



**MINUTES OF THE LINCOLN COLLEGE BOARD OF CORPORATION – HELD AT LINCOLN COLLEGE ON TUESDAY 17 DECEMBER 2019**

<b>Present:</b>	James Pinchbeck Haydn Beeken Philippa Bratby Nick Cudmore Neil Everatt Tim Godson Dean Graham  Gary Headland Alex Knoll Danielle Lister Nick Lyons Mark Platts Mike Simpson	Chair Vice Chair and Chair of Performance and Quality Support Staff Governor Chair of Audit Committee  Chair of Search, Training and Development Committee and HE Committee CEO Apprentice Student Representative  Vice Chair and Chair of Finance Committee
<b>In Attendance:</b>	Sarah Adams Tom Dannatt James Foster Graham Harrison Mark Locking Jacqui Varlow Claire Love	Clerk to the Board of Corporation Group Director of Finance and Commercial Managing Director (International and Commercial) Group Director IT, Information Management and Projects Managing Director (Education and Training Delivery) Group Director of Student Support Services and HR Group Financial Controller
<b>Apologies:</b>	Tim Calvert Heather Fluck Mark Speed Marta Wojcik Jim Newall Daniel Wilkinson	Chair of Appraisal and Remuneration Academic Staff Governor  FE Student Representative Group Director of Marketing and Communications

**29/19 APOLOGIES FOR ABSENCE**

The Chair welcomed the Board to the final meeting of the calendar year and also welcomed Alex Knoll who had joined the Board as the Apprentice Student Representative. Alex introduced herself and explained she was studying a L3 in Business Administration, working at the University of Lincoln in their careers department.

Apologies were received from Tim Calvert, Heather Fluck, Mark Speed, Marta Wojcik, Jim Newall and Daniel Wilkinson.

**30/19 ELIGIBILITY, QUORUM AND DECLARATIONS OF INTEREST**

It was reported by the Clerk that notice of the meeting had been given and that a quorum was present. Accordingly, the meeting was declared open. There were no declarations of interest made.

## 31/19 MINUTES OF THE CORPORATION AND COMMITTEE MEETINGS

### Board of Corporation – 29 October 2019

The minutes of the meeting held on 29 October 2019 were checked on a page by page basis. The CEO asked that on page 3 Lieutenant Colonel is changed to Lieutenant General.

Following this amendment the minutes were agreed as a true and accurate record and signed accordingly.

PB asked if as reported in relation to 'Determined to Govern' had there been any progress on pairing of Governors with ELT. The Chair explained unfortunately not at this point as the initiative had not progressed as quickly as expected and this will be followed up in the new year.

### Remuneration Committee – 28 October 2019

This agenda item was deferred due to the apologies of the Chair of the Committee.

### Performance and Quality – 30 October 2019

The minutes of the meeting had been circulated for information. It was noted these were draft as the Committee will meet tomorrow for sign off.

HB explained the main focus of the Committee is Gold Group on Attendance and Apprenticeships.

### Audit Committee – 12 December 2019

The Audit Committee had met on 12 December 2019. TG explained the meeting mainly covered the financial statements and the internal audit plan.

### Finance Committee – 12 December 2019

The Finance Committee had met on 12 December 2019. NL gave an overview of discussions, including:

- Committee members had visited Ravendale and reported on the scale and size of the facility. The current under-utilisation was evident
- The Chair confirmed it was worthwhile visiting Ravendale and that the development will enhance the facilities available to the local community
- Dashboard scores and financial health of good
- Letter from the ESFA and the response
- Review of P3 and P12 Management Accounts
- Treasury Management Report and Policy
- Review of Financial Regulations
- Development of the Fraud Policy
- Preliminary discussions regarding pay award options to be taken to Remuneration Committee in January 2020
- T&FG next year in relation to contingency planning and ensuring financial resilience
- The Committee are also following upon developing a cost of delivery model which will be useful for the future
- The Chair explained he is tasking the Committees to come up with something over and above cycle of business

- HB encouraged those governors who hadn't visited Christ's Hospital Terrace (CHT) to do so as he had done recently on an OODA walk. The importance of Governors visiting the 'real estate' of the College was highlighted as important for the Board.

### **32/19 MATTERS ARISING AND NOTIFICATION OF URGENT BUSINESS**

There were no matters arising and no notifications of urgent business.

### **33/19 FINANCIAL YEAR END 2018/19**

#### Consolidated Financial Statements

Audit had completed their work which had commenced in September. There were no material amendments to the figures as included in the draft document circulated. Feedback was welcomed from the Joint Audit and Finance Committee. Financial Health Grade of Good driven by a strong EBITDA and liquidity was highlighted. The ability to forecast accurately was also highlighted. The assets and cash reserves were explained. £5.5m EBITDA which is 10% of turnover and good in comparison to sector benchmarks. It was noted that many Colleges are not in a surplus position. The presentation of the Auditor at the Joint Audit and Finance Committee and detail included was welcomed.

HB asked for more background in relation to the correspondence from ESFA and this was discussed. It was outlined that the transaction undertaken was a strategic move and fully approved by the Board. The response was thorough and well considered with external input included.

The Chair welcomed the narrative and detail within the annual report and financial statements and recognised the amount of work carried out by the College and Finance Team during the year.

The approval of the Board was sought.

#### **The Board approved the signing of the Financial Statements**

#### Subsidiary Accounts and Letters of Representation

The Accounts for the subsidiary companies and been circulated and assurances sought from the Board that they had been given the opportunity to ask questions and that all information had been shared. It was noted the results are included within the consolidated accounts presented.

The Letters of Representation for all areas had been circulated for information.

The approval of the Board was sought.

#### **The Board approved the signing of the Subsidiary Accounts and Letters of Representation**

#### Regularity Self-Assessment Questionnaire

It was explained these are a standard set of questions used to support the Auditors in their work on the production of the Annual Report and Financial Statements. The document had been reviewed by ELT and Audit Committee twice and there were no areas of concern to highlight to the Board.

The approval of the Board was sought.

#### **The Board approved the signing of the Regularity Self-Assessment Questionnaire**

## External Audit Final Audit Findings Report

The annual report by RSM, External Auditors, was discussed; it was an unqualified report.

As a minor observation, the Auditors raised the issue of overseas travel which was a prevalent issue across the FE sector, in particular in some colleges where international travel is used for speculative, business development purposes. The Board of Corporation noted that all overseas travel is conducted within the Financial Regulations for Lincoln College and Lincoln College (International) LLC. The Board of Corporation agreed that it was necessary for the CEO to travel to China and to the Kingdom of Saudi Arabia as these journeys relate to our very substantial existing provision in those countries, meeting with our many thousands of students and hundreds of staff living and working in those countries, and with our customers. The business culture of both China and Saudi Arabia required the CEO to meet face-to-face with his counterparts during which current strategic and operational issues and risks would be discussed as well as exploring opportunities for new business. The Board agreed that the CEO should travel to China on at least an annual basis and to Saudi Arabia at least quarterly. The Board of Corporation noted that the CEO reports to the Board of Corporation and to the Board of Directors of Lincoln College (International) LLC following his meetings in China and Saudi Arabia.

Discussion took place on the item on page 8 in relation to the long-finance transaction and the Board of Corporation noted RSM's approval of the accounting treatment used.

Discussion took place about the finance capability in relation to KSA and the Board of Corporation noted that Lincoln College provides the finance service to Lincoln College (International) as part of the annual management fee and that there is a KSA Financial Controller based in the UK and a Finance Manager is due to be appointed in KSA.

Appendix B – Emerging Issues was recommended for reading by Board members.

## Annual Report of the Audit Committee

The Annual Report is a requirement to summarise the work of the Committee over the year and clearly shows that the Committee have met their responsibilities. This was a full and detailed report and the Chair thanked the Committee for the report.

## **34/19 LINCOLN COLLEGE GROUP BALANCED SCORECARD AND INFORMATION REPORT**

The CEO gave an overview of his report and invited questions.

PB asked about reward and recognition for students and if there had been feedback from tutors on whether there had been an impact on the students.

The CEO explained he had been at Attendance Gold Group this morning and that this was one of four strands to tackle attendance: Reward, Discipline, Communication and engaging with parents. The interventions in place will take a while to have the full impact but those receiving the rewards have been delighted. How evidence can be built around this and gathering data linked to those who aren't attending is to be followed up in the New Year.

The Board reported on the experiences within their businesses and the climate and expectations and time taken to make a difference.

JF reported on UK Commercial and specifically Morton Hall where an inspection had taken place recently. MSi asked about the Property Strategy and would this come to Board. It was confirmed this would be the case. The strategy would take into account the position of the City and the County when developed. There is a lot of potential commercial benefit to providing estate for rental, etc. A Cost of Delivery model is also being developed and will be brought to the Board at the appropriate time. MSi will pass on relevant contacts to the Finance Team.

**Action: MSi to pass on contacts to the Finance Team**

The Chair asked about the Hunan visit and how this had gone. TD explained the relationship between the Lincolnshire County Council and the Hunan Province. There are a few key areas, including education, being developed and BGU and UL are also involved as well as the China British Business Council (CBBC). A Memorandum of Understanding (MoU) has been signed. There is a need for adult social care in the Province and a number of opportunities to follow up on and the importance of the support of the County Council was stressed.

JF explained there had been visits from SCAT and Guangdong Construction Polytechnic to the College last week. This is SCAT's annual visit to the UK. The visit from GCP was related to delivering accountancy and signing an MoU linked to apprenticeships.

The Chair explained his attendance at the lunch with the visitors from Guangdong and the quality of the food and service provided by the College team. The high quality of the food provided by the in-house catering team was recognised.

The scorecard had been circulated and was opened to questions.

NL asked about the Apprenticeship item being in amber. ML responded in relation to the completion of the action plan. It was explained that 'timely' achievement was 3% above national average and better than expected. There is a level of risk within the action plan to get back to the level required at the end of the year. It was explained this will be discussed at P&Q Committee tomorrow. One issue is 'overall' results within sub-contracting. The CEO responded that the position is that there is a full management team in place and it is a key focus for ML and P&Q. The team are being over-invested in but it was noted there is a high turnover of staff in comparison to other areas. Progress is being made and it is likely this area will remain amber. Should there be any backwards movement this will become red. HB confirmed the focus of P&Q Committee. P&Q want to see the confidence showing in actuality. The Committee will continue to report though to Board. ML reported on Made in Gainsborough and the recent student successes of 9 distinctions and 3 passes. The areas is being monitored closely through four channels including the Top Level Scorecard, as a focus of P&Q, the SAR and QIP.

The Chair asked for reflection in a year on the achievement and delivery in relation to the Care College, Construction College and Police College at the end of the first year and this was agreed.

**Action: Report on Care, Construction and Police College to be provided after first year**

MP asked about IT in classrooms and whether there will be capital investment into this from the restricted reserve and this was discussed. GHa is assessing the capital pots and the lack of funding. Within each new bid IT requirements and laptops are included to ensure there are the resources available. It was noted there is a need to invest both in the background and at the front for technology investment. It was highlighted that a proper capital expenditure programme is to be put in place and if possible investment will be from EBITDA rather than reserves.

MP asked if the document could be shared on a monthly basis and it was agreed that this would be put in place.

**Action: TLS to be shared on a monthly basis**

An update was given on the progress of the Institute of Technology and Gibney Building.

The risk register was discussed and items highlighted including the recruitment gate at the AEC, which is currently not open. The impact of this and reduction in student numbers was outlined. Continuing contracts for Qatif and the T&HC was highlighted as a low risk with a high level of confidence, but would have a high impact. The Finance T&FG will focus on these areas to ensure sustainability. The Leadership of Governance informal group will move to a formal group to lead on this.

**35/19 URGENT BUSINESS**

No items of urgent business were discussed.

The Chairman presented Nick Cudmore with a gift to thank him for his seven and a half years' service on the Board and as Chair of Audit Committee and his involvement with the College over this time. NC was wished all the very best for his retirement.

The Chair concluded the meeting and thanked the Board for their support and commitment and wished everyone a happy Christmas.

**36/19 DATE AND TIME OF NEXT MEETING**

The next meeting will be held on 21 January 2019 at 17.00 hours.

The meeting closed at 18.30 hours.

Signed: .....

Date: .....