

**MINUTES OF A MEETING OF THE BOARD OF
LEICESTER COLLEGE CORPORATION:
FINANCE AND GENERAL PURPOSES COMMITTEE
HELD ON 25 JUNE 2026**



Present:	Robert Radford (Chair) Shabir Ismail Chan Kataria	Neil McDougall Lee Soden
In Attendance:	Louise Hazel Zubair Limbada Amanda Scott Shaun Curtis	Director of Governance and Policy Deputy Principal Finance and Corporate Services Director of HR Director of Estates and Campus Services (item 5.1 and 5.2)

1 DECLARATIONS OF INTEREST

- 1.1 Shabir Ismail, Louise Hazel, Zubair Limbada and Amanda Scott declared an interest in item 7.4.

2 APOLOGIES FOR ABSENCE

- 2.1 Apologies for absence were received from Lesley Giles.

3 MINUTES OF PREVIOUS MEETING AND MATTERS ARISING

- 3.1 The minutes of the meeting held on 7 May 2026 were received and agreed.
- 3.2 As a matter arising (minute 5.2.6) it was reported that work on HE withdrawals was ongoing. HE numbers were trending down and withdrawals might be a factor but further work was needed to understand the issues.
- 3.3 As a matter arising (minute 9.2.1) it was confirmed that the bad debt provision was £350k. The method by which this amount had been determined was felt to be sound.

4 FINANCE REPORT (PERIOD 10) AND SUMMER REFORECAST

- 4.1 The Deputy Principal Finance and Corporate Services presented the finance report (period 10) and the summer reforecast. The following points were highlighted.
- 4.1.1 The year-to-date result was an operating surplus after restructuring costs of £1,002k compared to the budgeted surplus of £1,020k.
- 4.1.2 16-18 learner responsive numbers were slightly above allocation but there had been under recruitment to T level courses resulting in an in-year clawback of funding.
- 4.1.3 Expectations were that the Adult Skills Fund (ASF) target would be met and

potentially exceeded but there was no confirmation that delivery above allocation would be paid and so additional income had not been included.

- 4.1.4 Apprenticeship income had not matched the spring reforecast target and the budget had been reduced in the summer reforecast by £287k.
 - 4.1.5 Tuition fee income continued to be challenging and forecast income was reduced in the summer reforecast by £151k.
 - 4.1.6 A summer reforecast had been undertaken. Overall, the expected EBITDA surplus after restructuring costs had decreased by £130k, from £2,632k to £2,502k.
 - 4.1.7 In early June, the College was informed of its Inclusive Mainstream Fund allocation of £585k to cover the period from April 2026 to March 2027. The proportion of this allocation relating to the period up to 31 July 2026 had been included within the summer reforecast.
 - 4.1.8 The College would meet its bank covenants and achieve a 'good' financial health rating, based on the summer reforecast. The College would have to lose £350k between now and July to fall into Requires Improvement.
 - 4.1.9 The College remained a going concern.
- 4.2 Governors asked a number of **questions** including and made the following **comments**:
- 4.2.1 **How guaranteed were the figures bearing in mind this was now Period 10; was there likely to be any flexibility?** There might be some movement, but the worst-case scenario had been taken.
 - 4.2.2 **How prudent was the forecast?** It was prudent. The potential ASF growth had not been included and that might still come in.
 - 4.2.3 **What was being done to address the shortfall in T levels and apprenticeships and make sure targets were met next year?** In this year, it was anticipated that the allocations would not be met and so the full allocations were not included in the budget. Allocations for 2026/27 were more realistic and should be easier to achieve. The concern would be that if the College over-delivered it would not be funded for that.
 - 4.2.4 **How could the tuition fees target be met?** An assumption had to be made at the start of the year about how many people would be eligible for funding and how many would need to pay fees so there was always a potential that the target would not be achieved if the assumptions proved not to be right.
 - 4.2.5 **What about meeting the apprenticeships target?** Over the last couple of years, apprenticeship numbers had increased but had not yet settled. There was a question as to whether the College had the capacity to grow any more at a larger scale. EPA availability was a particular pressure point.
 - 4.2.6 **Was there anything the College could do in respect of EPAs?** It would like to create an EPA centre and was exploring options but this would take time and resource.
- 4.3 **Members noted the period 10 finance report and agreed to recommend the summer reforecast to the Corporation for approval.**

5 DRAFT BUDGET 2026/27 AND FINANCIAL PLAN 2027/28

- 5.1 The Deputy Principal Finance and Corporate Services presented the draft Budget for 2026/27 and the Financial Plan for 2027/28. The following points were highlighted.

- 5.1.1 The Draft Budget 2026/27 and 2027/28 Financial Plan outlined the financial strategy over the next two years.
- 5.1.2 The budget for 2026/27 showed an operating surplus of £746k. Total income for 2026/27 was forecast to increase by £1.6m to £60.2 million compared to 2025/26. This was mainly due to increases in 16-19 income and apprenticeship income while funding for adults had fallen. HE and tuition fees in general were held at 2025/26 levels which was felt to be prudent.
- 5.1.3 Inclusive Mainstream Funding would be available for three years and had been included.
- 5.1.4 Total forecast pay expenditure in 2026/27 would increase by £1.4m. Given the substantial decline in real terms of the pay of staff in the sector and the increasing pay disparity with teaching staff in schools, there was continued pressure to provide reasonable pay awards. The AoC had not yet announced a pay recommendation for 2026/27 but the draft College budget incorporated an increase of 1%.
- 5.1.5 Total non-pay expenditure of £16.5 million was included. This included a minimal inflationary increase.
- 5.1.6 There was a tax provision on the balance sheet which could be released.
- 5.1.7 The budget for 2026/27 included an assumption of achieving the income and expenditure. The key risks facing the College were detailed within the report.
- 5.1.8 Financial health under the DfE criteria graded the College as 'good' in 2026/27 with a point score of 200. The planned budget met all the banking covenants.

5.2 Governors asked a number of **questions** and made the following **comments**:

- 5.2.1 **How much additional income might be added through over delivery and the tax provision?** The ASF over delivery, if funded, could be £300k, the tax provision could be £250k and there was also the potential for additional high needs funding of £200k. If the ASF was paid, management would have a conversation with the auditors over the accounting audit treatment.
- 5.2.2 **A 1% pay award left little space for manoeuvre; it would be helpful to see some sensitivity analysis for scenarios where higher pay awards were made.** A 2% award had been modelled and this would be outlined; a 3% award was not considered affordable if the Good financial health rating were to be retained.
- 5.2.3 **The pay award of 1% was not where the College wanted to be given market conditions; it would be preferable to get closer to CPI. Stress testing would be helpful.**
- 5.2.4 **Allowing for inflationary increases of only 1% was a stretch; what action could be taken to make more room in the budget?**
- 5.2.5 **It was likely there would be industrial action and the Board needed to recognise that. More drastic off the shelf options were needed in case something else went against the College.** Some local colleges might be offering a 2% pay award but this would still not satisfy the unions. Costs in year could be managed and vacancy savings were assumed.
- 5.2.6 **What was the timescale for further curriculum changes?** Planning would start now but given the need to teach out, changes could not be made quickly. The curriculum would need to evolve over the next two years including changes to reflect the introduction of V levels but there was a long lead in time.

- 5.2.7 **If nothing could happen quickly, there was a potential financial issue in the short term because non-pay costs would increase. It would be helpful to have a sense of what additional income might be available to help address the shortfall and understand and reduce the potential deficit.** The College was not planning a deficit budget; careful management of the financial position was, as always, needed. Further work would be taking place to look at contribution rates and achievement outcomes of individual courses; this would help build up a picture of what changes might be needed and where to prioritise resources including capital spend.
- 5.2.8 **If there was a vacancy savings assumption of £2.4m, did that mean that pay costs were actually higher than budgeted?** In theory but there was always a significant proportion of the establishment that was vacant at any one time.
- 5.2.9 **Did people have the sufficient financial skills to manage their budgets and the tight position?** The finance team business partners worked closely with the budget holders so they could understand the issues and get to know the income and pay issues of the departments. The budget had been socialised with the CLT; they knew that the budget would be very tight.

5.3 **Members agreed to recommend the draft Budget for 2026/27 and financial plan for 2027/28 to Corporation for approval, subject to further sensitivity analysis being presented to the Corporation.**

5.4 The Deputy Principal Finance and Corporate Services presented the Capital plan for 2026/27 and the main themes emerging from the Estates Review. The following points were highlighted.

- 5.4.1 The College had identified £3m for capital spend: £2m from DfE condition funding and £1m from reserves.
- 5.4.2 The capital plan aligned with the College's financial plan, with a focus on optimising existing estate rather than major expansion, supporting curriculum growth and modernisation and ensuring financial sustainability through prioritised investment.
- 5.4.3 The plan also reflected key external drivers including DfE condition funding requirements, cyber security expectations and increasing reliance on digital infrastructure to support teaching and operations. It had been developed to address health and safety and statutory compliance priorities; maintain the condition and functionality of the estate; support curriculum delivery and student experience; and strengthen digital infrastructure and cyber resilience.
- 5.4.4 There were three main areas of spend planned: Estates Programme (£1.9m), Digital/IT Programme (£1.2m); and planned maintenance. The plan included requests identified through the curriculum planning process.
- 5.4.5 The Estates review had now been received; this would be reviewed and considered in light of the existing requests to identify priorities. The College would know the outcome of its bid for Construction funding in July.
- 5.4.6 A report would be brought back to the next meeting.

5.5 Governors asked a number of **questions** and made the following **comments**:

- 5.5.1 **The Budget referenced £3m of capital whereas the capital plan suggested £3.1m.** The figure should be £3m.

- 5.5.2 **The plan looked sensible. Quick wins should be factored in and more detail on the level of spend and timelines was needed.** Noted.
- 5.5.3 **Was the overall plan to be approved subject to more detail being provided?** Correct; the total capital budget was included in the overall budget which was subject to approval by Corporation. Some areas of work such as statutory requirements some health and safety issues needed to be completed; for other projects identified in the review, the College would need to take pragmatic view.
- 5.5.4 **There were other potential sources of funding such as the Wolfson Foundation and Cameron Mackintosh.** These were being followed up.
- 5.5.5 **Outreach and the FPC nursery were missing from the estates review.** These were now included in the final report.

5.6 **Members approved the capital plan 2026/27 subject to budgetary approval by Corporation and more detail being brought back in the new academic year about planned projects.**

6 HR STRATEGY

6.1 The Director of HR presented the draft HR Strategy for 2026-2029. The following points were highlighted.

- 6.1.1 The Human Resources Strategy aimed to transform the HR function into a strategic, people-centred operation to support long-term success and workforce sustainability. This approach focused on enhancing culture, leadership, and employee experience while addressing recruitment challenges and evolving workforce needs.
- 6.1.2 The strategy started from a position of strength with a committed and experienced workforce, positive industrial relations and good levels of sickness and turnover. 39% of staff were from an ethnic minority.
- 6.1.3 Key initiatives included upgrading the HR Information System, strengthening leadership, and fostering collaboration with sector partners to improve professional development and compliance.
- 6.1.4 Success would be measured by KPIs such as CPD participation, appraisal completion, workload management improvements and reductions in psychological sickness absence.
- 6.1.5 The strategic objectives focussed on developing people and talent; workload and wellbeing; workforce planning and recruitment; people data and insights and engagement, inclusion and employee experience.

6.2 Governors asked a number of **questions** including and made the following **comments**:

- 6.2.1 **It was a good strategy. The gender pay gap had declined, the disability gap was low but the ethnicity gap had increased. Was this before the appointment of the two deputies?** It was; the figure had now improved.
- 6.2.2 **If staff were being given more accountability, was empowering them an important part of the strategy and did they have the skills they needed?** This would be important and would be included in the action plan as part of the leadership development work.
- 6.2.3 **Had market salaries been considered in any review of pay?** This had been considered but a balance was needed; there were some areas where

the College already paid above market and some less. All the options needed to be considered and some targeted recruitment incentives might be considered .

6.2.4 **Was there any benefit in focussing pay awards on lower paid staff?** The issue was that the College needed to try and keep pace with school teacher pay and the national living wage. Both of these impacted on pay scales and there was now very little differential between some roles which presented a problem.

6.2.5 **There was an aging workforce; was everyone thinking about succession planning?** HRBPs were having conversations about succession planning. The need for skilled and experienced teaching staff meant the College was likely to have an older workforce and the emphasis on FE recruitment as a route for people who wanted to change career made this more likely.

6.3 **Members approved the HR Strategy.**

7 HR POLICIES

7.1 The Director of HR presented HR Policies. The following points were highlighted.

7.1.1 The Market Rate Supplement Policy included amendments to the title, requirement for stronger strategic rationale and business cases, clearer rules on application, expansion and clarification of repayment provisions including golden hellos, and a one and two-year options and some exceptions to repayments.

7.1.2 The Probationary Policy included amendments following the Employment Rights Act covering the new legal framework section, statutory rights and requiring evidence-based decisions and fair process. The qualifying period was now six months' service with concerns being transferred to formal disciplinary/capability/attendance procedures rather than remaining within probation. The review timetable was changed for support staff to two and four months. Managers and lecturers would remain at four and eight months.

7.1.3 The Employee Standards and Code of Conduct included some minor amendments suggested by colleagues including around fraud, use of social media and professional conduct. A more comprehensive review would be undertaken during the year.

7.2 Governors asked a number of **questions** including and made the following **comments**:

7.2.1 **Why there were one and two-year repayment options; should this not just be two years?** There needed to be a way of making the salary look higher. A two-year repayment requirement might make this less attractive.

7.2.2 **Were there other options that could be considered such as sabbaticals?** These could be considered although there would be backfill issues and costs.

7.2.3 **Was there any estimation of costs associated with the market rate policy?** There would be cost implications but these would vary; ELT reviewed the cases annually.

7.2.4 **Were people willing and able to have difficult conversations when it came to performance and probation?** To an extent but this was an area for further training.

- 7.3 **Members approved the:**
- 7.3.1 **Market Rate Supplement Policy**
 - 7.3.2 **Probationary Policy**
 - 7.3.3 **Employee Standards and Code of Conduct**

Members agreed the senior staff could remain in the meeting for the next item.

- 7.4 The Director of HR presented the senior postholder salary framework. The following points were highlighted.
- 7.4.1 Senior Postholders' Salary Framework for 2026/27 ensured fair and transparent remuneration aligned with the Senior Post Holder Remuneration Code and guided salary reviews and compliance with government pay controls.
 - 7.4.2 The framework included commitments to fairness and transparency and a process for severance payments in line with the College Financial Handbook.
 - 7.4.3 The next salary review was proposed for Autumn 2026, with benchmarking exercises every three years to maintain competitiveness and compliance.
 - 7.4.4 The framework was designed to ensure consistency in pay decisions, integrate performance assessments; it referenced the required DfE approval for high remuneration or severance payments.
- 7.5 **Noting that this just applied to senior postholders, members:**
- 7.5.1 **Agreed to recommend the Senior postholder Salary Framework to Corporation for approval.**
 - 7.5.2 **Agreed that autumn 2026 was a suitable timescale for the salary review.**

8 FINANCIAL REGULATIONS

- 8.1 The Deputy Principal Finance and Corporate Services presented the Financial Regulations. The following points were highlighted.
- 8.1.1 The updated Financial Regulations introduced a cash minimisation policy promoting electronic payments to reduce fraud and improve audit transparency.
 - 8.1.2 Financial limits for debt collection, bank signatories, petty cash, and asset disposal had been increased to reflect inflation and sector benchmarks.
 - 8.1.3 Revised special severance payment approvals were included.
 - 8.1.4 The Scheme of Delegation had been updated to align with current leadership roles and reflect changes to the Financial Handbook.
- 8.2 In response to a **question** as to whether cash payments presented a concern in terms of the potential for fraud, it was confirmed that cash payments tended to be for very small items such as stationery rather than for fees. Unions had expressed concerns about removing the ability of students to pay with cash but this would be kept under review.
- 8.3 **Members approved the Financial Regulations.**

9 TREASURY POLICY

9.1 The Deputy Principal Finance and Corporate Services presented the Treasury Policy for approval. The following points were highlighted.

- 9.1.1 The Treasury Management Policy governed the management of cash, investments, and borrowings. This policy aligned with DfE guidelines and aimed to safeguard public funds while optimising returns.
- 9.1.2 It introduced the use of the Insignis Cash Deposit (ICD) platform, enabling diversification across approved counterparties and access to competitive interest rates. This would enable the College to increase how it generated interest and access cash quickly.
- 9.1.3 Due diligence had been conducted on the ICD platform to ensure regulatory compliance and risk management through credit criteria and exposure limits.

9.2 Governors asked a number of **questions** and made the following **comments**:

- 9.2.1 **What due diligence had been undertaken on the ICD platform; had any others been considered?** Due diligence had been undertaken on ICD but not on any others. The Deputy Principal had used this in a previous role the Director of Finance had reviewed the offer and was content it would be easy to use and efficient.
- 9.2.2 **Were the appropriate safeguards in place such as not just the Deputy Principal being able to access the platform?** They would be; the platform encouraged use by more than one person.
- 9.2.3 **How quickly could the College move away from this if it wanted to?** It could stop putting cash on the platform whenever it wanted.
- 9.2.4 **Was there any threat to missing payday if the platform were used?** No, BACS instructions were always sent three days before payday.

9.3 **Members approved the Treasury Policy.**

10 REVIEW OF RISKS

10.1 The Principal presented the risks relevant to the Committee. The following points were highlighted:

- 10.1.1 Risk 4: Cyber Security had increased following reflection on discussions at the Audit Committee, at the risk workshop and internally. The new Director of IT was reviewing the College's current cyber security posture. It was recognised that the external environment and risk around cyber security generally had increased but there were no specific concerns related to the College at this stage.
- 10.1.2 Risk 6 and Risk 7 (health and safety and safeguarding) had increased due to recent outside events including the increase in the national threat level rather than any specific incidents in the College.
- 10.1.3 Risk 9: Partnerships and Collaboration had decreased as there was no activity at present that presented a risk.
- 10.1.4 Members were recommended to review the planned actions and comment on whether any further action might be needed to mitigate the risks.

10.2 In response to a **question** as to whether the national threat level increase was a

security rather than a health and safety issue, it was noted that it potentially was although it included a health and safety aspect.

10.3 **Members noted the risks relevant to the Committee.**

11 COMMITTEE TERMS OF REFERENCE AND WORKPLAN

11.1 The Director of Governance and Policy presented the revised Committee Terms of Reference and Workplan. The following points were highlighted.

11.1.1 The Terms of Reference included minor amendments to include reference to the College Financial Handbook and Office for Students requirements.

11.1.2 The Workplan adopted a similar approach to the current year; further additional items would be included as the year progressed.

11.2 **Members agreed to recommend the revised Committee Terms to Corporation for approval and approved the workplan.**

12 CAPITAL UPDATE

12.1 **Members received and noted the capital update.**

13 WAIVERS OF FINANCIAL REGULATIONS

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

13.2 Governors asked a number of **questions** and made the following **comments**:

13.2.1 **Had the thresholds for approvals been reviewed?** These were being looked at as part of the procurement review.

13.2.2 **Were there payments cards and what were the limits on these?** There were; £500 but again these would be considered as part of the review.

14 DATES OF NEXT MEETINGS

- 1 October 2026
- 3 December 2026
- 11 March 2027
- 6 May 2027
- 24 June 2027