MINUTES OF A MEETING OF THE BOARD OF LEICESTER COLLEGE CORPORATION: FINANCE AND GENERAL PURPOSES COMMITTEE HELD ON 7 MAY 2026

Present:	Danielle Gillett (Chair)	Chan Kataria
	Lesley Giles	Robert Radford
	Shabir Ismail	Lee Soden
In Attendance:	Louise Hazel	Director of Governance and Policy
	Zubair Limbada	Deputy Principal Finance and Corporate Services
	Amanda Scott	Director of HR
	Shaun Curtis	Director of Estates and Campus Services (item 4)
	Mukund Narshi	Associate

1 DECLARATIONS OF INTEREST

1.1 There were no declarations of interest.

2 APOLOGIES FOR ABSENCE

2.1 There were no apologies for absence.

3 MINUTES OF PREVIOUS MEETING AND MATTERS ARISING

3.1 **The minutes of the meeting held on 5 March 2026 were received and agreed.**

3.2 As a matter arising it was confirmed that an explanation of the calculation of the EBITDA had been provided to members.

3.3 **The confidential minutes of the meeting held on 5 March 2026 were received and agreed.**

3.4 As a matter arising it was confirmed that the consultation period for the curriculum restructure had ended. Helpful comments had been provided and would be reflected on but there had been no objections to the proposals. The removal of the Vice Principal post would go ahead and the new Assistant Principal posts would be advertised.

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

3.5.1 **Whether the roles would be advertised internally or externally.** They would be internal to start with; there was interest and talent internally and this would also help create progression opportunities.

3.5.2 **What risks might there be from an employee relations point of view.**

The risks were very low. An agreement would be reached and there was a lot of interest in the roles internally.

3.5.3 **Whether the role of PAMs and their workload would be looked at.** This was an operational matter which the Deputy Principal would pick up.

4 CAPITAL UPDATE

4.1 The Director of Estates and Campus Services presented the Capital Programme update. The following points were highlighted.

4.1.1 The Capital Board had met in April. Discussions focused on the 2026/27 Capital Programme planning including Estates and IT priorities and aligning funding with future plans.

4.1.2 An update on recent and current projects was given. Key projects included the OfS Aeronautical Building, APC A Block Social Space extension which was under review with a budget in place, SMC Plant Room Roof repairs which were now likely to be in the summer, and minor upgrades to APC A Block Library. All projects were progressing well.

4.1.3 Pre-planned maintenance works were completed or scheduled for mid-2026.

4.1.4 An additional £963k had been allocated by the OfS for IT and some estates work, mainly in construction and health and social care; funding had been fully expended by April 2026 as required.

4.1.5 The estates review by Drees and Sommer was underway with positive workshops held with staff and students; a draft report was due for completion by May 2026. A condition survey was being undertaken by Summers Inman and was expected shortly; this would inform the estates review.

4.1.6 A RIBA Stage 2 bid had been submitted for £5.563m from the Construction Skills Capacity Fund (CSCF) including £563k match funding, with spending planned by September 2028; a decision was expected by July.

4.1.7 The 2025/26 capital budget was on track, with £1.1m allocated from a £2.2m capital grant received in June 2025, supplemented by £700k reserves; an additional £2.3m Condition Allocation fund had been confirmed for 2026/27 and 2027/28.

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

4.2.1 **What was included in the CSCF scheme?** This would involve a major refurbishment, opening out of the gas and plumbing facilities, allowing more natural light and building a full mezzanine. It would significantly improve the accommodation.

4.2.2 **Would it include equipment?** Some equipment was included but most of the costs were associated with M and E.

4.2.3 **Would bids for capital for 2026/27 be aligned with the estates strategy and could the rationale for decision making be given?** This would be discussed by the Capital Board which would make decisions about priorities for funding, taking into account the business cases and rationale for projects.

4.2.4 **How much was the actual overspend on the aeronautical project?** Extra works post-completion had cost £7k; further work was out to tender and estimated at £72k.

4.2.5 **Had all the OfS conditions been met?** They had.

4.2.6 **Was the external work on the aeronautical building complete?** Most had been completed; signage was due shortly.

4.2.7 **Was there a spend plan for condition funding?** There was there would be some overlap in the two years of funding but this was being managed.

4.2.8 **The condition and estates survey might uncover additional work needed; to what extent would some of the existing priorities need to be reordered?** There was a good idea of what needed to be done and what might come out of the surveys so it was felt unlikely that the priorities would need to be changed significantly.

4.2.9 **Once the review was done, a site development plan was needed to help identify where money would be spent.** Correct.

4.3 **Members noted the capital update report.**

5 FINANCE REPORT (PERIOD 8)

5.1 The Deputy Principal Finance and Corporate Services presented the finance report (period 8). The following points were highlighted.

5.1.1 The year-to-date result was an EBITDA surplus after restructuring costs of £1,499k compared to the budgeted surplus of £1,527k.

5.1.2 16-18 numbers were slightly above allocation but an under recruitment to T level courses would result in an in-year clawback of funding. The estimated clawback had been included in the spring reforecast.

5.1.3 Expectations were that the ASF target would be met and potentially exceeded although there was no guarantee that additional numbers would be funded.

5.1.4 Apprenticeship income was falling behind the spring reforecast target and was dependent on EPA completion.

5.1.5 HE fee income continued to be challenging and forecast income had been reduced in the spring reforecast by £201k. The main under recruitment was in business and law.

5.1.6 Pay costs included the NLW increases and restructuring costs. Non-pay budgets were being carefully managed, particularly exams.

5.1.7 A spring reforecast had been undertaken. Overall, the expected EBITDA surplus after restructuring costs had increased by £66k, from a surplus of £2,566k to a surplus of £2,632k.

5.1.8 The College would meet its bank covenants and achieve a ‘good’ financial health rating, based on the spring reforecast. Adverse movement of £450k would move the College into ‘requires improvement’ financial health. The headroom was being tracked and this had increased to £700k; this would be confirmed in the summer reforecast.

5.1.9 There was an opportunity to review the College’s approach to treasury management and use a money market platform to attract a higher rate of interest. A proposal would be bought forward on this.

5.1.10 The College remained a going concern.

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

5.2.1 **Did restructuring costs take into account the costs of the curriculum restructure?** They did, redundancy costs were less than the budgeted amount.

5.2.2 **What had been reforecast in respect of the clawback?** This had been confirmed in the revised allocation. Clawback had been £150k.

5.2.3 **Did the reduction in HE fee income need looking at again bearing in mind the impact of competition.** This would have to be looked at again; the College's market had shifted from full to part-time students. It was difficult to know how universities would behave as they were also under pressure. However, the most fruitful capital funding bids had come through the OfS so retaining some HE provision was helpful. The conversation with the University of Leicester might open up new opportunities.

5.2.4 **Should contribution rates from HE programmes be reviewed again given rising costs and capped funding?** They would be.

5.2.5 **There was a trend in recruitment for T levels, apprenticeships and HE not meeting target. Given the introduction of the LLE and the ambition to provide more flexible provision, what was the thinking on what the offer should be?** This was being discussed with DMU to see what modules each institution could offer but the offer needed to be affordable. There was still a market for students who did not want to go to university.

5.2.6 **The lower HE income was largely due to withdrawals; what was being done to minimise these?**

5.2.7 **More detail to support the going concern assertion was needed.**

5.2.8 **The cashflow for the next two years would give assurance on the going concern position.**

5.2.9 **A forward look was missing from the report; it would be helpful to include potential pinch points and impacts of things that had not yet happened.** Noted.

5.2.10 **The graph showing cumulative operating surplus might need checking.** Noted.

5.3 **Members <u>noted</u> the period 8 finance report.**

6 <u>PLANS FOR 2026/27 INCLUDING ALLOCATIONS</u>

6.1 The Deputy Principal Finance and Corporate Services presented information on funding allocations and plans for 2026/27. The following points were highlighted.

6.1.1 Allocations for 16-19 and adult provision had been received.

6.1.2 Overall, there was a 1% reduction in funding equivalent to £400k. For 16-19 there was a 0.55% increase in the base rate but with 22 fewer student numbers allocated, there would be a 0.4% reduction. For adults, the core line was 3% down, equivalent to £250k. Some other colleges had seen much bigger reductions.

6.1.3 Further work on the budget was being carried out but this provided the context for discussions at the away day. The College needed to retain its good financial health.

6.1.4 Non-pay costs specifically energy costs were being reviewed to see what exposure there was.

6.1.5 Union expectations about pay were a long way away from what was affordable.

6.1.6 The DfE dashboard showed that the College's good financial position was due to a positive EBITDA and low borrowings but if the DfE changed the way in which financial health was calculated, the College's financial health position might also change.

6.1.7 A three-year plan would be developed to include some high level assumptions to align with the strategic plan.

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

6.2.1 **It was very disappointing that the Government had failed to deliver on its promises about FE funding.**

6.2.2 **The College would need to look strategically at the options available to it. Some off the shelf decisions might be needed in the event that finances were difficult.**

6.2.3 **Part of the governance process was to test the forecasting and see how rigorous and realistic it was.**

6.2.4 **A sensitivity analysis showing the baseline position and the impact of some scenarios would be helpful.** The College was looking at flexing plans based on a reduction in income next year. The curriculum planning was coming to a conclusion. Staff costs were being reconciled to make sure curriculum areas made a contribution.

6.2.5 **The context was different now from previous years. Staff had an expectation about pay awards. Whereas in previous years the Board had been content to accept 'requires improvement' financial health, the impact this would have on the ability to secure additional funding meant this was not now desirable. There would need to be a balance between financial health and maintaining quality.**

6.2.6 **Was lobbying needed?** The AoC was lobbying nationally. The Chair and Principal had sent a joint letter to the three local MPs and the Chair would write to the Prime Minister. Colleges also needed to work collaboratively locally to raise awareness.

6.2.7 **Other sources of income including commercial income needed to be looked at.**

6.2.8 **Keeping an eye on strategic messaging including around the Industrial Strategy and the work of the Migration Advisory Committee and which would be the critical sectors and jobs would continue to be important.**

6.2.9 **It would help to be transparent with staff and explain the funding and financial position and the consequences.** The Principal had trailed this already but would continue to keep staff informed.

6.3 **Members <u>noted</u> the update on funding allocations and plans for 2026/27.**

7 TUITION FEES 2026/27

7.1 Deputy Principal Finance and Corporate Services presented the Tuition Fees Policy for 2026/27. The following points were highlighted:

7.1.1 The DfE had not yet issued funding rules for the ASF for 2026/27 so revisions might need to be made to the policy once they were released.

7.1.2 The main proposed changes were to HE fees with existing two-year HE students having their original fees protected; progression to a new programme would attract the new fee rate. Charges for repeat modules and assessment resubmissions would increase.

7.2 In response to a **question** as to how the rise in resit fees could be justified and what impact it might that have on students, it was explained that fees had not been raised for several years and the increase was to better reflect the hourly costs of teaching. Only one student had needed to resit in the previous year so the impact was fairly contained.

7.3 **Members approved the Tuition Fees Policy, subject to any changes required by the funding rules.**

8 UPDATE ON NATIONAL PAY NEGOTIATIONS

8.1 The Director of HR presented an update on national pay negotiations. The following points were highlighted.

8.1.1 The join union pay claim for 2026/27 was for 10% or £3k, whichever was higher. It also asked for workload reductions and reduced working hours and for all colleges to be foundation living wage employers.
8.1.2 National negotiations continued until 10 June; it was anticipated that a recommendation of between 2-3% would be made. The College did not need to follow that but historically it had tried to keep close to the recommendation where possible.
8.1.3 The DfE had proposed 6% over three years for school teachers; the STRB had not yet reported but it was likely that schools could afford 2.7% in 2026/27. There was now a 20% pay gap between school teachers and FE.
8.1.4 A local government offer of 3.3% had been rejected by Unison and Unite.
8.1.5 The NLW would increase to £12.17. The Committee had previously discussed the impact of this on payscale compression; future increases would make this worse.
8.1.6 The reduction in the LGPS employer contribution had prompted unions to request that the College reinvest the saving in staff pay.
8.1.7 Changes to Trades Union recognition and ballot thresholds meant it highly likely there would be a formal dispute and industrial action in 2026/27.

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

8.2.1 **A fundamental review of the workforce was needed; how could some analysis be done? The College needed to employ fewer but better paid people.** An external review could be commissioned, at cost but this would not be easy to do in terms of curriculum areas; support areas might be more straightforward.
8.2.2 **There remained issues about how curriculum areas were structured. Support areas were cut to the bones; there was little scope for savings.** Agreed although there was a big piece of work to do around digital literacy and AI and how these might help to improve efficiency. There were also higher level staff doing tasks which could be done by lower paid staff. However workload was as big an issue as pay for staff and anything that

would increase workload would be problematic.

8.2.3 **Was a more stringent approach to looking at vacancies needed?** All vacancies were scrutinised. The College needed to look at what courses were making money and also consider whether different pay structures aligned to funding rates were needed.

8.2.4 **It was inevitable that some decisions would upset staff and this would impact on morale and staff satisfaction.**

8.2.5 **Was it also worth looking at pensions options given employer contributions?** Employer contributions had reduced because of the move to the public sector but pensions remained costly.

8.2.6 **What other strategic options could be considered, for example mergers and acquisitions?** There were limited opportunities currently. Discussions had been attempted but had gone nowhere. Qualifications reform might raise some of these issues again but more detail and time was needed. The opportunities presented by relationships with the universities could also be pursued.

8.2.7 **Was a voluntary redundancy scheme worth considering given the aging workforce?** Potentially although there could be high costs associated with LGPS members.

8.3 **Members noted the update on pay negotiations.**

9 BAD DEBT WRITE-OFF

9.1 Deputy Principal Finance and Corporate Services presented a paper requesting authority to write-off debts that were considered uncollectable. The following points were highlighted:

9.1.1 There were four debts above £1,250 that were considered as uncollectable.

9.1.2 Previous write offs in 2025/26 had amounted to £11,155. With this recommendation, the cumulative total for the year would be £25,650.

9.1.3 These debts were part of the bad debt provision so there would be no impact on the income and expenditure account

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

9.2.1 **What was the extent of the bad debt provision? Did this include the costs of using a debt collection agency?** This information would be provided.

9.2.2 **All of the debts were related to tuition fees; could they have been tackled earlier?** Payments against invoices were monitored but students could drop out part way through the year. Adult leaner loans were also difficult because students could cancel them without the College's knowledge but still owe fees.

9.3 Members **approved the write-off of uncollectable debt of £14,495.**

10 REVIEW OF RISKS

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

10.1.1 The level of Risk 8 Financial Stability had previously been reduced on the basis that student recruitment was known and was positive and the spring reforecast had now been undertaken.
10.1.2 Members were recommended to review the planned actions and comment on whether any further action might be needed to mitigate the risks.
10.1.3 Further discussion about future risks would take place at the workshop on 12 May.

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

10.2.1 **The assessment of risks needed to take into account the current state of the world and potential price rises.**
10.2.2 **It was important to look at risks as they were now but equally important to think about potential future risks.**

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

11 WAIVERS OF FINANCIAL REGULATIONS

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

12 DFE FINANCIAL DASHBOARD

12.1 **Members received and noted the DfE Financial Dashboard.**

13 DATE OF NEXT MEETING

- **25 June 2026**

14 ANY OTHER BUSINESS

14.1 This would be Danielle Gillett's last F&GP meeting. Members of the Committee thanked her for contribution over many years as a member of the Committee and then as Vice Chair and Chair. She had steered the College though some financially challenging years and made a major impact both in ensuring strong financial stewardship and effective governance.