

**MINUTES OF A MEETING OF THE BOARD OF
LEICESTER COLLEGE CORPORATION:
FINANCE AND GENERAL PURPOSES COMMITTEE
HELD ON 26 JUNE 2025**



Present: Danielle Gillett (Chair) Lee Soden* (Chair – agenda item 6.2)
Shabir Ismail Alex Stacey-Midgely
Robert Radford

In Attendance: Louise Hazel Director of Governance and Policy
Amanda Scott Director of HR
Jane Parkinson Director of Finance (items 1-5)

*Joined via MS Teams

1 DECLARATIONS OF INTEREST

- 1.1 Staff declared an interest in item 6.1. Shabir Ismail and Louise Hazel declared an interest in item 6.2.

2 APOLOGIES FOR ABSENCE

- 2.1 Apologies for absence were received from Lesley Giles and Chan Kataria.

3 MINUTES OF PREVIOUS MEETING AND MATTERS ARISING

- 3.1 The minutes of the meeting held on 7 May 2025 were received and agreed.
- 3.2 The confidential minutes of the meeting held on 7 May 2025 were received and agreed.
- 3.3 As a matter arising it was confirmed that the additional information requested on the waivers to the financial regulations was now included in the report. This was felt to be helpful and would be included in future reports.

4 FINANCE REPORT (PERIOD 10) AND SUMMER REFORECAST

- 4.1 The Director of Finance presented the finance report (period 10) and summer reforecast. The following points were highlighted.
- 4.1.1 The year to date result was an EBITDA surplus after restructuring costs of £1,640k compared to the budgeted surplus of £1,744k.
- 4.1.2 The R10 data return showed that 16-19 learner numbers were above allocation overall despite an under recruitment to T level courses. The College would receive an additional £649k in-year growth funding, which represented 67% of the funding due.
- 4.1.3 The College would fall short of its ASF target as a result of the ring fencing

of tailored learning. The under achievement was estimated at £250k in the spring reforecast but had been increased by a further £150k in the summer reforecast.

- 4.1.4 Apprenticeship income was expected to exceed £5m and within the summer reforecast the target had been increased by £100k.
- 4.1.5 Key movements in the summer reforecast included additional income from the grant for employer national insurance (NI) contributions; extra funding to assist with pay and recruitment pressures; and additional apprenticeship and high needs income. Areas of reduced income included the ASF and tuition fees; the costs of the NI increase and a non-consolidated pay award had been factored in with a net negative adjustment of £31k.
- 4.1.6 Overall, the expected EBITDA after restructuring costs would decrease by £31k, from a surplus of £1,944k to £1,912k.
- 4.1.7 The College would meet its bank covenants and achieve a 'good' financial health rating, following the spring reforecast.

4.2 Governors asked a number of **questions** including:

- 4.2.1 **Would the NI payment not cover the total cost of the increase?** It would only cover around 65%. It had been allocated on a formula basis.
- 4.2.2 **Was this another instance of the College being disadvantaged through formula based allocations because of its student profile?** No college had received the full amount.
- 4.2.3 **The financial health was still 'good' although the position had declined over the course of the year. What reassurance was there that the 'good' category could be retained?** Securing 'good' financial health was going to be critical in enabling the College to bid for funding and projects and this was being prioritised. If something material changed, it was possible the College might slip into 'requires improvement'.
- 4.2.4 **The only thing there appeared to be flexibility on was the non-consolidated payment to staff.** A meeting had now taken place with the union and it had indicated that its preference would be not to have a one-off payment but to use the funding to enable a higher consolidated payment in the next year. This would achieve a saving of £270k in this year. Next year's financial plan had included a 2.8% pay award; the increase to funding rates meant this could increase to 3.3%. A move to 4% would impact on the operating position although the College would still be comfortably good in terms of financial health.
- 4.2.5 **Not making the non-consolidated payment would mean the financial health position for this year would be more comfortable?** It would.
- 4.2.6 **Could the reforecast and budget papers be adjusted before going to the Corporation?** They would be.
- 4.2.7 **Was it normal to apply pay increases equally?** Non-consolidated payments had not been considered previously but consolidated pay awards tended to be applied equally to avoid creating pressure on pay scales.
- 4.2.8 **Was £250 per person worth it; would it actually lead to more dissatisfaction?** It could mean those on the lower scales might have their benefits affected and those on the higher scales would lose more in tax.

- 4.2.9 **Would removing the non-consolidated payment from the reforecast impact on the point score?** Not significantly.
- 4.2.10 **What was the value of the T level clawback?** This was hard to calculate exactly and was netted off against the increased allocation for 16-19s.

4.3 **Members noted the period 10 finance report. Members requested that a revised reforecast be taken to Corporation on 3 July which reflected the removal of the proposed non-consolidated payment to staff.**

5 DRAFT BUDGET 2025/26 AND TWO YEAR FINANCIAL PLAN

5.1 The Director of Finance presented the draft budget and two year financial plan. The following points were highlighted:

- 5.1.1 Overall, the proposed budget for 2025/26 showed an operating surplus of £780k and £772k in 2026/27 with an EBITDA of £2.5m moving to £2.4m in 2026/27.
- 5.1.2 Total income for 2025/26 was forecast to increase by £4m to £58.6m compared to 2024/25. This was mainly due to increases in 16-19 income. Apprenticeship income was also budgeted to increase marginally. However, other income streams such as ASF, HE and fees in general were held at 2024/25 levels.
- 5.1.3 Forecast pay expenditure in 2025/26 would increase by £2.6m. This reflected the increased delivery and pay award pressures. A 4% award had been included for planning purposes.
- 5.1.4 Total non-pay expenditure of £16.8 million was included. This included 3% inflationary costs with some additional increases to cover cyber security and estates maintenance.
- 5.1.5 Capital expenditure of £1.8m was included, £1.1m of which was from the capital grant of £2.2m for the next two years.
- 5.1.6 The budget for 2025/26 included an assumption of achieving the income and expenditure outlined. The College would need to slip by £900k to fall into 'requires improvement' financial health.
- 5.1.7 The key risks facing the College were described.
- 5.1.8 Financial health under the DfE criteria graded the College as 'good' in 2025/26 with a point score of 190. The planned budget met all the banking covenants.

5.2 Governors asked a number of **questions** including:

- 5.2.1 **It was good to see the financial objectives would be met; was the College moving into a boom phase given the increase in student numbers?** 16-19 numbers were stabilising and would remain high for the next few years but there would be a demographic decline which would impact on numbers in future years.
- 5.2.2 **Pay expenditure was now at £41m. It would be useful to have more detail on the different categories and roles to help understand the potential impact of changes to curriculum. There appeared to be more non-teaching staff than teaching staff; was that normal and where had the numbers grown?** The non-teaching staff also included student facing roles such as learning coaches. Further detail would be

provided. One of the FEC benchmarks was around pay costs so the College did need to do some more work on this.

- 5.2.3 **This might also allow a discussion of different pension alternatives or different types of roles.** Agreed; these were all things that needed to be considered although there were still issues in recruiting some support roles.
- 5.2.4 **How was the growth in income arrived at?** This was based on the allocations. Prior to the allocations being received, the expected funding was modelled but the model was close to the actual allocation.
- 5.2.5 **Was there the potential to clawback the costs of training where people were trained and then left the organisation?** This did happen for some professional qualifications although not all staff would be taking these types of training.
- 5.2.6 **Were the High Needs numbers now locked in?** They were.
- 5.2.7 **Would the College stop at 158 students?** There was the potential for additional numbers but the College had made it clear to the Council that it would need full funding for any students above 158.
- 5.2.8 **What would happen in respect of the additional NI costs after March?** This was not clear. The Government had said it would support colleges but at what rate, or how, was unknown. An assumption of 65% support continuing had been made in the plan.

Lee Soden joined the meeting

- 5.2.9 **The planned surplus was lower than planned for this year. What contingencies were there and back up savings plans if the budget did not work out?** It was higher than the summer reforecast and a positive EBITDA of £2.5 million was planned which was better than in previous years. There were many factors impacting but back up plans would include looking at recruitment and resources allocated, at the pay award, at capital expenditure and the cash position. It was difficult to make efficiencies in year but the College had been very successful in managing efficiencies in previous years and would adopt a similar approach if needed.
- 5.2.10 **Was the main difference between the proposed budget and the 2025/26 plan from last year the increase in a pay award?** It was. A 1% award had originally been planned.
- 5.2.11 **What capital requests had not been approved?** The decision had been taken to allocate as much as possible to curriculum area requests since there were no major projects planned this year. Only half of the grant allocation had been used and expenditure for next year would be reviewed as part of the planning process. There would be additional condition survey funding and potentially more Office for Students funding.
- 5.2.12 **What was next on the list of capital projects?** The College could not apply for the construction Technical Excellence College because of its financial health status in 2023/24. It would be talking to Derby about potential involvement in its regional bid. Other projects would be kept under review.
- 5.2.13 **What had been budgeted for commercial income?** This was at current levels.

5.3 **Subject to an amended version of the financial plan being produced to address the decision not to make a non-consolidated payment in 2024/25, members agreed to recommend to the Corporation that it:**

- 5.3.1 **Approve the financial plan for submission to the DfE**
- 5.3.2 **Approve the 2025/26 budgeted Income and Expenditure Account, Balance Sheet and Cash Flow contained within the plan**
- 5.3.3 **Approve the Capital Expenditure Budget for 2025/26**
- 5.3.4 **Note the 2026/27 financial plan and its assumptions.**

6 PAY AWARDS - CONFIDENTIAL

Shabir Ismail and Louise Hazel left the meeting (6.2 – senior postholder salary framework)

Shabir Ismail and Louise Hazel rejoined the meeting

7 COMMITTEE TERMS OF REFERENCE AND WORKPLAN

7.1 The Director of Governance and Policy presented the Committee Terms of Reference and workplan for 2025/26. The following points were highlighted:

- 7.1.1 The terms of reference were largely unchanged. The Committee retained a responsibility to act as a Remuneration Committee.
- 7.1.2 The consideration of risks associated with areas within the remit of the Committee.
- 7.1.3 The workplan would be added to in year as needed; additional meetings might be called to consider cross-College strategies.

7.2 Governors made the following **comments**:

- 7.2.1 **The role of the Remuneration Committee was highlighted in the recent Weston College report. While Leicester College did not have a separate committee, there were controls in place to ensure that the remuneration function of F&GP was conducted differently from other business with the Vice Chair chairing discussions about senior pay.**
- 7.2.2 **There was the right level of scrutiny of senior pay; the controls were sufficient and the F&GP should continue with its remuneration function.**
- 7.2.3 **Senior staff did not have any additional benefits or payments such as had occurred at Weston College? Correct. The Corporation's approval of senior pay also provided an additional level of scrutiny over payments to senior staff.**

7.3 **Members approved the workplan and agreed to recommend the terms of reference to the Corporation for approval.**

Jane Parkinson left the meeting.

8 LEADERSHIP ARRANGEMENTS - CONFIDENTIAL

9 CAPITAL UPDATE

9.1 Members received and noted the Capital Update.

10 WAIVERS OF FINANCIAL REGULATIONS

10.1 Members received and noted the report on waivers of financial regulations.

11 DATES OF NEXT MEETINGS

- 2 October 2025
- 2 December 2025
- 5 March 2026
- 7 May 2026
- 25 June 2026