



**MINUTES OF A MEETING OF THE LINCOLN COLLEGE BOARD OF CORPORATION – HELD BY MS TEAMS ON TUESDAY 20 JULY 2021 AT 1600 HOURS**

<b>Present:</b>	James Pinchbeck Philippa Bratby Haydn Beeken Ian Billyard Amy Conyard Tim Godson Gary Headland Simon Justice Danielle Lister Nick Lyons Tom McKenzie Mark Platts Peter Price Sophie Trafford Charlotte Watson	Chair Staff Governor Vice Chair and Chair of Performance and Quality  Chair of Audit CEO Staff Governor  Vice Chair and Chair of Finance Committee  Apprentice Student Governor
<b>In Attendance:</b>	Sarah Adams Tom Dannatt James Foster Mark Locking Jim Newall Claire Love	Clerk to the Board of Corporation Group Director of Finance and Commercial Managing Director (International and Commercial) Managing Director (Education and Training Delivery) Group Director of Marketing and Communications Head of Finance ( <i>item 79/20 only</i> )
<b>Apologies:</b>	Tim Calvert Lucy Goodier Dean Graham Graham Harrison Natalie Heap Tom Marsden Jacqui Varlow Daniel Wilkinson	Chair of Remuneration and Appraisal Committee  Chair of Search and HE Committees Group Director IT, IM and Projects HE Student Governor Group Director of Strategic Growth Group Director of HR and SSS

<b>75/20</b>	<b>APOLOGIES FOR ABSENCE</b>  Apologies were received from Tim Calvert, Lucy Goodier, Dean Graham, Graham Harrison, Natalie Heap, Tom Marsden, Jacqui Varlow and Daniel Wilkinson.  Claire Love will join for item 79/20.
<b>76/20</b>	<b>EILIGIBILITY, QUORUM AND DECLARATIONS OF INTEREST</b>  No declarations of interest were made. The Governors were asked to raise any declarations if these became apparent during the meeting.

Board of Corporation – 16 March 2021

The minutes of the meeting of 16 March 2021 had been circulated. Following a check on accuracy, the minutes were agreed by the Board as a true and accurate record and will be signed accordingly.

Performance and Quality Committee – 17 March 2021, 19 May 2021 and 23 June 2021

The Performance and Quality Committee had met on 17 March, 19 May and 23 June 2021 and the minutes had been circulated. The Chair of the Committee highlighted the following areas of discussion:

- TLS has been tracked at each meeting. Content with actions taken for monitoring. Evidence is tracking well given many variations
- Risk remains around apprenticeships and the Committee are confident College is working to compete these
- Catch up funding had been discussed and the support in place was welcomed. This will continue into the summer
- The Committee meets again tomorrow
- The Risk Register is also considered at each meeting

The impact of Supra Programmes was queried. It was noted discussion had taken place on the revenue and overseas operations that allow these to be delivered and it was agreed it would be useful to evidence the impact. The Committee will be following up on this in the autumn term and this will include the outcomes for these learners and if they are better. It was noted each programme is at a different stage but it is understood there is strong evidence that these learners go into the specific area of work. This is to be carried forward as an objective.

The Committee also discussed:

- Remote Learning Action Plan – this had been monitored in detail and is taken into curriculum planning to inform the levels of remote learning. Detail on successes and challenges of remote learning has been looked at. It had been interesting to hear the point of view of the students as some have found it easier. A lot of work has been put into the action plan. One main challenge is the cost of required IT and resources
- Curriculum planning – this had been considered including the links to the LEP and other priorities. The College is one of the biggest Kickstart providers in the region which was positive
- The Prevent Action Plan is monitored by the College quarterly
- Internal audit reports have been covered

It was asked if there is anything the Board needs to consider in relation to Prevent? Are there any concerns around trends? Should an update be included in the next cycle of business was considered. It was responded that Prevent is well embedded in the organisation and there have not been any material changes to its focus. P&Q are familiar with the themes. The Government Prevent training hasn't changed for about three years. The Student Big Welcome sessions do include a session on Prevent and the engagement with students can be brought into this.

**Action: Prevent to be refreshed during the academic year**

### Higher Education Committee – 14 July 2021

The Higher Education Committee met on 14 July 2021. The Vice Chair of the Committee highlighted the following areas of discussion:

- The Risk Register was reviewed with good continuation noted
- There is a watching brief on students who have interrupted their programmes and how they are being kept in touch with
- There are minimal fees outstanding and action is taking place
- Formal complaints were considered and the Committee asked to be kept up to date
- HEAMR had been to Academic Affairs Committee and had been RAG rated
- Tracking and recording is problematic and a plug-in for ProAchieve is being trialled
- The Access and Participation Plan (APP) had been reviewed. Most areas where there are concerns are difficult due to the Lincolnshire demographic. A lot of good work is being undertaken encouraging students into FE and on to HE
- Employers are to be liaised with to encourage students from areas of high deprivation to come into education
- OfS monitoring is on track
- HE fees was discussed and the work being undertaken. Levels are being researched. Whether there was a correlation between courses and higher fees could be considered. Access scholarships were also considered
- Applicants are still being received and clearing is open. There is evidence of a lot of unconditional offers being made by the Universities in the city which is being monitored

### Audit Committee – 15 June 2021

The Audit Committee met on 15 June 2021 and the minutes had been circulated. The Chair of the Committee highlighted the following areas of discussion:

- Audit Recommendations – the number is decreasing significantly. Wylie & Bisset (internal audit) are monitoring and gave strong assurance these are being addressed
- The Committee would like to talk to some of the responsible officers if some items are sticking to understand the reasons why
- The Committee intend to invite Risk Owners to future meetings and at this meeting the GD(F&C) had given an overview at the last meeting on Ravendale
- Three audit reports had been reviewed with strong assurance for Follow-Up, In-House Catering (which had received a very positive report) and Curriculum Planning
- The External Audit Plan had been approved. There will be an additional charge in relation to how the audit of income will be certified – more audit work is required to address this point
- The internal and external auditor's contracts had been discussed and agreed for the next academic year

Clarification included:

- How the requirement for the External Audit to report to Board will be covered. It was explained that a Joint Finance and Audit Committee meeting will be held and that the External Auditor will also dial in to the December Board meeting
- The additional work on Going Concern was discussed and the importance of ensuring the Board are aware of their fiduciary responsibility under the Insolvency Regime which was explained in further detail. GD (F&C) explained the ability to continue for the foreseeable future and the future cashflow and scenario planning was important together with the changes for credit facilities.

Finance Committee – 24 March 2021, 28 May 2021 and 15 July 2021

The Finance Committee had met on 24 March, 28 May and 15 July 2021 and the minutes had been circulated. The Chair of the Committee highlighted the following areas of discussion:

- Finance committee have been very thorough during a period of instability due to the impact of the pandemic. The quality of reporting and information has been greatly improved and the team are doing a good job of proving information, particularly around scenario planning and looking at cashflow implications. This has led to greater discussion and questioning during the meetings
- **March Meeting** considered: P6 accounts, Ravendale, KSA contracts, Covid, Capital projects, cashflow and credit facilities
- **May Extraordinary Meeting** considered: KSA contract extensions, which had been confirmed at this point, with very short time scales to get the Colleges running again, Ravendale, transfer of Drill Hall asset, the Government funded credit facility (CLBILS) which can be accessed over three years for a low fee, Human Alchemy acquisition and financial treatment and monitoring of this as a separate entity. It was highlighted that strategically the College are looking to move away from reliance on KSA income and the Drill Hall and Human Alchemy are key in this, along with other commercial income streams. The IASTI was also discussed and the resourcing of all these initiatives
- **July Meeting** – Mark Platts had taken the role of the Chair. Items discussed included: Risk Register and deep dive on Ravendale, forecast for P9/P10 which will shape the ESFA returns and the assumptions for the end of year, withholding tax and other charges. The Committee the committee received and went through in detail the financial plan for 2021/22. This included the I&E, capital programme. Assumptions and sensitivity testing. The Committee approved the forecasts and recommended them for Board approval.

It was queried if the Human Alchemy figures will be discussed in more detail. The GD(F&C) explained these are now absorbed into the accounts but are isolated as a separate business entity on the financial reports. These will be visible in the monthly management accounts pack, with the I&E and Balance Sheet provided in the pack.

Remuneration Committee – 15 July 2021

Remuneration Committee had met on 15 July 2021. The discussions were confidential and will be considered under a confidential item at the end of the meeting.

<b>78/20</b>	<b>MATTERS ARISING AND NOTIFICATION OF URGENT BUSINESS</b>  There were no matters arising or notifications of urgent business.
<b>79/20</b>	<b>FINANCIAL PLAN INCLUDING INCOME AND EXPENDITURE BUDGET FOR 2021/22</b>  <b>[Claire Love joined the meeting]</b>  The papers had been circulated prior to the meeting. The papers included: <ul style="list-style-type: none"><li>• Budget Build 2021/22 Headline Figures and Key Assumptions</li><li>• 2021/22 comparison to 2020/21 P10 outturns</li><li>• 2021/22 comparison to 2020/21 Budget</li><li>• Detailed I&amp;E Budget figures</li><li>• Cashflow and Modelling Assumptions</li><li>• Cashflow Scenario Graph</li><li>• 2020/21 Capital and 2021/22 Capital Requests</li></ul>

The questions that the Board needs to consider were highlighted, together with four main objectives:

- To deliver on the four cornerstones of the strategy
- To develop a budget to invest in new opportunities, taking into account some of these won't delivery in year one
- To invest in capital expenditure
- To achieve a financial health grade of good which allows access to credit facilities, etc

A summary of the key risks as discussed in the Finance Committee was provided:

## **Budget Build**

### Income

- Challenging commercial targets of £500k and additional £250k
- Improvements to apprenticeships targets, AEB, fees and contracts
- Changes from the current year due to the impact of Covid with some costs being lower and some higher, ie utilities, etc where highlighted
- Apprentices were discussed and there is confidence that £3.75m will be hit this year. Figures are almost to target for August/September. The issue is around carry in. Acknowledged this is a stretch but there is a high level of confidence. Figures have been built from the bottom up with a lot of work from the Teams and what they see as realistic. There had been a dip during the pandemic but apprenticeships are now higher than previously. There are c.550 starts for this year. Incentives have increased from £1k to £3k for employers which has improved the pipeline for next year.

### Pay

- Pay costs and the assumptions were queried. It was noted that LGPS and TPS are high and it was asked if the costs are fixed or due to increase. It was explained figures have included known incremental costs as these are staff moving up the pay scales. Pension costs are fixed. An evaluation of the pension scheme is due soon. Currently these are set: LGPS to 2023 and TPS to 2024. How this is currently funded was explained through an ESFA income line
- Total pay costs of £1.077m. The top four lines show an increase to pay expenditure following requests. This is a reconciliation following ELT review. The remaining eight lines show reductions. These had been discussed in detail at Finance Committee
- Figures resulted from bottom up requests and top down intent with only a small gap and good dovetailing between with curriculum planning
- Additional efficiency savings were queried and how achievable these are. This is based on past experience and profiling and is a challenging figure. It may be that gapped posts achieve a higher saving. There is not a detailed schedule currently. There had been rigorous debate at ELT and this would not be at the cost of quality or any disruption to the organisation. It was explained this is definitely not a capability gap and very much efficiency and effectiveness.
- Gapped post allowance was queried. It was explained this is where posts start at a later time in the academic year rather than at the start.
- It was outlined that when looking at the savings against pay expenses this is reasonable at c.3% and while there is stretch this is not outside expected levels.
- Pay as a % of income was queried and how the College use this. It was explained this is standard ESFA benchmarking across the sector as a whole and is not taken into account as part of the health grade. It was explained that the context is important, particularly when KSA and other areas of high spend are stripped out. A high percentage could actually be seen as positive as investing in staffing

## Non-Pay

- Increases include inflation for Cyber Security and exams costs
- Additional AEB expenditure
- Round sum figures where savings has been assumed.
- Investment in a Procurement specialist in the Finance Team with savings identified

## I&E

The budget, along with the capital budget, will deliver a health grade of good, but there are challenges and very low tolerances. Financial controls will be crucial.

It was explained the ESFA are suggesting changes to how the health grade is measuring with a change to borrowing specifically which will be based on the ability to repay the debt via EBITDA and this will result in an improvement in the health grade to a grade of outstanding. Noted that RI impacts on the ability to access certain funding and borrowing.

It was asked if setting this budget for 2021/22 would result in a bigger challenge for the following year. It was explained the figures for 22/23 are included in the ESFA return. The decision had been taken to roll forward from 21/22 for 22/23. The planning for 22/23 has already started and some of the investment in 21/22 is the start of a number of projects and packages that will improve the position and reduce the reliance on KSA. The key is the assumptions coming through.

Background to the College's finances dating back to 2014, the commencement of the involvement in KSA, and the journey from there was outlined. The strategy was always to be in KSA until 2030 which remains. The work to find alternative funding streams however started last year and will continue.

## **Cashflow, Capital Expenditure and Scenario Planning**

The report had been circulated and the following was highlighted:

- Closing cash balance of £12.098m
- KSA Summer Semester receipts of £11.7m
- Maximum taxation liability
- Capital commitments
- Receipts due through GLEP related to Gibney
- Underlying cash position of £20.232m.
- £7.9m Aviva restricted reserve
- £8m working capital £4.3m college group reserves
- Overlaying the I&E, capital expenditure and fixed costs gives an idea of how the cash position will change next year. Overall cash reduces by £929k

## **Capital Projects/Own Funded Projects**

- Capital bids from curriculum £192k
- IT bids of £1.4m reduced to 700k for first year of a phased project
- Estates bid of £616k reduced to £400k considering what is legal obligation and what is health and safety related. There may be immediate operational requirements in-year
- Expansion of electrical provision £125k
- IASTI interim of £793k to enable curriculum to start to be delivered in September
- The Drill Hall. The project c.£1.5m. £1m Towns fund has been bid for and £500k College funding has been allocated for this project. If there is any spending at risk this will reduce the cash balances.

It was asked that the HEART (Hospitality, Events, Arts, Retail and Tourism) project was explained and the CEO responded. This is currently under consideration with a bid and a business case being prepared.

It was explained that the Capital Transformation Bid has progressed to stage two but is not included in the table currently due to the uncertainty at the time.

### **Cashflow**

The cashflow scenario graph was shared with the Board and explained. There will be some sort of facility required in the next year and the different facilities were explained including: Aviva Working capital, CLBILS, Overdraft and other sources.

The Bank have offered to put in place the £5,000,000.00 Coronavirus Large Business Interruption Loan Scheme revolving credit agreement "CLBILS Facility". After due consideration of all the circumstances and on being satisfied that it is for the benefit of the College and in the interests of the College for the purpose of carrying on its business to enter into a revolving credit facility agreement (the Agreement) in respect of a Revolving Credit Facility of £5,000,000 from National Westminster Bank Plc (the Bank) in the form now produced, it was resolved that Tom Dannatt be authorised to sign on behalf of the College the Agreement and any other documents required by the Bank in connection with the Agreement.

### **Resolved:**

#### **The Board of Corporation resolved to approve entry into the CLBILS Facility**

The cashflow scenario planning graph was explained in further detail and was welcomed. It was agreed it would be helpful to extend this to 3 to 5 years as new projects come to fruition to see how this impacts.

It was asked how any delays in payments might impact and it was outlined any of the scenarios could happen.

The payment of dividends was queried and it was outlined this relates to an historical dividend linked to Human Alchemy. Investments were also queried and it was explained there is a Treasury Management Policy in place and investments are made but the returns are low currently. It was asked if there had been any advice on the potential 'Lennartz Rule'. It was explained a review of VAT is being carried out. RSM are being worked with on VAT and what can and can't be claimed to see if there is anything that can be reclaimed.

### **The Board Resolved:**

- **To approve the I&E, Capital Programme and Assumptions**
- **To receive the final ESFA return for approval**
- **To approve the financial plan as presented and the return**

**Action: The full ESFA return will be circulated for final Board approval for submission prior to 30 July 2021.**

The Chair thanked the Finance Committee and Board for their thoroughness and rigour in their check and challenge. The Board recognised the work across the whole organisation to put together the budget. The Finance Committee thanked the Team for their clear and consistent responses

[Claire Love left the meeting]

80/20	<p><b>LCG STRATEGIC RISK REGISTER, BALANCED SCORECARD AND ESFA ANNUAL STRATEGIC REVIEW</b></p> <p>The Risk Register had been circulated and has also been updated since circulation. The ELT are currently creating the balanced scorecard for 2021/22. Overall, the organisation is in good shape. Staff have worked hard during a difficult year. Questions were welcomed.</p> <p>The presentation provided to the ESFA as part of the Annual Strategic conversation had been circulated for information. A follow up note had been received thanking the College for the discussions. The slides will be updated as part of the end of year report.</p> <p>The Board outlined this was a reflection of the hard work that had taken place over the last seven years and the input and work being undertaken by the Board was recognised.</p> <p>The feedback had highlighted the successful international and commercial work that contributes.</p> <p>The Board were asked to view the CEO's presentation on Workplace if they have time as a good overview of the year.</p>
81/20	<p><b>DRAFT MEETING SCHEDULE 2021/22</b></p> <p>The Clerk had circulated the draft meeting schedule for the 2020/21 academic year and explained this largely followed the same format as for the current year.</p> <p>P&amp;Q meetings had been set to follow the cycle for performance management meetings.</p> <p>The IoD have been contacted to see if the Strategy Module can be delivered w/c 17 January 2022. It was outlined this is a three-day course but is high quality and very worthwhile and will be of use in many other organisations.</p> <p>The SAR schedule for October had been circulated and Governors were asked to engage with this process. Training will be provided at the September meeting.</p> <p>Student Big Welcomes are to be held virtually on 22 September (FE) and 28 September (HE). Further details will be circulated and Governors were encouraged to join.</p> <p>The Board were asked to approve the schedule of meetings for the 2020/21 academic year.</p> <p><b>The Board approved the meeting schedule</b></p>
82/20	<p><b>POLICIES FOR APPROVAL</b></p> <p>It was noted that the policies, previously approved by Board, had been updated to reflect changes in regulations and funding for the new academic year. The reports were taken as read.</p> <p><u>Fees Policy</u></p> <p>The changes have been outlined in the covering paper and all changes highlighted in red.</p> <p><b>The Board approved the Fees Policy</b></p>



	<p><u>Learner Support Fund Policy</u></p> <p>It was explained that the Policy has been refreshed to reflect increases to payments and the national guidance. There were no major changes and the Policy was recommended for approval.</p> <p><b>The Board approved the Learner Support Fund Policy</b></p> <p><u>Admissions Policy</u></p> <p>The main change to the Admissions Policy is a provisional addendum linked to the Covid-19 position should this prevent normal enrolment taking place</p> <p><b>The Board approved the Admissions Policy</b></p>
83/20	<p><b>USE OF THE COLLEGE SEAL</b></p> <p>The Clerk to the Corporation reported that the College Seal had been used four times since the last report:</p> <ul style="list-style-type: none"> <li>• Newark Construction College as outlined within the Newark Town Investment Plan</li> <li>• Newark and Sherwood District Council in respect of the IASTI Accelerated Towns Fund Grant</li> <li>• Land Registry transfer of registered title of Lincoln Drill Hall from Lincoln Arts Trust Limited</li> <li>• Deed of Retirement and Appointment of Trustee of the Ruston Hall Trust</li> </ul> <p><b>The Board noted the application of the seal</b></p> <p>The Chair explained he had attended the opening of the Construction College and reported on the transformation. This has been attended by Robert Jenrick MP and resulted from a successful Towns Fund bid.</p>
84/20	<p><b>ANNUAL REVIEW OF GOVERNANCE PROCESS</b></p> <p>The Chair explained that previously, following completion of an annual review form, that all Governors had been met with individually to go through their performance over the year and also discuss the effectiveness of the Board. It is suggested that there is a change to the process for this year.</p> <p>A form including self-evaluation and Board effectiveness will still be sent out for individual completion but this will then result in a whole Board Review on the governance process and process going forward to be held in September.</p> <p>Should individual governors wish to raise things on a personal level then they are very welcome to do so.</p> <p>The Clerk explained that annual forms are also due for completion and all documents will be circulated shortly with a response required by the end of August.</p> <p><b>Action: Annual Forms to be circulated for completion</b></p>
85/20	<p><b>URGENT BUSINESS</b></p> <p>It was reported that the College has received an Employer Recognition Scheme Gold Award from the MOD for its support of ex-service personnel. The College were congratulated for this highly prestigious award.</p>

	<p>The Board noted that it was Sophie Trafford's last meeting as Apprentice Student Governor and she was thanked for her contribution over her term of office.</p> <p>At this last meeting of the Academic Year the Chair thanked all Governors, personally and on behalf of the Board, for their time, commitment and support over the year which had been challenging in many ways but also very successful.</p>
<b>85/20</b>	<p><b>DATE AND TIME OF NEXT MEETING</b></p> <p>Date and Time of Next Meeting: the next meeting will be a half day session to be held on Tuesday 28 September 2021.</p>

The meeting finished at 18.16 hours.

**Actions from the Board of Corporation Meeting held on  
Tuesday 20 July 2021**

<b>Item</b>	<b>Description</b>	<b>Action by</b>	<b>Target Date</b>	<b>Status/Note</b>
77/20	Prevent training to be refreshed	Clerk/Chair	During academic year	
79/20	ESFA submission to be circulated for final approval	GD(F&C)	Prior to 30 July 21	
84/20	Annual Forms to be circulated for completion	Clerk	Following meeting	