

Meeting: LSEC BOARD & STANDARDS MEETING -MINUTES

Date: 09 July 2019 at 17.30

Venue: C1/C2 Orpington Campus

Present:
 Stephen Howlett (Chair) (SH)
 Sam Parrett (Group Principal & CEO) (SP)
 Max Bero (Governor) (MB)
 Charles Yates (Governor) (CY)
 Penny Bance (Governor) (BP)
 Katy Woolcott (Governor) (KW)
 Lauren Ovenden (Governor) (LO)
 Barry Spencer (Staff Governor) (BS)

In Attendance:
 Jenny Pharo (Clerk-JP)
 John Hunt (CFO-JH)
 Mary Herbert COO- MH
 David Lambert (Executive Officer) (DL)

1. **Apologies for absence**
 Apologies were received from Chris Briggs (Governor) and Jane Hobson (Governor).
2. **Declarations of interest**
 There were no declarations of interest.
3. **Minutes of Previous Meeting held on 2 April 2019**
 Minutes were approved as an accurate record of the meeting.

4. **Action Log & Matters arising from the minutes**

Presenter: Jennifer Pharo
Recommendations: To note the actions log attached.
Board was advised that that Staff Survey has been postponed until September 2019.

5. Governance Arrangements

<p>Presenter: Jennifer Pharo</p>	
<p>Recommendations: The Board is asked to</p> <ul style="list-style-type: none"> • APPROVE the changes to the LSEEG Scheme of Delegation. • AGREE and RECOMMEND to the LSEEG Board the changes to the Terms of Reference for the Legal Boards to reflect two new Joint Committees. • AGREE and RECOMMEND to the LSEEG Board the Terms of Reference for the two new Joint Committees. • APPROVE and NOTE the appointment of Governors, Trustees, Chairs and Vice Chairs. 	
<p>Executive Summary:</p> <p>The Board were reminded that in July 2018, the LSEC Board approved the LSEEG Scheme of Delegation following a legal review of the Group's governance arrangements.</p> <p>In approving the Scheme of Delegation at this time, the Board were informed that the document would be subject to regular review and updating, especially during earlier stages of the Group formation.</p> <p>Clerk-JP advised the Board that throughout 2018/19 the scheme has been both tested and reviewed in terms of operation and compliance with the Articles of Association for each Legal Charity within the London & South East Education Group.</p> <p>A final legal review of Governance Arrangements was conducted in May 2019 and presented to Governors and Trustees on 18th June 2019, as part of the annual Governance Strategy Event.</p> <p>The Scheme of Delegation attached as Appendix A has been amended to reflect the introduction of two new Joint Committees</p> <ul style="list-style-type: none"> • LSEEG Curriculum and Standards; and • LSEEG Strategy Search and Remuneration. <p>The Board was asked to APPROVE the amended LSEEG Scheme of Delegation.</p> <p>The Terms of Reference for the Legal Boards has also been amended to reflect the new Joint Committees, this is attached as Appendix B together with the Terms of Reference for each of these new Joint Committees.</p> <p>The Board RESOLVED to AGREE and RECOMMEND for approval to LSEEG Board the amended Terms of Reference for the Legal Boards and the Terms of Reference for the Joint Committees.</p> <p>Clerk-JP reported that the legal opinion on the LSEEG Scheme of Delegation is reported to be robust, the operation of which is dependent upon the representation of each Legal Board at Joint Committees and Group Board Meetings. For this purpose, a review of membership has been conducted alongside the legal review and adjustments to Board and Committee composition proposed where necessary.</p>	

<p>The Board was asked to NOTE that that composition of the new Joint Committees has representation from each Legal Board. Changes to membership are listed in Appendix C.</p> <p>The Board RESOLVED to APPROVE the appointments where it has delegable powers to do so and as indicated in Appendix C.</p>	
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6. LSEC Chief Operating Officer Report (COO)

<p>Presenter: Mary Herbert (COO)</p>	
<p>Recommendations: The Board is asked to consider and note the contents of the report and appendices.</p>	
<p>Executive Summary</p> <p>Governors were advised that the report details the work undertaken by the curriculum teams and managers to make sure that students receive the highest standards of education and pastoral care. Recruitment and retention have been prioritised. As the end year is drawing near we are currently working with students on their progression and next steps.</p> <p>COO-MH advised that attendance at GCSE English and maths exams report improvement on the previous year. Initial learner feedback is very positive; papers were as learners expected and learners felt that predicted papers used in class and in revision sessions prepared them excellently for GCSE maths. Teacher inspection of the papers following the exam confirmed this. Alongside this, the English and maths teams recently had a very positive external quality assurance visit for functional skills (across all campuses) and have been awarded direct claim status, with no action points.</p> <p>COO- MH advised that the recruitment of high-quality teachers continues to be problematic, in Engineering, where we have an over-reliance on agency staff. Recruitment has been very difficult with some teaching roles being advertised more than twice. We have offered an uplift on hard to reach posts and recruitment to Senior Lecturer posts to attract the best teaching talent.</p> <p>Governors were advised that plans are in place to move the curriculum, except for Hospitality and Catering, from Orpington to the Bromley Campus. To ensure that learners and parents are well prepared for the moves, there has been a selection of preparation events, alongside a question and answer session provided to alleviate any fears arising from the proposed moves. Further presentation evenings are planned for all external applicants and these are scheduled to take place the week commencing 1st July.</p> <p>COO-MH highlighted the following areas</p>	

<ul style="list-style-type: none"> • Apprenticeship achievement payments require continued close monitoring in particularly electrical and plumbing apprentices. These outstanding achievement payments are valued at circa £130k and would impact on financial health measures if achievements cannot be claimed in 2018/19. • Apprenticeship provision not meeting Minimum Standards (MS) is being monitored closely to ensure achievement above national apprenticeship rates. Previous year there had been a concern around electrical and plumbing Apprenticeships which comprise large volumes of learners. Both areas are reporting above MS currently but will need to be closely monitored through to year end. • English/maths Functional Skills achievement are currently are forecast to be above last year with significant improvements for all ages. Summer FS programmes will be running throughout the holiday period to support learners to achieve. This will focus on any learners who will require a re-take. • Recruitment and progression of learners. Enrolment of progressing learners has commenced. Higher Education staff rotas are in place for 'clearing' during the summer break. Enrolment plans are in place and to make sure all staff are trained and briefed on their roles and responsibility during enrolment 	
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7. 2019/20 Curriculum plan and changes from 2018/19

<p>Presenter: Mary Herbert (COO)</p>	
<p>Recommendations: The Board is asked to consider and note the contents of the report and appendices.</p>	
<p>Executive Summary</p> <p>COO-MH advised Governors that the intention is to create a curriculum plan that offers progression from entry level to Higher Education. The underlying theme for the plan is to give all our learners skills, attitude and behaviours that will give them the competitive edge in the job market, further study and Higher Education, including apprenticeships and increase their chances of social mobility</p> <p>COO-MH highlighted the following areas for comment.</p> <p>Work would continue to ensure that the curriculum is relevant and up to date and that we deliver the T-level from September 2022</p> <p>COO-MH advised that research and up to date notifications are brought to Curriculum and Quality meeting and opportunities for new curriculum developments are brought to weekly Vice Principal and Director meetings to ensure continued relevance of the curriculum.</p>	

Governors advised that Curriculum Teams had presented their curriculum plans to GEX for validation.

Governors are reminded that T-levels will be alternatives to A-levels forming a technical route as an alternative to the academic route post 16 and will be measured on School Performance Tables.

Governors were advised that LSEC is not part of the pilot programme for the delivery of T-Levels from September 2021 but would be bidding to run pathways for 2022. The Chair asked for further information on why bidding had not been successful.

COO-MH reported that in hindsight we may have been more successful if we had bid for more than one pathway. LSEC had not been able to participate in earlier pilots due to not having a current Ofsted Grade as a merged college. Overall the timing of the bidding rounds had not been favourable. London providers in particular were under represented in running pilot programmes.

Governors are advised that the College is continuing to participate and receive funding for the capacity building pilots in relation to work experience for T-Levels. Work experience is a significant part of the new T-Level programmes with a requirement for 45-60 days. The capacity building project supports engaging and maintaining good links with employers.

COO-MH advised Governors of the requirements under the new EIF which has less focus on data and puts more importance on the learner experience.

Governors asked if the reduction in session times from 1.5 hours to 1.25 hours would have an impact on teaching and learning. COO-MH advised that significant work had been undertaken to ensure that the learner experience will not be negatively impacted by this and that overall timetables have been lengthened to include additional English and maths, career advantage enrichment activities and extended work experience and social action projects. Not all areas have had session times reduced.

Chair stated he was encouraged to see the relaunch of Hair & Beauty in Bromley, a good indicator that we are listening to employers.

The Board NOTED the report.

8. Property Strategy Update

Presenter: John Hunt /Louise Wolsey	
Recommendations: The Board is asked to note the content of the report and appendix together with the decision made by the Group Board 18 June 2019.	
<p>Executive Summary:</p> <p>The Group Board were reminded of the recent commissioning process for the Property Strategy for the College following a tender exercise and work commenced in September 2018. Peter Marsh Consulting were appointed to carry out the work and at a Strategy Meeting of LSEEG and LSEC Governors on 18 June 2019, the Group Board were presented with the Property Strategy which provided details of the estate portfolio including assessments on the condition, utilisation and development opportunities for all sites.</p> <p>During the meeting, the Board challenged and questioned the current purpose, fit and utilisation of the estate against the curriculum plan and strategy. A significant part of the presentation and discussion focussed on the future use of Orpington as the site previously identified as underutilised and vacant in some areas including the Ozone building.</p> <p>A number of potential options for the future of the Orpington Campus were discussed in some detail which included mixed educational and residential use, sole residential use, together with the basis of a sale. Following this consideration, the Group Board voted and resolved to dispose of the Orpington site comprising; the Tower, Ozone Building and Car Park, with the intention to retain the catering provision and commercial outlets on the site in some form. Such disposal is to be conditional upon the following:</p> <ul style="list-style-type: none">• Pursuing and unlocking a conversation with Bromley LA on the strategic approach and potential development of the Orpington Campus to fit with the vision and development of the local landscape.• Confirmation from the DfE that Orpington Campus is not required for educational purposes.• Seeking and reviewing all potential partners to realise maximum financial benefit on the sale of Orpington Campus. <p>Board NOTED the report and agreed with the recommendations of the LSEEG Board.</p>	

<p>Future Greenwich Executive Summary:</p> <p>The Board were advised that following the offer by L&Q to purchase part of the Plumstead site, and the subsequent notification from the GLA that our application for £10m of grant funds was successful, work has continued the Future Plumstead project.</p> <p>This work has included responding to the final pre-funding agreement GLA clarification questions. Although we provided the required answers by the appropriate deadline, the GLA are running behind schedule and we still do not have a funding agreement in place. This was expected to be completed in April, and the GLA have now appointed a new project manager and we understand that this agreement should be imminent.</p> <p>L&Q have been working through their due diligence on the site, and a number of pre-application meetings have been held with the Royal Borough of Greenwich (RBG). Although these meetings have generally been positive, the outcome is that the heights, density and mix of residential accommodation will not be as viable as L&Q had expected when their original purchase offer was made.</p> <p>This has resulted in a much lower revised offer from L&Q of circa £17m (previously £20.7m). This revised offer also includes a less favourable profile of stage payments, which will result in the College having to support circa £4.5m of cash outflows in advance of GLA grant receipts or disposal proceeds. Given the strategic importance of the project for both the Mayor of London and RBG, the Chair of the Corporation will be assisting at CEO level in order to make sure L&Q are aware of the wider impact of their commercial decisions, and to secure a better outcome for the College.</p> <p>The Governors discussed motivation and tactics being applied by L&Q. The Chair has agreed to work behind the scenes on communication with L&Q in terms of the strategic relationship with RBG and their support for LSEC on this project.</p> <p>The Governors asked to be updated on progress of developments with L&Q.</p>	<p>CFO-JH</p>
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9. Achievement Rates 2018/19

<p>Presenter: David Lambert</p>	
<p>Recommendations: The Board is asked to note the position with current actual achievement/predictions and the actions to maximise achievement rates</p>	
<p>Executive Summary</p> <p>The Board were advised that there are a number of components which contribute to the College overall achievement position with these being analysed separately in terms of their contribution to overall College performance.</p>	

<p>DL reported that subcontracted provision presents a low risk with achievement data collection robust and ahead of this point last year. All indicators from the work with subcontractors show that individual subcontractors will meet their targets.</p> <p>DL reported that Apprenticeship provision predictions show an improvement in timely achievement but due to the volume of learners past their end date and the necessity to be below the Minimum Standards (MS) threshold the overall achievement rate is likely to decline, remaining within the MS threshold is a significant risk.</p> <p>The Board were advised that Study programme predictions show an improvement in Diploma qualifications which are the main vocational qualifications inside the study programmes. Certificate qualifications which represent a smaller but still significant volume are predicted to decline.</p> <p>DL advised Governors that English and Maths GCSE predictions show an improvement in performance for Maths but a predicted decline in English, subject to individual learner exam performance. In terms of Functional Skills (FS), the current achievement position is shown with an indication of the volume of additional achievements needed to match last year's position. FS achievement historically occurs later in the year and the current position whilst showing that additional work needs to be completed is on a comparable scale to previous years. Plans are in place to continue working to secure these additional achievements and it is anticipated that FS achievement rates will at least match last year.</p> <p>DL advised that high needs provision presents a low risk with the predictions showing that the clear majority of learners are on track to achieve.</p> <p>The Board were advised that the collection of achievement data finishes in October 2019 and there is still a lot of work continuing until then.</p> <p>The Board reviewed the report positively and look forward to seeing the year end results.</p>	
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10. LSEC Financial Report

Presenter: John Hunt (CFO)	
<p>Recommendations: The Board is asked to:</p> <ul style="list-style-type: none"> (i) Receive latest Management Accounts. (ii) Consider the future solvency of LSfG. (iii) Consider cash flow requirements of LSfG 	
<p>Executive Summary:</p> <p>The Board received the Management Accounts for the period ended 31 May 2019 (Period 10) show that there is a further slight improvement to the forecast outturn for the College of circa £50k with the deficit before FRS102 pension costs reducing to £699k.</p> <p>CFO-JH advised that this is mainly attributable to increasing the ALS income forecast by £600k to match the level which we currently expect to achieve for the</p>	

<p>year. There are significant additional delivery costs associated with the higher ALS income, and we are also now expecting an increase to forecast restructuring costs for the year.</p> <p>The Board were advised that performance against bank covenants remains very tight and the risk that the financial health of the College may be assessed as “Requires Improvement” remains. Work continues to mitigate these risks.</p> <p>The Board received the LSfG Management Accounts for the period ended 31 May 2019 (Period 10) show the full year forecast operating deficit to be £244k, which is an increase of £38k following some further forecast income reductions.</p> <p>CFO-JH advised that although year-end cash balances are forecast to be circa £290k, the company is forecasting to have net current liabilities of £152k at the end of the year. Current liabilities include £224k of monies which may be due to be repaid to the ESFA in respect of unspent bursary and Free School Meal funds. Clarification is being sought on whether these monies are due to be repaid and if so, the timing of this payment.</p> <p>The Board were advised that as a consequence of this, the future solvency of the charity is now critical and without the sale of the Bexleyheath site the company is no longer a going concern. The future of LSfG was considered at its Board meeting on 2 July 2019. In order to protect the Trustees of LSfG, the Corporation is asked to guarantee the working capital requirements should this become an issue during 2019/20.</p> <p>Further details and commentary regarding the above can be found in the attached Management Accounts.</p> <p>Governors discussed the position and recommendations of the LSEEG Joint Finance Committee.</p> <p>LSFG is in a precarious position, the amount of cash to be injected if required is not known. LSEC Board are asked to approve a facility to cover the cash flow requirements in year up to the point when the property is sold or the end of the July, whichever is sooner.</p> <p>The Bexleyheath asset is likely to sell for £700k. The dilapidation charges due on the Stratford lease are estimated to be in region of 150k. Notice on the leasehold must be given before 30 September 2019.</p> <p>In order to protect the Trustees of LSFG the LSEC Board were asked to accept the recommendations of LSEEG Finance Committee.</p> <p>The Board RESOLVED to accept the recommendations of the LSEEG Joint Finance Committee.</p> <p>The solvency of LSFG would be reviewed at the December Board Meeting or sooner should the property be sold and or any significant downturn in recruitment is reported.</p>	<p>CFO-JH Clerk-JP</p>
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11. 2019/20 Budget

<p>Presenter: John Hunt (CFO)</p>	
<p>Recommendations: The Board is asked to consider and comment on the report and attached budget papers and approve the 2019/20 budget.</p>	
<p>Executive Summary</p> <p>Governors were advised that preparations of the annual budget for the College continues to be a challenging process in accordance with</p> <ul style="list-style-type: none"> • static funding rates per learner • allocations being reduced through devolution of budgets • the challenging apprenticeship markets • difficulties with HE recruitment • significantly increasing pressure on annual pay awards. <p>Governors were advised that the budget for 2019/20 includes realistic assumptions of enrolment levels and modest growth in only a few areas of income.</p> <p>CFO-JH advised that the budgeted operating position for 2019/20 is materially the same as the budget for the current year with a deficit before FRS102 pension adjustments of £420k. This is consistent with the budget for 2018/19 and is broadly in line with the Three-Year Financial Plan agreed in July 2018.</p> <p>The Financial Health Score of the College is expected to improve slightly during 2019/20 but will remain close to the bottom of “Good” for the year.</p> <p>This overall operating deficit is budgeted to be £2.84m after estimated FRS102 pension charges of £2.42m are included. The FRS102 pension costs are a non-cash adjustment over which the College has no control, and the actual value of this item may be significantly higher or lower than budgeted.</p> <p>CFO-JH advised Governors that Earnings Before Interest Taxation, Depreciation and Amortisation (EBITDA) is a key measure of financial performance and is widely used in the private sector as the benchmark for financial performance. Since this is essentially a measure of the ability to generate cash, it is also used extensively by banks to assess the financial viability and credibility of a business. The accounting treatment of some items in the education sector means that an Education Specific EBITDA is required in order to eliminate the impact of non-cash adjustments such as capital grants and FRS102 pension adjustments.</p> <p>The budgeted Education Specific EBITDA for 2019/20 is a surplus of £2.57m (6.06% of income, 2018/19 forecast: 5.87%) which is £0.1m higher than that forecast for the current year.</p> <p>Governors were advised that that the staff costs ratio in 2018/19 is far too high at circa 76%, and the budget shows an expected reduction by circa 5% to 71%. This will be achieved through the ongoing restructures, and better staff utilisation and includes provision for a good pay award in 2019/20.</p>	

<p>The budget includes the planned ongoing annual capital expenditure for the year of £1.1m, plus the expected cash flows relating to the London Aerospace Technology College (LATC), and Future Plumstead. The Future Plumstead project assumes a capital receipt of £7.2m in February 2020 in respect of part of the sale proceeds. The timing of receipts is still under negotiation. These projects together with expected loan repayments would decrease our forecast cash reserves to circa £7.6m by 31 July 2020 and assumes there are no material changes to debtor and creditor values.</p> <p>CFO-JH confirmed that because of the significant number of unknown factors for the College next year in maintaining learner numbers and realising the planned efficiencies in time, the budget does include an appropriate contingency to mitigate a proportion of these risks if required.</p> <p>The LSfG budget is to achieve a breakeven position and this will mean the consolidated budgeted adjusted operating deficit is as per College accounts. The consolidated results can be found in the Three-Year Financial Plan elsewhere on this agenda.</p> <p>Governors questioned if too much had been taken out of the budget. Is there enough balance between quality and financial health?</p> <p>CFO-JH advised that the FE Commissioner’s benchmark for staff to cost ratio is 65%. The planned staff ratio is circa 70% with c5% of these costs relating to pension adjustments.</p> <p>CFO-JH advised that for a large multi-site GFE, 70% is a workable staff ratio. Key drivers to ensure we meet this target are the full utilisation of staff and reduction in small groups.</p> <p>The Board RESOLVED to APPROVE the 2019/20 Budget.</p>	
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12. Three Year Financial Plan

<p>Presenter: John Hunt (CFO)</p>	
<p>Recommendations: The Corporation is asked to:</p> <ul style="list-style-type: none"> a) Consider and comment on the report and attached papers. b) Approve the 2019-21 Three Year Financial Plan. 	
<p>Executive Summary</p> <p>The Board were advised that the Financial Memorandum with the Education Skills Funding Agency (ESFA) requires the College to prepare and submit a Three-Year Financial Plan by 31 July of each year.</p> <p>This plan must include the consolidated results of the College together with LSfG as its wholly owned subsidiary company</p>	

<p>The Financial Plan has been prepared by the CFO-JH using the required ESFA template issued for 2019 and shows the period 9 forecast outturn for the current year, the budget for 2019/20 (as included elsewhere on this agenda) and a forecast budget for each year until 2021/22.</p> <p>Governors were advised that the detail in the plan for 2020/21 is based upon anticipated activity and related expenditure in that year in line with predicted growth, together with logical assumptions regarding grant and other funding values. The plan includes the expected major capital project cash flows in respect of LATC and Future Plumstead. In addition, it also includes the impact of LATC opening in September 2020.</p> <p>CFO-JH advised that it is now a requirement to submit a monthly cash flow forecast for 24 months to the ESFA together with the financial plan. The forecast was tabled as Appendix 3.</p> <p>Governors were asked to consider the key points from the Financial Plan as below.</p> <ol style="list-style-type: none"> 1. The small adjusted operating deficit is forecast for each year of the plan. 2. The deficit is slightly worse in 2020/21 due to the impact of opening LATC with the funding for many learners being paid on a lagged basis in the following year. 3. Further efficiencies will be required in order return the College to a breakeven position before FRS102 pension adjustments. 4. Major capital expenditure is incurred in respect of the £7.6m LATC build cost, and the £24m future Greenwich development. 5. This major capital expenditure is funded through the GLA grants and the proceeds of the part disposal of the Plumstead campus 6. No other major capital disposals for the life of the plan. 7. Cash balances are expected to improve by £0.5m by July 2021 but will be sensitive to major project cash flows. 8. The financial health points score is forecast be the bottom end of "Good" throughout plan and will improve slightly during 2020/21. <p>The Board RESOLVED to APPROVE the Three-Year Financial Plan.</p>	
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13. LSEEG: Joint Committee Meetings

<p>Presenter: Jennifer Pharo</p>	
<p>Recommendations: The Board is asked to note the minutes and recommendations of the Joint Committees.</p> <ol style="list-style-type: none"> (i) LSEEG Audit Committee (ii) LSEEG Finance Committee 	

<p>Executive Summary:</p> <p>Governors were requested to review the minutes and actions from the LSEEG Joint Audit and Finance Committees. This is a standing agenda item which supports better information flow between the Legal Boards and Joint Committees.</p> <p>The Governors were asked to note the resolutions and recommendations made as detailed below from the LSEEG Audit and LSEEG Finance Committees.</p> <p>LSEEG Audit Committee: 18th June 2019 Chair: Marek Michalski</p> <ol style="list-style-type: none"> 1. LSEEG Internal Audit Strategy and Plan for 2019/20 Recommended to the LSEC, LSFG and LSEAT Boards for approval. 2. LSEEG External Audit Strategy Approved by the Committee. 3. LSEEG Fraud Avoidance Policy Recommended to the LSEC, LSFG and LSEAT Boards for approval. 4. LSEEG Internal Audit Services Retendering of services for 20/21 Approved by the Committee. 5. FE Commissioner Report on Hadlow and West Kent Colleges Resolved for report to be shared with LSEC Board (Appendix C). <p>LSEEG Finance Committee: 25th June 2019: Chair: Allan Carey</p> <ol style="list-style-type: none"> 1. Group Financial Report LSFG <ol style="list-style-type: none"> 1.1 Committee RESOLVED that if LSEC do not guarantee the liabilities of LSFG it cannot continue to trade. 1.2 Committee resolved to recommend to LSEC Board that LSFG continue to trade in 2019/20. 1.3 Committee resolved to recommend to LSEC Board that LSEC guarantee the cash flow requirements of LSFG until the Bexleyheath site is sold or until July 2020 whichever is the sooner. 2. 2019/20 Budget LSEC Recommend the deficit budget to the LSEC Board for approval. 3. 2019/20 Budget LSFG Recommend the budget to the LSEC Board for approval. 4. Three Year Financial Plan LSEC and LSFG: Recommend the plans to LSEC Board for approval. <p>The Board are asked to NOTE the recommendations of the Joint Committees.</p>	
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14. LSEC Risk Management Presenter:

Presenter: John Hunt	
Recommendations: The Board is asked to consider and comment on the content of the report and appendices.	

<p>Executive Summary</p> <p>The Governors were advised that the Risk Register had been considered by the LSEEG Joint Audit Committee on 18 June 2019, together with detailed discussion over the financial risks which have increased in accordance with our risk profile and challenging financial situation.</p> <p>The Governors were asked to note that the main changes to the risk scores and the reasons behind those changes. The detailed risk register entries for these risks together with those for the High and Business Critical risks and were appended for information.</p> <p>The Corporation were asked to note that the financial risks facing the College are increasing, whilst the Ofsted related risks have reduced following the recent successful Ofsted inspection.</p> <p>Governors were advised that of the 39 risks currently identified on the risk register, 4 are Critical, 6 are regarded as High, 20 as Medium and 9 as Low. Although there are 4 financial risks which are graded as critical, these are all subsets of an overarching financial risk and are inter related rather than representing four separate issues</p> <p>The Board to NOTE the report and appendices.</p>	
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15. Internal Audit Strategy & Plan

<p>Presenter: John Hunt</p>	
<p>Recommendations: The Board is asked to consider and approve the Internal Audit Plan for 2019/20</p>	
<p>Executive Summary:</p> <p>The Governors were asked to review and note the draft Group Internal Audit Plan for 2019/20 which had been considered by the Group Audit Committee at its meetings in March and June 2019. The LSEEG Joint Audit Committee has recommended the plan to each Board for approval.</p> <p>The plan contains details of the audits for each entity and the audits will be carried out by RSM Tenon together with two other audit firms who are yet to be determined.</p> <p>CFO-JH advised that this item had been heavily debated at the Committee prior to recommending to LSEC Corporation for approval.</p> <p>The Board RESOLVED to APPROVE the plan.</p>	

16. Fraud Avoidance Policy

<p>Presenter: John Hunt</p>	
<p>Recommendations: The Board is asked to consider and approve the Fraud Avoidance Policy.</p>	
<p>The Governors were advised that it is the responsibility of all entities within the Group to safeguard its funds and assets as this extends to the prevention of loss through fraud and irregularity. Therefore, the Board of each legal entity is responsible for preventing such losses of public funds.</p> <p>This means that the Board and Senior Management must be aware of the risk of fraud and irregularity occurring within their organisations.</p> <p>Governors were reminded that all businesses within the Group are also responsible for ensuring appropriate action is taken where fraud and irregularity are suspected or identified.</p> <p>In this regard, a Group Fraud Avoidance Policy has now been prepared and has been subject to review by the LSEEG Joint Audit Committee.</p> <p>The LSEEG Joint Audit Committee has recommended the policy to each Board for approval.</p> <p>The Corporation RESOLVED to APPROVE the policy.</p>	

17. Safeguarding Policy 2019/2020

<p>Presenter: David Lambert</p>	
<p>Recommendations: Governors are asked to note the contents of the report and Appendices.</p>	
<p>Executive Summary:</p> <p>Governors were asked to review the report and changes to the current policy.</p> <ol style="list-style-type: none"> 1. The statutory guidance KCSIE 2019 requires that the College’s safeguarding policy is reviewed annually and approved by the Governing Body. 2. A number of changes has been made to the 2018 policy in order to update it for 2019 and amend it in line with: <ul style="list-style-type: none"> - latest legislation and guidance (KCSIE 2019 comes into force on 02.09.19) - recommendations from the safeguarding consultant arising from audits of safeguarding policy and practice and safeguarding record keeping - feedback from the Safeguarding Steering Group 	

<ul style="list-style-type: none"> - recommendations from the lead governor for Safeguarding for LSEEG - changes to organisational structure and roles <p>3. The changes are listed together with the reasons for these are outlined in the chart below.</p> <p>4. The governing body may wish to agree an amendment to this policy as recommended by HR following learning arising from a review of a complicated appeal.</p> <p>Governors were advised that Jane Hobson, Governor LSEC Board will be taking up the role of Lead Governor for Safeguarding for LSEC.</p> <p>Jacky Tiotto will remain as Lead Group Governor for Safeguarding.</p> <p>The Board extended their compliments to the author of the report Dith Banbury</p>	
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18. LSEC Financial Regulations 2019/20

Presenter: John Hunt										
Recommendations: The Board is asked to approve the LSEC Financial Regulations for 2019/20.										
<p>Executive Summary</p> <p>Governors were asked to note the Financial Regulations which have been reviewed for 2019/20.</p> <p>CFO-JH advised that other than post titles and other minor grammatical and administrative changes, there have been no major amendments. The Financial Regulations were considered by the Group Finance Committee in May 2019 and have been recommended to the Corporation for approval.</p> <p>Governors were advised that the most substantive amendment relates to delegated authority levels which have been increased slightly due to the volume of transactions being referred to the Senior Post holders. In this regard, the following amendment has been made to the approval of contracts, purchase orders and invoices.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Authorisation by</th> <th style="width: 25%;">Previous Limit</th> <th style="width: 25%;">Proposed Limit</th> </tr> </thead> <tbody> <tr> <td>Budget Holder</td> <td style="text-align: center;">£12,500</td> <td style="text-align: center;">£15,000</td> </tr> <tr> <td>Vice Principals Executive Directors Head of Finance Shared Services Processing</td> <td style="text-align: center;">£25,000</td> <td style="text-align: center;">£30,000</td> </tr> </tbody> </table> <p>Other changes include restricting approval of leasing and hire purchase agreements to the Senior Post holders and Group Director of Finance only.</p> <p>The Board RESOLVED to APPROVE the Financial Regulations.</p>	Authorisation by	Previous Limit	Proposed Limit	Budget Holder	£12,500	£15,000	Vice Principals Executive Directors Head of Finance Shared Services Processing	£25,000	£30,000	
Authorisation by	Previous Limit	Proposed Limit								
Budget Holder	£12,500	£15,000								
Vice Principals Executive Directors Head of Finance Shared Services Processing	£25,000	£30,000								

19. Group Executive Pay Policy

Presenter: Jennifer Pharo	
<p>Recommendation</p> <p>The Board is asked to approve the amendments the Group Executive Team Pay Policy and the Model Statement setting out LSEC’s explanation on the decision to adopt the AOC’s Senior Post Holder Remuneration Code as opposed to the University Chairs HE Senior Staff Remuneration Code, as required by the Office for Students.</p> <p>Executive Summary</p> <p>The Board was reminded that In October 2018, it approved the recommendations of the Remuneration Committee to adopt the Group Executive Pay Policy attached as Appendix A.</p> <p>Governors were advised that that It is a requirement of the Office of Students to adopt either the AoC’s Senior Policy Holder Remuneration Code or the University chairs HE Senior Staff Remuneration Code.</p> <p>The attached Policy document has been amended to reflect the decision to adopt the AOC Senior Post Holder Remuneration Code (an annex to the AoC Code of Good Governance for English Colleges) and referenced within the policy document as Appendix 1.</p> <p>It is a requirement of the Office for Students that LSEC Corporation endorse the Model Statement, appended to the policy document as Appendix 2, to confirm the application of the AoC Senior Post Holder Remuneration Code now referenced within the Group Executive Pay Policy.</p> <p>The Board RESOLVED to APPROVE the amended policy and endorsement of the Model Statement as appended.</p>	

20. Any other business

The Board acknowledged Penny Bance services to the Board and that she will not be continuing as a Governor in 2019/20.

21. Date of next meeting: 11 December 2019

