

LEEDS CITY COLLEGE GROUP

MINUTES OF THE MEETING OF THE BOARD OF GOVERNORS HELD ON MONDAY 16 APRIL 2018

Present

Colin Booth	CEO & Principal
Gerald Jennings	Governor
Tim Lupton	Staff Governor
Shaid Mahmood (Chair)	Governor
Ken Morton	Governor
Hayvi Rahem	Student 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 the Printworks Campus and started at 4.45pm

MEETING ADMINISTRATION

1. Apologies for Absence

Apologies for absence were received from Adam Beaumont and Cherry Fricker (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 held on 18 December 2017 (Parts I and II) 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 had been or were on schedule to be completed.

RESOLVED:

- (a) That the minutes of the meeting of the board held on 18 December 2017 be approved as a true and accurate record and that these be signed by the Chair.
- (b) That the confidential minutes of the meeting of the board held on 18 December 2017 be approved as a true and accurate record and that these be signed by the Chair.

COMMUNICATIONS

5. Update on Key Statutory Areas including 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 February 2018. Since the previous board meeting in December 2017, there had been a second RIDDOR reportable incident; this had been reported by a contractor following a member of their staff sustaining a minor injury on college premises.

Safeguarding & Prevent

Key issues discussed by the Safeguarding Strategy Group at its meeting in March 2018 were highlighted. Governors considered a breakdown of reported safeguarding concerns in each part of the group and it was noted that mental health issues accounted for the largest proportion of concerns by category at both Leeds City College and Keighley College. In response to this, a cross college mental wellbeing group had been established, meeting for the first time in April 2018. Governors also noted the range of safeguarding and Prevent training in place across the group and the levels of compliance with statutory training modules.

Following the recent sentencing of a student, governors had sought and received assurances from the CEO & Principal regarding the systems and processes in place across the group to prohibit inappropriate access to websites. The link governor for safeguarding reported that the Safeguarding Strategy Group would request a follow up report on the effectiveness of these systems and processes in the summer term.

Special Educational Needs & Disabilities

The Vice Principal Curriculum reported that the curriculum model for those learners accessing bespoke provision at Beeston was in the process of being redeveloped. The number of students declaring a special educational need across the FE colleges had reduced slightly whilst remaining stable within White Rose Academies Trust.

Equality, Diversity & Inclusion

The EDI Committee had held its first meeting of the academic year in March 2018, key points from which were shared with governors. These included establishment of the Investors in Diversity steering group, EDI data across the group and compliance with EDI training. There had been one formal staff incident linked to EDI at Leeds College of Music; this related to the timeliness of reasonable adjustments being made and the Principal & MD confirmed that follow up actions were being implemented to prevent future incidents of this nature.

Arising from discussion, it was agreed to review the role of link governors for 2018/19, in particular to clarify the role of link governors in the context of the group.

6. 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 meeting.

7. Other Communications

It was confirmed that Leeds City College had been awarded Foundation Degree Awarding Powers (FDAP) for a period of six years effective from September 2018.

GOVERNANCE AND COMPLIANCE

8. Feedback and Recommendations from Local/Subsidiary Boards

Leeds City College

Governors received a paper summarising the discussions and decisions from meetings of the Leeds City College (LCC) Board held in January and March 2018.

The Chair of the LCC Board informed governors that the board had received a 'deep dive' report on apprenticeship recruitment and its potential impact on the college's financial position, having previously been identified as a significant risk on the risk register. The main reason for the variance was reported to be the large contracts expected to start in November 2017 which were only now coming to fruition. It was also recognised that the college's focus in the past had rightly been on improving quality rather than growth. Actual recruitment against profile and forecast recruitment based on actual to date and pipeline activity as at January had showed the income gap reducing. However, the Chair advised that as at March this had not come to fruition. However, this was no longer deemed a significant financial risk to the college or the group as the income and EBITDA targets for 2017/18 would be exceeded. The CEO & Principal confirmed that actions were being taken to improve the college's forecasting in relation to apprenticeships and how it engages with the marketplace in order to arrest the decline in market share. Arising from this discussion, governors asked that further information on apprenticeship market share be provided at a future meeting, via the LCC Board. This area of provision and income line would continue to be monitored closely by the LCC Board.

The LCC Board had agreed the proposed group membership fee for 2018/19, albeit expressing the view that the extent to which Leeds City College was subsidising other parts of the group needed to be reduced and eventually eliminated going forward so as to be more equitable towards LCC learners. On that basis, it was felt that a timescale for this needed to be agreed with other group members. Governors agreed to return to this issue as part of the separate agenda item at this meeting.

Keighley College

Governors received a report summarising the discussions and decisions from meetings of the Keighley College (KC) Board held in January and March 2018 and the Chair of the KC Board highlighted the following points:

- The recent Ofsted report had reinforced that achievement rates remained too low at Keighley College, particularly in English and maths. The board had therefore sought and received assurance that the necessary issues were being addressed and would follow this up at each of its meetings.
- The board had unanimously approved the proposed group membership fee for 2018/19, acknowledging that the group operated for the benefit of its members and that a contribution to the group's central costs was needed from each.
- In relation to apprenticeship provision, employer engagement and responsiveness to meet the needs of business had been particularly effective at Keighley College.

White Rose Academies Trust

Governors received a report summarising the discussions and decisions from a meeting of the WRAT Board held in February 2018.

It was noted that, having considered a range of options, the board had unanimously approved the closure of the Post 16 provision at Leeds West Academy. The key drivers for the closure were the low student numbers, poor retention and the level of subsidy required.

In considering school improvement across the Trust, it was reported that attendance remained the key issue to be addressed. Governors were particularly pleased to note the positive outcome of the recent Ofsted monitoring visit at Leeds East Academy. The CEO & Principal advised that this was reflective of the level of improvement across all three academies within the Trust. The Ofsted letter referred to an external review of governance at the academy; it was clarified that this was a standard review imposed by Ofsted for 'Requires Improvement' academies. The Executive Principal confirmed the recent appointment of a new Principal at Leeds East Academy.

The Chair of the WRAT Board reported that the proposed group membership fee for 2018/19 had been considered by the Trust's Audit & Finance Committee; the committee had a number of queries and concerns relating to the proposal and therefore felt unable to recommend the proposed fee to the WRAT Board at this stage.

Leeds College of Music

The Chair of the LCoM Board presented a summary of the discussion, decisions and recommendations from the board's Away Day held in January 2018 and meeting held in March 2018.

Diversity remained a particular challenge for the conservatoire sector, evidenced in the LCoM Gender Pay Gap Report for 2017. The Chair of the LCoM Board confirmed that ongoing action was being taken at LCoM to address this issue.

The board had considered and recommended for approval the conservatoire's 2018/19 fee level; it was proposed to increase international fees as part of a longer term plan to increase substantially the fees over three years, bringing them into line with competitor fees and improving perceptions around quality of provision.

Governors noted the current position on student applications for 2018 entry and in particular the substantial drop in FE applications. This cohort would be the first to be recruited to LCC following the transfer of provision from LCoM and as such had been added to the risk register as a group risk.

In considering the proposed group membership fee for 2018/19, the LCoM Board sought a longer term solution to aid financial planning and in the meantime had agreed to approve in principle a group membership fee for 2018/19 no higher than the 2017/18 fee.

RESOLVED:

To approve the Leeds College of Music HE tuition fees and academic charges for 2018/19, as detailed within the circulated report.

9. Feedback and Recommendations from Group Committees

Property Strategy Committee

The Chair of the Property Strategy Committee (PSC) presented a paper providing an update on the property strategy and feedback from meetings of the committee held in January and March 2018.

The committee had spent much time scrutinising the revised group property strategy, a final draft of which had subsequently been debated and endorsed by the board at its 2018 strategic seminar.

The Quarry Hill project remained on budget with a completion date of 12 July 2019, as previously reported. Some concerns had been raised regarding quality management of the

works, as detailed in the circulated report; the Chair of the PSC confirmed that the committee had sought and received assurance from the contractor in this respect. The committee had also received confirmation from the contractor that subcontractors were not exposed to risk from the recent Carillion collapse.

Governors also received an update on planned disposals, noting that the Horsforth site was being re-marketed following the abortive sale with the ESFA. The CEO & Principal briefed governors on proposed changes to the options agreement between Leeds City College and Metropolitan & District Securities relating to the sale of the Technology Campus; the proposed variations to the agreement were to the college's benefit and included the right to call for the grant of a 12 month lease in the event that Quarry Hill is not practically completed by 31 August 2019. The revised agreement and associated short term lease would be presented for board approval in due course.

The ESFA had proposed Heads of Terms for the purchase of the Thomas Danby Sports Centre for use by the new Dixons Academy on the adjoining site. The draft Heads of Terms were consistent with the proposals previously reported to the PSC and the board and were recommended for approval. Board members were mindful that not all recent asset valuations had been accurate and therefore queried the buy-back clause in the Heads of Terms. It was reported that this was consistent with the current calculation used to determine the sale price.

RESOLVED:

To approve the disposal of the Thomas Danby Sports Centre to the ESFA on the terms set out in the circulated report.

Audit Committee

The board received and noted a paper summarising the discussions, decisions and recommendations from a meeting of the Audit Committee held in March 2018. Following a recent tender process the committee recommended KPMG's reappointment as external auditors for a further (and final) three year period. At the request of the committee, KPMG had agreed to fix their audit fees for the full three years.

RESOLVED:

To approve the reappointment of KPMG as external auditors for a three year period commencing in the financial year ending 31 July 2018.

Remuneration Committee

The Chair provided feedback from a meeting of the Remuneration Committee held in March 2018 at which a new LCC Group ELT Remuneration Policy had been considered along with minor revisions to an existing policy relating to pension cash allowances. Final versions of both policies would be presented to the next board meeting for approval. The committee had also reviewed mid-year progress against appraisal targets for ELT (executive leadership team) members.

Governance & Nominations Committee

The Clerk introduced a paper summarising the discussions and recommendations from a meeting of the Governance & Nominations Committee held in March 2018. The committee had considered board and committee member attendance, board and committee membership and changes to the automatic disqualification rules for charity trustees and senior managers with effect from 1 August 2018.

In considering whether board/committee members should be appointed to serve for a further term of office, the committee had taken account of the following factors:

- Whether the skills and experience of the member are still required
- Whether it would be appropriate to take the opportunity to refresh the range of skills and experience available

- The member's contribution and commitment
- The length of the member's previous service on the board/committee

Following this review, the committee recommended a number of appointments and reappointments to boards and committees within the LCC Group. The Chair and the Clerk undertook to discuss issues relating to membership of the WRAT Board with the Chair of WRAT separately. It was noted that the committee would be considering the issue of board diversity and succession planning at its meeting in the summer term.

RESOLVED:

- (a) That Cherry Fricker be reappointed to the Board of Governors (Group Board) for a further 12 month period.
- (b) That Libby Raper be reappointed to the Board of Governors (Group Board) for a further three year period, coinciding with her membership of the LCoM Board. *(Note: Libby Raper took no part in the discussion/decision relating to her reappointment other than confirming her willingness to continue to serve on the board.)*
- (c) That Jane Pither be reappointed as a sponsor-appointed Director/Trustee of the White Rose Academies Trust for a second term of office.
- (d) That Paul Morrissey be appointed as a sponsor-appointed Director/Trustee of the White Rose Academies Trust with effect from 1 May 2018.
- (e) That Tina Turnbull be appointed as a member of the Governance & Nominations Committee with immediate effect. *(Note: Tina Turnbull took no part in the discussion/decision relating to her appointment other than confirming her willingness to serve on the committee.)*
- (f) That Richard Shaw and Robert Sladdin be reappointed as co-opted members of the Property Strategy Committee for a further 12 month period.
- (g) To note the changes to the automatic disqualification rules for charity trustees and senior managers and to endorse the proposed next steps (as outlined in the circulated report) to ensure that all parts of the LCC Group are compliant with the new rules effective from 1 August 2018.

10. Leeds College of Music (LCoM) HEI Designation

At their 2017 strategic seminar governors had supported a proposal to seek HEI designation for Leeds College of Music. The Principal & MD of LCoM now presented a paper updating governors on the progress of the application and seeking formal approval to proceed with the process of designation.

Having considered the rationale and potential benefits associated with HEI designation, the board agreed to proceed, subject to the Clerk, Chair and Chair of LCoM being satisfied with any changes required to LCoM's articles of association following review by the Privy Council. It was anticipated that the Statutory Order would be laid on 1st June 2018 and, in the absence of any objections, the designation would be effective from 22nd June 2018.

RESOLVED:

- (a) To proceed with the formal process of HEI designation for Leeds College of Music (LCoM), subject to the Clerk, Chair and Chair of LCoM being satisfied with any changes required to the company's articles of association.
- (b) To delegate authority to the Chair, Chair of LCoM and the Clerk for implementing any necessary changes to the articles following review by the Privy Council.

11. Review of Group Strategic Risk Register

The group's strategic risk register as at March 2018 was considered. As previously requested, the format of the risk register had been amended to identify the board/committee oversight and executive lead for each risk. A summary of the changes between each iteration of the risk register in a summary form had also been added to the report and governors welcomed this.

Of the ten risks identified, two remained as red (significant) risks on the register. These related to group finances (cash flow) and the group's ability to resource its property strategy; both of these issues had been discussed as part of the board's strategic seminar earlier that day. Two risks had moved from amber to green as a result of the recent successful Ofsted inspection at Leeds City College and Keighley College. Governors suggested that the mitigations identified in relation to reputational risks be expanded to include a communications plan, this being different to a marketing plan; the Deputy CEO Services undertook to action this.

The Deputy CEO Services highlighted an emerging risk relating to the West Yorkshire Consortium of Colleges, the joint venture between seven colleges in West Yorkshire, including Leeds City College. Leeds City College employed the staff, and as such the joint venture had been identified as an emerging financial risk. In discussing mitigation of this risk, it was noted that the CEO & Principal continued to chair the joint venture Board of Directors and the Deputy CEO Services continued to chair the Finance & Audit Committee.

Arising from discussions, it was agreed that the standing agenda item on risk management be brought up the agenda for future meetings, with clear links to other agenda items, in order to ensure that board discussions are focused on strategic risks.

12. Data Dashboard

The Deputy CEO Services presented the latest version of the data dashboard for the LCC Group colleges. This was noted as a work in progress, with the local boards having discussed ways in which the dashboard could be further developed to meet their needs.

PERFORMANCE MONITORING AND SCRUTINY – QUALITY AND STANDARDS

13. Ofsted Inspection Outcomes and Post Inspection Action Plan

Governors discussed the judgements and feedback provided by the Ofsted inspectors in February 2018 alongside the draft post inspection action plan (PIAP). Members supported the key improvements suggested for inclusion in the PIAP and went on to discuss the next steps for the FE colleges given the positive nature of the Ofsted report and the considerable progress made since the last inspection. These included further development of the TLA strategy, building on the PDBW judgement of Outstanding, possible roll out of the English and maths model to other areas and the development of external partnerships.

It was suggested that the teaching and learning section of the draft LCC Group Strategy document be reviewed alongside the teaching, learning and assessment section of the draft post inspection action plan.

The board conveyed its thanks to all staff, students and external stakeholders involved in the inspection process.

14. In-Year Student Retention, Attendance and Predicted Achievement Rates 2017/18

The board was provided with an overview of in-year performance of students in each group member including retention, attendance and predicted achievement.

The FE college achievement rate was predicted to be 87%, a 1.5% point increase on the previous year and 2.6% points above the most recent (2016/17) provider group rate (PGR). Achievement was predicted to be 74% for apprenticeship provision, a 7.9% point increase on the previous year and 4.9% points above the PGR.

HE retention (Leeds City College and Leeds College of Music) was reasonable at 95% and 98.5% respectively.

Following rapid improvements in most indicators in 2016/17, further improvements in student levels of progress was predicted by the WRAT academies for 2017/18. There had been year on year improvement at Leeds City Academy and Leeds East Academy. Challenges remained at Leeds West Academy, although it was predicting to reach national averages in 2017/18 having been significantly below national averages in previous years.

15. Teaching, Learning and Assessment Update

The Deputy CEO Curriculum & Quality introduced a detailed paper providing governors with an overview of teaching, learning and assessment (TLA) across the group. It was reported that a TLA strategy group had been created to share and develop best practice across all group members. Governors welcomed the report, it being the first of its kind in providing an overview of TLA across all group members.

The local boards had considered the outcomes of observations carried out thus far in the 2017/18 academic year and it was confirmed that all teaching staff within the FE colleges were observed annually with the observation schedule being compiled on a risk basis – a surge was therefore to be expected in the later part of the academic year. Governors went on to discuss the TLA standards underpinning the culture and high expectations of staff and the rigour required around staff performance management.

PERFORMANCE MONITORING AND SCRUTINY - FINANCIAL

16. Financial Position and Forecasts 2017/18

The year to date EBITDA position exceeded budget by £613k as at the end of February 2018. This was reported to be the net result of a £941k underperformance on income against expenditure savings of £1,554k against budget. The period six forecast had been agreed following performance management reviews with budget holders and represented the group's base case forecast. The Deputy CEO Services confirmed that there were no major changes from the previous forecast.

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 28 February 2018 balance and 12 month forecast. It was reported that discussions were taking place regarding bridging facilities to support the completion of the Quarry Hill project following the delayed sale of the Horsforth Campus. The cash flow continued to be updated on a weekly basis.

17. 2017/18 Income Forecast Summary

Governors received for information an update on the forecast against the main income budget lines. The overall income forecast was £771k lower than the period three forecast, with the greatest variances being in Apprenticeships, commercial and full cost, education contracts and projects/contracts. The Deputy CEO Services outlined the reasons for the variances and the actions planned to offset the reduction in income, where feasible.

18. Draft Three Year Financial Plan 2018-2021

The Deputy CEO Services presented for discussion a draft group financial plan for the financial years 2018/19 to 2020/21. In line with the group structure, the draft budget for 2018/19 (year 1 of the plan) had been broken down between Leeds City College, Leeds College of Music and Keighley College. The draft budget and financial plan met the financial objectives relating to EBITDA and overall financial health, as agreed by the board in 2017. Board members considered the strategic assumptions underpinning the forecast and the high/base/low cases presented within the plan.

In response to a query around stretch targets versus agreed budget, the CEO & Principal explained the business planning/performance review process in place across the group. He advised that the process was designed to drive improvement in financial performance with stretch targets for income exceeding the agreed budget. The Chair of the LCoM Board undertook to discuss this with the CEO & Principal outside of the meeting to explore the process further in relation to LCoM.

The board considered the draft plan in the context of discussions at its 2018 strategic seminar around group strategy, growth and risk appetite. A discussion also took place around the governance process, noting that each local board had benefited from early sight of the draft operating budget as it relates to them and would receive a final draft for review/approval in June 2018. The latter would be in the context of the group's financial objectives and would culminate in a final version of the financial plan and consolidated budget being presented to this board for approval in July 2018.

19. Group Membership Fee for 2018/19

A group membership fee was proposed for each group member, calculated based on the relative size of group members by turnover, and the time allocated by the Group ELT and the Clerk during a sample week. The board acknowledged that the group operated for the benefit of its members and that a contribution to the group's central costs was needed from each. However, the local boards had expressed some differing views and governors therefore discussed the overarching principle of a membership fee and the methodology used to calculate such.

The majority of governors were supportive of the overall principle and the current methodology. Governors emphasised the importance of distinguishing between a group membership fee and the use of shared services, the latter being negotiated via the business planning process and approved via local/member boards. The need for parity was also discussed, with group members as equal partners.

The LCoM Board had suggested that a mechanism for providing longer term stability in the fee level be considered and it was agreed that this would be considered for future years. However, the majority view was that each group member should pay the 2018/19 membership fee. This would necessitate further discussions with the LCoM Board and WRAT Board. Going forward, any discount sought by individual group members/local boards should be presented for discussion and approval by this board as part of the overall process.

RESOLVED:

- (a) To approve the proposed group membership fees for 2018/19.
- (b) That a mechanism for providing longer term stability in the fee level be considered for future years.
- (c) That any discounted membership fee sought by individual group members/local boards be presented for discussion/approval by this board.

ANY OTHER BUSINESS

None.

The meeting closed at 7pm

Signed: (Chair)

Date: