terms for each property. The committee had also reviewed the outcome of the Stage One tender evaluation for the fit out works - the preferred contractor was Ultimate Office Solution based on their tender receiving maximum scores on both price and quality. In response to a question from governors, the Deputy CEO Services confirmed that a capital budget of £1m for the fit out works had been included in the three year financial plan (presented separately on the agenda for this meeting).

The Quarry Hill project remained on budget with a completion date of 12 July 2019, as previously reported.

RESOLVED:

- (a) To approve the sale of the Horsforth Campus to Stonewater/STG for no less than £13m.
- (b) To approve the establishment of a company (special purpose vehicle) to support a joint venture with Leeds City Council to create a Sports Classroom Block at the John Charles Centre.
- (c) To approve the establishment of a company (special purpose vehicle) for the purpose of property development by the Leeds City College Group.
- (d) To delegate authority to the Chair of the Board (or in the absence of the Chair, the Vice Chair) and the CEO/Principal to agree and sign the lease for Temple Newsam.
- (e) To delegate authority to the Chair/Vice Chair of the Board and the CEO/Principal to agree and sign leases for The Foundry.
- (f) To approve the appointment of Ultimate Office Solution as the preferred contractors for the fit out works for The Foundry, as recommended by the Property Strategy Committee.
- (g) To authorise the Chair of the Board and the CEO/Principal to sign a contract for fit out works for The Foundry that is consistent with an overall project budget of no more than £1m inclusive of VAT and fees.

## PERFORMANCE MONITORING AND SCRUTINY – FINANCIAL

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

The year to date EBITDA position showed a positive variance against budget as at the end of May 2018. The Deputy CEO Services confirmed that the year end forecast position had been reviewed at period nine and was considered secure.

Governors noted the ongoing review of VAT treatment in relation to subcontracted delivery; the finance team were working with professional advisors to mitigate the associated risk.

The board went on to consider cash flow, both the 31 May 2018 balance and 12 month forecast. The Deputy CEO Services updated governors on ongoing discussions with the LEP and Santander relating to bridging facilities to support the completion of the Quarry Hill project pending the sale of Technology and Horsforth sites. It was noted that the cashflow forecast assumed a successful conclusion of these discussions and the necessary bridging being in place from late autumn 2018.

*(G Jennings left the meeting at this point)*

### 12. Budget 2018-19 and Three Year Financial Plan 2018-2021

At its previous meeting the board had considered an early draft of the group financial plan for the financial years 2018/19 to 2020/21. The Deputy CEO Services now presented a final version for approval. In line with the group structure, the proposed budget for 2018/19 (year 1 of the plan) had been broken down between Leeds City College, Leeds College of Music and Keighley College and the respective boards had reviewed and approved their own budgets. The budget and financial plan met the financial objectives previously agreed by the board with the exception of the required financial health score in 2018/19. The Deputy CEO Services advised that this was as a result of the bridging finance required to complete the Quarry Hill development and had been self-moderated to 'satisfactory' in line with the ESFA criteria.

The board considered a detailed sensitivity analysis, setting out the various individual impacts of changes on the budget. The strategic assumptions underpinning the forecast were also noted, those being:

- the group continuing to provide provision in its current markets, consistent with LEP priorities;

- the financial plan being consistent with overall group plans and including the property strategy; and
- utilisation of credit facilities to underpin cashflow during the major build period of the Quarry Hill development.

As part of the assurance process, governors also received the financial plan checklist published by the ESFA; this had been cross-referenced to the college's financial plan, evidencing that all areas of the checklist had been adequately addressed.

RESOLVED:

To approve the three year financial plan and adopt Year 1 of the plan as the governors' budget for 2018/19.

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

### **13. Predicted Achievement Rates 2017/18**

The board reviewed the predicted year 11 and year 13 outcomes for each of the schools within the White Rose Academies Trust, predicted achievement rates of learners on education and training programmes and apprenticeships within Leeds City College and Keighley College and predicted achievement for HE provision within Leeds City College. The data had also been scrutinised by the respective member boards.

It was noted that Leeds College of Music did not currently predict HE achievement but were looking at ways to do this during the next academic year.

In response to a question relating to apprenticeship provision, the VP Curriculum confirmed that 2018/19 would be the last end date for FBU learners.

### **14. Annual Complaints Report**

The Deputy CEO Curriculum & Quality presented a summary of complaints received across the group during the 2017/18 academic year to date. In considering the breakdown governors noted that the increase in complaints had come from those received by Leeds College of Music and the White Rose Academies Trust. The increase was thought to be attributable, in part, to improvements in the process of capturing and recording lower level/informal complaints rather than those formally investigated by central complaints staff. Governors expressed some concern at the number of complaints upheld at Leeds City College; the Deputy CEO Curriculum & Quality undertook to provide a more detailed analysis to the Leeds City College Board.

## **GROUP POLICIES**

### **15. Pension Cash Allowances in Lieu of Pension Contributions Policy**

The board approved an updated group policy to pay employees a pension cash allowance in lieu of pension contributions. The original policy had been agreed in 2016, subject to biennial review.

RESOLVED:

To approve the updated pension cash allowances policy, as recommended by the Remuneration Committee.

## **CONFIDENTIAL BUSINESS**

### **16. Potential Transfer of Provision**

Separate confidential minutes refer.

**ANY OTHER BUSINESS**

**Link Governors**

It was agreed to retain the existing link governor arrangements for 2018/19 subject to improved engagement with Leeds College of Music and White Rose Academies Trust. The role description would also be reviewed/updated for 2018/19.

**Informal Meeting of Chairs**

The Chair advised of his intention to convene regular informal meetings with the Chairs of member boards in advance of board meetings, starting from October 2018.

The meeting closed at 7.15pm

Signed: ..... (Chair)

Date: .....