

**Minutes of a Meeting of LSEC Corporation held on
Thursday 8 December 2022 from
Part 1: 5.00-6.00pm
Part 2: 6.15-7.45pm
in person at Orpington Campus Room C1/C2**

Corporation Governors

David Eastgate (DE)	Chair
Louise Nadal (LN)	Vice Chair
Dr Sam Parrett, CBE (SP)	Group CEO
Jane Hobson, OBE (JHo)	Governor
Mark Trinick (MT)	Governor (via zoom)
Ayorinde John (AJ)	Governor (Apologies)
Lucie Allen (LA)	Governor (Apologies)
Chinyama Okunuga (CO)	Governor (Apologies)
David Bailey (DB)	Governor
Lucy Butler (LB)	Governor
Joanne Bell (JB)	Governor
Angela Hands (AH)	Governor
Mark Burnett (MB)	Governor (Apologies)
Vince Fihosy (VF)	Governor (via zoom)
Maz Potts (MP)	Staff Governor
Teresa Langford (TL)	Staff Governor (Apologies)
Monesse Lambert (ML)	Student Governors (FE and HE) (via zoom)

Governance Professional & Clerk to the Board

Jennifer Pharo (JP)	Group Executive Director Governance
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Executive Officers in attendance

John Hunt (JHu)	Group Deputy CEO & Group CFO
Asfa Sohail (AS)	Deputy CEO & Principal
Louise Wolsey (LW)	Group Chief Strategy Officer & Deputy CEO LASER

Officers in attendance for specific items

Kate Shiner	Trust Chief Strategy & Operations Officer (Item 3.2)
Beth Moore	Group Head Safeguarding (Item 4.5)
Janet Curtis Broni	Group Chief People officer (Item 4.6)
Andy Simpson	Group Director Estates (Item 5.2)

Minutes

PART 1 Confidential and Discussion Items.

A. Confidential Item

Paper presented and discussed by the Board: No further actions.

B. Michael Tippett College

The Board was asked to **APPROVE IN PRINCIPLE** a transfer of the provision, currently delivered by The Michael Tippett College, to be delivered by LSEC from 1 February 2023. This is subject to the due diligence information which will be shared at January Corporation.

It was reported that Michael Tippett College is an independent SEND college for approximately 40 students aged 19-25 with Moderate to Severe Learning Difficulties. It was judged as Inadequate by Ofsted in November 2021, and insufficient progress was assessed during a monitoring visit in September 2022.

Board were advised that the ESFA have given notice to the current providers – a company called The Michael Tippett College – that their contract will end as soon as another provider can take over the contract.

It was reported that LSEC had been approached by Lambeth Council to both provide interim SEND leadership support to the existing deputy head, and also to consider taking over the permanent contract.

The Board was advised that since September LSEC has worked with Lambeth Council to find a new more suitable building for the College, and to make arrangements for staffing restructure and TUPE arrangements that do not put LSEC at any legal risk.

It was reported that a viability visit was made to the proposed new school site on 2 December with the Group Directors of Estates, Health and Safety and IT as well as the Assistant Principal for SEND, to assess the suitability of this building for a SEND College for adults and to identify the list of adaptations needed. All attendees felt the building would be suitable with a small number of adaptations. Costs of adaptations will be reported to the Board January 2023.

Questions and Challenge

Board discussed the proposal. Reputationally good to create Nido Volans Centre in Lambeth. Risks in relation to recruiting qualified staffing a consideration.

Board **APPROVED IN PRINCIPLE** transfer of provision to LSEC from 1st February subject to no substantial change to provision and risks discussed.

C. ONS Reclassification

CFO-JH presented on this matter

The Board were advised that on 29th November 2022 the DfE announced the anticipated reclassification of FE Colleges.

The key changes and impact will be to the financial rules for colleges following the reclassification by the Office for National Statistics which moves FE Colleges from the private to public sector.

The intention of reclassification is to allow FE Colleges to continue to operate efficiently and in the best interests of students and taxpayers, whilst complying with managing public money and other central government guidance.

The DfE advised that FE Colleges will maintain many of the flexibilities they currently have, and day-to-day operations will continue with “minimal changes”.

Benefits such as VAT exemptions have not been included but restrictions on borrowing have.

Further details on this emerging change, which will start to come into effect from 2023/24.

In response to questions it was reported that permission to use RCF would be required, and it would no longer be possible to borrow from the private sector.

Compliance with Managing Public Money would come into effect immediately and this would include tighter controls on value for money, senior pay and remuneration, asset disposal and novel contentious and repercussive transaction.

It was reported that changes in business cycles suggested, year end accounting periods etc could be disruptive.

Introduction of new college handbook would reveal clear controls.

It was reported that college finances are worsening, and membership organisation are not lobbying strongly enough. Other lobbying groups for large colleges may be more effective.

Board were advised that there did not appear to be many positive aspects for colleges with reclassification.

Further information would be provided to next Board Meeting.

PART 2 Main Agenda

1. Welcome, apologies and declarations of interest Apologies received from AR, MB, CO, LA and TL

1.1 Staff & Student Governor Appointments

Staff and Student Governor appointments were **APPROVED**

2. Minutes & Action Log

2.1 Minutes of 13th October 2022 & Action Log

Minutes of the previous meeting were **APPROVED**.

2.2 Committee Chair's Summaries

Verbal updates were received from Committee Chairs or Representative Governors from the Committees.

MT Curriculum & Standards Committee

Committee reported that it had reviewed and scrutinised the Self-Assessment Report and participated in validation process. Committee **RECOMMENDED** the SAR to the Board for **APPROVAL**.

Committee had received update on Digital Strategy and Ofsted Readiness

Committee had received achievement outturn information for 21/22 which reported a decline in some areas.

AH Group Finance Committee

Committee reported that it had reviewed and questioned in year recruitment numbers.

Committee reported that it had reviewed P12 Management Accounts

A review of the property and capital projects had been reported with no significant issues.

Committee considered going concern aspect of auditors' report and considered future issues around loans and rising costs.

LB Group Audit & Risk Committee

Committee received Annual Financial Statements for scrutiny and review, management letter of representation. All had been **RECOMMENDED** to the Board for **APPROVAL**

Audit Committee Annual Report was also presented for consideration

Section 3 : Strategic Direction, Leadership and Partnership Engagement

GCEO

3.1 Group CEO Report

Group CEO report and appendices was presented and taken as read.

In response to questions on management capacity with the various initiatives, it was reported that capacity was being considered collectively across the organisation. MTC and MTS opportunities were being managed by KS and external membership and commitments were being reduced by some executives.

Board discussed the tolerance levels and risk appetite. Board questioned then when looking at the income and recruitment issues and capital spend against staffing costs, are we looking at the right numbers what are the indicators we should consider and the tolerance triggers the Board should be aware of. How do we know when reserves are being depleted beyond our tolerance. Are we monitoring the right KPIs. Income is complex in FE so how do we simplify to report on tolerance.

The Board questioned what the key things are to be concerned about. What keeps Executive awake at night. The Board considered that decoding the narrative and the risks around the numbers as well as the interdependence of different issues.

ACTION: Executive to consider business tolerance and triggers on issues in a RAG rated format. Consider the difficult decisions that are coming. Horizon scan for the issues and present to the Board to discuss and consider.

Board welcomed the discussion and **NOTED** the actions for taking forward.

3.2 Group Strategy Update

The Board were asked to **NOTE** progress made in the implementation of the Group Strategy in the 2021/22 academic year and key learning for proposed transition plans for 2022/23 towards a new Group Strategy encompassing the College, the Trust and the future LASER Foundation.

It was reported good progress had continued to be made towards implementing the Group Strategy and embedding the ambition of creating social value across business systems and processes and wider external work in order to demonstrate our impact through the strategy over all.

Board were advised that work had continued with an external organisation to finalise the 2021/22 Social Value Progress Report, building on the methodology developed over the past three years of using the National TOMS framework (Themes, Outcomes and Measures). It was reported that social value being created, had increased in 2021/22 to circa £38m, another year-on-year increase.

In addition, the Board were advised that the Group was making progress in gaining external recognition, being a thought leader and influencing the sector narrative on Anchor Institutions in FE and for the Trust in the landscape of Multi Academy Trusts regarding the role of MATs as part of the civic infrastructure.

A greater focus continues to be required on ensuring that learners across the Group, in both the College and the Trust have access to and can benefit from the wider advantages presenting.

4.1 DCEO & Principal Report

The Board were asked to **CONSIDER** and **NOTE** the report from the DCEO & Principal.

The Board were advised on current year recruitment, Ofsted Readiness, Achievement Rates or 2021/22, the Big Conversation and Quality and Curriculum priorities for current year and curriculum planning for 23/24.

Following questioning from the Board it was confirmed that young people recruitment was a 3860 against full year target of 3844 with more enrolments planned.

In response to questions on the action plans around improving achievement rates, it was confirmed that targets were presented in the KPI Scorecard and within quality improvement action plans. Board queried if staff were familiar and aware of their targets.

In response to questions regarding Ofsted it was reported that a Lead Governor for Skills, Quality of Education and Leadership and Management were required. More specific details would be considered after the Board Development in January 2024.

The Board **NOTED** the report.

4.2 2021/22 Self-Assessment Report & QIP

The Self-Assessment Report was presented as recommended by the Curriculum & Standards Committee confirming the overall grade for the college as GOOD.

The Board **APPROVED** the Grading of Good based on the recommendation and scrutiny provided by the Curriculum & Standards Committee.

4.3 Staff Voice (Verbal) StaffGov

Staff Governor-MP welcomed to first meeting and presented some issues around overcrowding in classrooms at the beginning of the year had resulted in stress and anxiety for some staff and resulted in behaviour issues for some students.

4.4 Student Voice: Student Governor

Student Governor-ML welcomed to first meeting.

Reported of some teaching support issues in classrooms although appreciated national shortages.

Also reported on issues of students not being able to obtain halal meat in the canteens which was being addressed by the Executive.

It was reported that there was a lack of resources across campus in some vocational subjects. Executive had been made aware and would be addressing the issue.

Issues raised regarding around homophobic incident had been addressed and Executive confirmed that these issues were being addressed through tutorials and will be raised on forthcoming Student Council.

Also reported was the lack of information around facilities to be used by students.

Student Governor reported that all staff were very positive and dedicated and are doing an outstanding job. Everyone was very inclusive.

The Board **NOTED** the verbal updates.

4.5 Safeguarding Update

The Board was asked to **NOTE** that safeguarding is effective with excellent practice in monitoring safeguarding concerns and responding appropriately.

It was reported that safeguarding concerns are in line with trends seen in previous academic year with mental health and wellbeing concerns making up approximately 60% of concerns logged.

Board were advised that achievement for looked after children improved last academic year with the equality gap decreasing by 6.7%.

It was reported that raising awareness through preventative education (tutorials, student voice and campaigns) was one of our main areas for development and growth this academic year. It was reported a new tutorial model provides a consistent message across the study programme however further development is required to improve attendance and stretch topics for different levels.

The Board **NOTED** the report.

4.6 EDI Annual Report

The Board received the report which summarised progress on the College's EDI agenda in 2020/22.

It was reported that good progress had been made against EDI objectives in relation to the staff disclosure rates and there has been an increase of up to 8%, in staff disclosure rates, apart from disability where there has been a 0.5% decrease. Student disclosure rates have also increased by up to 2.9%.

The Board were advised that completion of EDI training remained good, and further training on menopause awareness, inclusive recruitment had been implemented. Throughout last academic year, staff and students engaged in EDI activities, as per the EDI College Calendar. All EDI champion and sponsor roles had been filled and engaging in various activities throughout the year. Communication platforms had been used to inform staff, students and external stakeholders of our progress.

It was reported that some of the achievement gaps have been narrowed: black African 19+ students narrowed by 2.2%, white British boys 16-18 – narrowed by 3.3%, looked after children and young care leavers narrowed by 6.7%.

Further work on narrowing achievement gaps will continue to be implemented this year. We implemented further positive action recruitment and talent management strategies for areas of under representation, and as a consequence, increased black/Asian/mixed heritage staff in middle management positions by 5.2%, and overall by 22%.

As an affiliate member of the BLFEG, Senior Leaders and the staff had an induction into their 10-point plan and we have identified further actions, as part of our EDI agenda. We are also working with Investors in Ethnicity and achieved a level 4 maturity matrix in their assessment process, which puts us in the top 25 employers, against their benchmarks. We are also working with Stonewall, and achieved Silver in their accreditation process and, we are currently undergoing a further assessment with Stonewall. We also funded 4 EDI grant projects, a total of 7 since its inception, and spent £78,000 on the grants to date.

The Board **NOTED** the report and update.

Section 5: Financial and Risk Management, Compliance and Controls

GCFO

5. Group Chief Finance Officer Report

5.1 2022/23 Financial Update

The Board was asked to **CONSIDER** the report and Management Accounts for the period ended 31 October 2022, which was taken as read.

It was reported that the Management Accounts for the period ended 31 October 2022 (Period 3) were presented for consideration, reporting an adjusted operating deficit for the year to date, prior to FRS102 pension adjustments of £767k.

It was reported that this is £170k lower than the expected forecast for the year to date and is mainly a consequence of our September enrolment being below target with many income lines being accrued to current estimates of full year values.

It was reported that the period 3 management accounts contain the first updated forecast outturn for the year. With a gross income reduction due to underperformance against our main enrolment targets of circa £3.3m, together with a reduction in our Youth contract of

circa £0.1m being applied by the ESFA in November 2022, rebalancing the budget is a considerable challenge in the current economic climate.

The Board were advised that in response to these challenges £1.2m Adult Education Budget income would be subcontracted, in order to support contract performance, and we are working with a new partner to subcontract circa £0.7m of HE income.

Whilst this supports our overall total income and provides a positive contribution, the reduced contribution level from subcontracting of 20% is much lower than the budgeted contribution for College delivered courses.

The Board were advised that in response to the underperformance against target, a number of efficiency savings and been effected, but at this stage it had not been able to make sufficient savings to be able to forecast achievement of our budgeted operating position. The current forecast full year adjusted operating position after exceptional items is a deficit of £0.65m, which is £0.75m below budget. Therefore, further efficiencies need to be identified from within curriculum delivery areas and from across the wider business.

The Board **NOTED** the report and update.

5.2 Property & Capital Update

The Board were asked to **CONSIDER** the report presented on the capital projects. The Board was taken as read.

In relation to Future Greenwich it was reported that the Build over agreement (Thames Water) and contract variation (L&Q) were signed awaiting a contract 'unconditional' status.

Board were advised that on site, the hoardings were being erected and demolition will begin early in January 2023. The main build will commence in Autumn 2023 and on programme for occupation for September 2025.

Board were advised that the last project cost reported in October was £37,257, and this value had been used for the basis of an application to the GLA for Skills Capital Contingency funding for £4.087m additional support, to supplement our current £10m grant.

In relation to Orpington Boiler Plant it was reported that London Borough of Bromley continue to take an evasive approach to this matter. The College is currently challenging their legal position to assert a potential liability being transferred into the College.

It was reported that the land ownership issues at the Bromley campus have progressed and a meeting has now taken place with a Rookery Estates representative. As an alternative, a commercial offer has been put forward to Rookery Estates in an attempt to secure the land without future challenge.

In response to questions on the Boiler the Board requested this be put on the risk register.

In response to questions on the match funding and additional GLA grant it was reported that it was complex picture and board would be advised once a decision had been received.

The Board **NOTED** the report and update.

5.3 Post Audit Management Report

The Board was asked to **CONSIDER** the Post Audit Management Report prepared by Buzzacott as external auditors.

The Board were presented with the Post Audit Management Report prepared by Buzzacott previously presented to the Audit Committee at the November meeting..

The Board were advised that the Post Audit Management Report explains the findings of the external auditors following completion of the audit work for 2021/22, in respect of the consolidated Financial Statements. It also sets out some benchmarking data together with an update on recent developments in the sector.

The Board were advised that the report shows that clean audit opinions will be provided for both the Financial Statements and Regularity (use of funds) audits. Other than one presentational adjustment in respect of related parties, no material misstatements were identified during the audit. A recommendation has been raised in respect of the fixed asset register, and this will be implemented by management.

The Board **NOTED** the report.

5.4 2021/22 Financial Statements

The Board were asked to **NOTE** the report presented which outlined the content of the 2021/22 Financial statements, and also to **APPROVE** as **RECOMMENDED** by the Audit Committee, both the Financial Statements as a Going Concern and the Letter of Representation.

The Board received the Financial Statements for the year ended 31 July 2022 reporting an operating deficit for the year of £2.09m. This is consistent with that reported in the year end Management Accounts. The deficit includes Local Government Pension Scheme (LGPS) charges of £3.67m in accordance with the requirements of Financial Reporting Standard (FRS) 102.

It was reported that total comprehensive income for the year of £40.3m is mainly attributable to the Actuarial gain of £42.55m in respect of the Local Government Pension Scheme (LGPS).

The Board were advised that the Financial Statements have been prepared in accordance with the 2019 FE/HE SORP. The Financial Statements also include comments made by the external auditors following the completion of their audit fieldwork.

The Board were asked to **APPROVE** the Audit Representations letter which was considered by the Audit Committee in November 2022. This sets out the representations the Board is making to the Financial Statements auditors regarding a number of key issues relating to their audit work.

The Board were advised that these representations include, but are not limited to, the responsibility to prepare Financial Statements which give a true and fair view, providing unrestricted access to persons within the College in order to obtain audit evidence, the going concern basis upon which the accounts are prepared, use of appropriate accounting policies, awareness of irregularity or fraud, undisclosed liabilities, and suitability of the actuarial pension assumptions for the FRS102 pension disclosure.

The Board considered the documentation presented and **APPROVED** the Financial Statements and the Letter of Representation.

5.5 Risk Register

The Board received the Risk Register and was asked to **CONSIDER** and **COMMENT**.

It was reported that since last reporting on the risk register in July, the register had been updated by the Executive as appropriate.

The Board were advised that the Risk Register had been reviewed and scrutinised by the Audit Committee in November. In addition, the risk register was considered by the Audit Committee at its meeting in November.

The Board were provided with a detailed report on the high risks. The Board were advised that the group risk heat map reported the top 23 risks facing the Group, of the 42 risks on the risk register, 1 is Business Critical, 8 are High, 26 are Medium and 7 are considered to be Low.

The Board were advised that all the three highest risks were financial and were items already covered in the board reports including enrolment to target, capital projects and financial challenges with inflation and energy costs.

Section 6 Governance & Accountability

GDirGov

6. Governance

6.1 Governance Matters

The Board was asked to **RECEIVE** the Audit & Risk Committee Annual Report, **APPROVED** by the Audit & Risk Committee on 24th November 2022 and to **NOTE** that the opinion of the

Internal Auditors and the Audit Risk Committee is that the College has adequate and effective risk management, controls and governance processes to manage the achievement of the College's objectives.

The Board was also asked to **CONFIRM** that based on the advice of the Audit & Risk Committee and the Accounting Officer, the Board is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets".

The Board was asked to **NOTE** that the Company Seal has been used since last reporting.

The Board was asked to **NOTE** the Written Resolution of the Corporation in relation to DfE Post 16 Capacity Fund Application, **APPROVED** by all Governors on 9th November 2022.

The Board **RECEIVED** the Audit Committee Annual Report, **NOTED** its contents and **CONFIRMED** its opinions.

The Board **NOTED** the use of the Company Seal and the written resolution.

7. AOB: None presented.

8. Next meeting dates

- Corporation Board Development: 26 January 2023
- Group Governance, Search & Remuneration Committees: 26 January 2023
- Curriculum & Standards Committee: 6 February 2023
- Group Audit Committee: 2 March 2023
- Group Finance Committee: 16 March 2023
- Corporation Board: 23 March 2023

9. Items Deferred to next meeting

- LASER Education Foundation Constitution & Launch
- Annual Reports: Remuneration Committee, GDPR and Complaints
- Board Self Evaluation
- Group GDPR Policy

Minutes APPROVED :



David Eastgate, Chair
26 January 2023