



MINUTES OF A MEETING OF THE LINCOLN COLLEGE BOARD OF CORPORATION – HELD AT LINCOLN COLLEGE ON TUESDAY 14 DECEMBER 2021 AT 1630 HOURS

Present:	James Pinchbeck Kallie Bauckham Haydn Beeken Philippa Bratby Ian Billyard Amy Conyard Tim Godson Lucy Goodier Gary Headland Danielle Lister Nick Lyons Tom McKenzie Mark Platts Peter Price Charlotte Watson	Chair FE Student Governor Vice Chair Staff Governor Chair of Performance and Quality Chair of Audit CEO Vice Chair Chair of Finance Committee
In Attendance:	Sarah Adams Tom Dannatt Graham Harrison James Foster Mark Locking Tom Marsden Jim Newall Jacqui Varlow Claire Love	Clerk to the Board of Corporation Group Director of Finance and Commercial Group Director IT, IM and Projects Managing Director (International and Commercial) Managing Director (Education and Training Delivery) Group Director of Strategic Growth Group Director of Marketing and Communications Group Director of HR and SSS Head of Finance
Apologies:	Tim Calvert Simon Justice Daniel Wilkinson	Chair of Remuneration and Appraisal Committee Staff Governor

24/21	APOLOGIES FOR ABSENCE Apologies were received from Tim Calvert, Simon Justice and Daniel Wilkinson.
25/21	EILIGIBILITY, QUORUM AND DECLARATIONS OF INTEREST The CEO declared an interest as CEO Designate of Activate Learning. The Governors were asked to raise any declarations if these became apparent during, or after, the meeting.
26/21	MINUTES OF THE CORPORATION AND COMMITTEE MEETINGS <u>Board of Corporation – 2 November 2021</u> The Chair reported the minutes from the meeting held on 2 November 2021 are yet to be finalised.

Performance and Quality Committees – 3 November and 1 December 2021

The P&Q Committee had met twice since the last Board Meeting. The Chair of P&Q reported as follows:

3 November 2021

Key Items:

- Presentation from the on-line learning team (Sean Knight) on the work they are doing, best practice and how this is shared. Despite Covid there have been significant improvements in achievement rates
- The aim is to have presentations from three or four areas of the College during the year ranging from those performing well to those requiring support
- Agreed the future agendas (business cycle) of the group
- Stakeholder Survey, on this occasion the Parent Survey
- QIP/SAR review – main focus was on Apprenticeships and the 'Good Grade' (2), narrative has been agreed for inclusion in the SAR to endorse this grade
- P&Q objective – agreed linked to infrastructure investment linked to remote learning. Much of funding has remained constant which in reality means a drop. Investment in infrastructure is a way of achieving a more efficient delivery so is an important investment. Aim to get 30% delivery through this route

1 December 2021

Key Items:

- Data forecasting targets / top level scorecard – challenging because of the lingering impact of COVID around national grade inflation and missed learning
- Quality Improvement 'Activity' feedback and confirmation of SAR Grade 2 for Apprenticeships
- Stakeholder voice – how presented throughout the current academic year
- Subcontractor report – in principle approval for the provision for subcontracting of the SFA budget, should this be required. Forwarded to the Board for full approval (Item 10)

Higher Education Committee – 8 December 2021

The Higher Education Committee had met on 8 December 2021. It was explained that Haydn Beeken is standing in as Chair while Dean Graham is on sabbatical. The Chair of HE Committee reported as follows:

- OfS not giving clear guidance on benchmarks or TEF
- Outcomes for last year very good, particularly in light of Covid
- Looked at new metrix to monitor items through the year
- Student voice and any hotspots
- Complaints and what areas these were in
- HEAMR – no longer a requirement to submit the document so is presented to the Board for information as is the equivalent SAR/QIP for HE
- Quality of information and data is extensive

Finance Committee – 11 November and 13 December 2021

The Finance Committee had met twice since the last Board Meeting. The Chair of Finance reported as follows:

- Detailed review of finance packs as presented to the Committee and the Finance Team had been thanked for these
- Key variances had been reviewed
- Good summary of forecast position which is broadly in line with plan
- Importance of achieving the new developments in progress
- More detailed deep dives will be carried out at future Committees
- Good presentation from Tom Marsden on the IASTI. The Committee has approved the outline business case and a report will come through for approval as appropriate
- Financial scenarios, including review of the cash position which this will be looked at on a 12-month rolling basis
- Wider impact of IASTI and cost treatments to be built in
- Review of the Risk Register and Balanced Scorecard including those that don't relate purely to the Finance Committee

Audit Committee – 13 December 2021

The Audit Committee had met on 13 December 2021. The Chair of Audit reported on the meeting as follows:

- The Joint Audit and Finance Committee had reviewed the Annual Financial Statements for the Group and Subsidiary Companies for the year ended 31 July 2021
- A presentation had been received from Paul Oxtoby, RSM, as External Auditor
- The Committee recommended the Statutory Accounts for the Group and the Subsidiary Accounts for the year ended July 2021 for consideration by the Board

Audit Committee had then met. Standing items had been considered and the following items were highlighted:

- Internal Audit Report – which concluded that Lincoln College has adequate and effective risk management, control and governance processes to manage its achievement of the College's objectives and that the College has proper arrangements to promote and secure value for money. This was a clean report
- Internal Audit Plan for next year – Wylie & Bisset have agreed the plan in conjunction with the College
- Paul Oxtoby had presented the External Audit Findings Report, the key items were:
 - Clean audit report
 - Clean regularity report
 - No audit adjustment from the college figures to the statutory accounts
 - Few management letter points. One red item related to on the job training.
- Outstanding Rolling Audit Recommendations report – it was pleasing to report there are now only 3 points on the schedule, particularly as this had peaked at 63
- Health and Safety Committee Minutes and update
- Risk management Committee minutes and update.

The Chair of Board highlighted that the External Auditors provided a good overview of the sector and how the college fared within the sector. This had been a very thorough and detailed process which was welcomed by the Committee.

27/21	MATTERS ARISING AND NOTIFICATION OF URGENT BUSINESS
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	There were no matters arising or notifications of urgent business.
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It was noted that the Joint Finance and Audit Meeting had considered the financial statements at their earlier meeting and recommended them to the Board. The consolidated and subsidiary financial statements were taken as a whole.

a) Consolidated and Subsidiary Company Annual Financial Statements – Year Ended 31 July 2021

The GD(F&C) thanked Board for their understanding related to the short turn round. It was explained there had been staff shortages in KSA. The input and feedback on changes was welcomed. It was explained that approval was required for the financial statements figures as presented. Any changes required following the meeting to the commentary and context would be agreed and approved by the CEO, Chair of Board, Chair of Finance Committee and Chair of Audit Committee. It was noted that the figures had been signed off by audit with no adjustments. The Finance Team were thanked. Highlights were reported:

- Good results in terms of numbers and manual calculation linked to financial health grade and how seen by external agencies
- Accounting rules changed and difficult to reconcile I&E in stats with I&E in monthly accounts
- EBITDA of £5.4m and surplus of £1.2m were outlined and that these results benchmark well in the sector
- Strong on liquidity
- Capital – this has been a year of investment. Fixed assets have risen to £54.4m which strengthens the balance sheet. Net assets have also risen. Cash holding is £9.6m
- Going concern – reviewed Q1 results and forecast for 21/22 which is also tracking as good
- Important to track risk ratings in the I&E for the current year
- Key strategic objective challenge is to address the 2022/23 budget which was largely based on a roll-over

Questions were invited:

- More detail on benchmarking well in the sector was requested. It was explained this was not quantifiable but based on some historical work and ESFA dashboard. RSM filing 10 sets of accounts and LC is one of the strongest
- An update was requested on potential merger, the pension scheme liability and whether the Board should record that it acknowledges the pension liability and continues to pay as part of the pension scheme. It was explained the first draft doesn't have reference to any potential merger but the advice has changed so it has been agreed that this would be included in the final set. In relation to pensions, you can either accept the actuary figure or request a bespoke valuation. A bespoke request had been made which brought the pension deficit down by £3m. The valuation does change with little control. It may be perceived that merger might involve an exit from the local scheme which has an impact. The triannual valuation on local rates could have an impact on costs for budgeting in 2022/23
- It was explained that the narrative in a set of accounts looks at future strategy often linked to going concern
- Going concern in respect of the subsidiary companies was discussed linked to the reference about the parent company's willingness to provide financial support. It was explained that some of the subsidiaries have poor balance sheets but that Lincoln College has overall control. LCI is a second-tier subsidiary designed to provide separation and protect the College. All debts in KSA have been paid off so risks are mitigated

- LCCSS was explained and why and how this works. Cost sharing contracts have been introduced to formalise the relationships with the subsidiary companies. It was explained that this had been discussed at Audit Committee and with the External Auditors. Longer term impacts need to be worked through on scenario planning
- It was highlighted that as due diligence moves forward then these intricacies need to be picked up on
- The timings for submission and the late timescales for receipt of papers was raised. It was explained that the transition from the previous audit lead at RSM has gone very smoothly but a different branch is used for the LCI audit work, with the UK Team helping to push this along. This year there have been issues with the team and absences in KSA. There will be an audit tender in the new year and there are options related to KSA.

Resolved: The Board approved the Financial Statements as presented and agreed that the CEO, Chair of Board and Chairs of Audit and Finance can approve any changes required

The Chair asked that Governors read the statements in full as they give a good overview of the work of the College as a whole.

b) Regularity Self-Assessment Questionnaire (SAQ)

GD(F&C) thanked those who had contributed to the document which is used as part of the Audit. This had been approved by the Audit Committee for signature. It was explained there was an additional significant section on Covid this year including the actions and response of the College.

c) External Audit Final Audit Findings Report (Group)

It was explained that Paul Oxtoby, new Audit Lead, had shown a real understanding of the business. The findings had been presented to the Joint Audit and Finance meeting yesterday. In 2021 a new regime had been introduced by the ESFA for the external audit firms to review funding and provide assurance. The only recommendations relate to that side of the audit and are only minor points. Key to note was there were no final control points or adjustments to the accounts. The level of materiality was explained as £48k and anything above this level would need to be reported to the Board. It was explained that KSA has a financial year end of December so looking at the figures is purely for inclusion in the Group accounts. There is then a further audit for their filing date of the end of April. It was explained that there is the option in the future to invite the Audit Lead to the Board meeting. It was felt that this was not necessary currently due to the level of financial experts and accountants in the Committees.

It was asked if the next KSA Audit would be delivered. It was responded that the filing deadlines would be met but there may be difficulties. It was confirmed that RSM UK are aware of the issues and will continue to support the process. A close eye will be kept on this.

The Chair of Audit reported that he had given the Auditor the opportunity to report to the Committee without management present but this had not been necessary as there was nothing to bring to the attention of the Board.

Items highlighted:

- The importance of doing business overseas and the related travel, which is approved in advance

	<ul style="list-style-type: none"> • Cash payment received from a student – this had been immediately notified to audit. It was noted this was unusual and a policy is to be formalised • Chair of Finance explained that £48k materiality is a very low number and a testament to the team around the work that has gone into this • Comment was requested in relation to the finance function in KSA. GD(F&C) explained there are resources in country and that most of the work is carried out by the team in the UK. There is now greater cover within the team due to a restructure with segregation and controls in place. The external auditor is comfortable with the cover and controls in place. <p>d) <u>Annual Report of the Audit Committee</u></p> <p>The Annual Report of the Audit Committee had been reviewed by the Committee and approved for signature. The report provides a good summary of the work of the Committee during the year which picks up from both internal and external audit. This was a strong report.</p> <p>The detailed and thorough review of the accounts was highlighted and welcomed by the Board. Should Governors require any further information on any detail included then they were asked to send any queries through.</p>
<p>29/21</p>	<p>LINCOLN COLLEGE GROUP BALANCED SCORECARD AND STRATEGIC RISK REGISTER</p> <p>The documents had been circulated and were taken as read.</p> <p>The CEO reported on the highest scoring risk which is the re-contracting in KSA. A visit has been undertaken to KSA by the CEO and GD(I&C) which had been positive. A meeting has also been held with the Chair of LCI Board and a report is to be produced and circulated. The Chair of LCI Board is to be invited to the Board meeting to be held in January which will be a good opportunity to provide the newer Governors with a better understanding of the work in KSA.</p> <p>It was reported that the contract for the ITQAN ends on 31 July 2022 and contracts for the other two Colleges (Qatif and T&H) come to an end in the following academic year. LCI is in a strong position. During the visit meetings had been held with the senior stakeholders in Kingdom including TVTC, CoE, Embassy, Aramco, and the Team were optimistic. It is hoped ITQAN contracting will come in the Spring. Quality and reputation are high and the vision and mission well understood. It is felt that the likelihood score in the risk register can be reduced. It was explained that the main effort of ELT has been to deliver this year's budget and having reviewed this at Q1 the focus will now be on the re-contracting in KSA. There are lots of options and opportunities to review and proposals to put in. The strong and experienced team in KSA was outlined.</p> <p>GD(I&C) explained the visit had been useful to triangulate views and test assumptions. Confidence is high in terms of contracts and long-term presence. Alignment to Aviation Australia was explained. The positive work of the team with employers in Kingdom and the confidence in the senior team was highlighted. The GD(I&C) is to visit again in Jan/Feb with the MD(E&TD) prior to a visit by the CEO and Chair of LCI Board.</p> <p>The team were thanked on behalf of the Board for their work and commitment on the visit and recognised the demanding timetable and programme. Coverage on social media was highlighted and the positivity of showing the work carried out in Kingdom which highlights the importance of changing lives and making a difference.</p> <p>Questions were invited.</p>

	<p>It was agreed that social media coverage is really useful to showcase what is being done in Kingdom and the wide engagement in KSA.</p> <p>It was asked if there was awareness in KSA of the potential merger and whether any concerns had been raised in relation to this. The CEO explained this was explicitly reported and there was no negativity. Opportunities that were presented to KSA with potential benefits had been positively received.</p>
30/21	<p>INTERNAL AUDIT PLAN 2021/22 FOR APPROVAL</p> <p>It was reported that the Internal Audit Plan had been reviewed the Audit Committee and was recommended to the Board.</p> <p>Approved: The Board approved the Internal Audit Plan 2021/22</p>
31/21	<p>HIGHER EDUCATION ANNUAL MONITORING REPORT FOR INFORMATION</p> <p>As previously reported the submission of the HEAMR is no longer a requirement. It was explained however that the process is to be improved to ensure this receives the same level of rigour as the SAR.</p> <p>The Board noted the HEAMR</p>
32/21	<p>SUBCONTRACTOR REPORT 2020/21 INCLUDING APPROVAL FOR 2021/22</p> <p>The Board received the report for 2020/21 and approved the subcontracting with Grimsby Institute for 2021/22 should this be required.</p> <p>Approved: The Board noted the report for 2020/21 and approved the subcontracting for 2021/22</p>
[staff and student governors left the meeting for a confidential item to be discussed]	
34/21	<p>DATE AND TIME OF NEXT MEETING</p> <p>Date and Time of Next Meeting: the next meeting will be held in January at a date yet to be arranged</p>

Date:

Signed:

The meeting finished at 18.28 hours.