BOARD OF GOVERNORS OF THE HE CORPORATION  
MINUTES OF THE MEETING HELD ON WEDNESDAY 14TH OCTOBER 2015

Present: Mr F Bates (Governor nominated by the Academic Board), Mr C Clements (Independent Governor), Ms E Cook (Students’ Union President & Governor ex officio), Mr J Flathers (Independent Governor), Mr J Finnigan (Independent Governor), Mr R Miles (elected and co-opted Staff Governor), Mr D Reid (Independent Governor), Professor S Wonnacott (Principal/CEO & Governor ex officio), Mrs C Wright (Independent Governor) Mr P Yendell (Independent Governor & Chair of the Board of Governors)

In attendance: Mrs F Bagchi (Clerk to the Board of Governors), Ms S Bailey (Director of Finance), Mr D Russell (Director of Studies, Progression and Student Support), Mr S Thorpe (Director of Studies, Professional and External Development), Professor R Whittaker (Director of Studies, HE Enhancement & Research)

TDAP observer: Ms L Ogilvie

1.0 Apologies for absence. Apologies were received from Professor S Congdon (Co-opted Governor with experience in the provision of education), Dr S Cottrell (Independent Governor & Deputy Chair of the Board of Governors), Ms A Handa (Independent Governor), and Mr N Ramshaw (Independent Governor).

2.0 Declaration of interests & code of conduct report. The following standing declarations of interest were received under this agenda item: Mr Bates (employee, Leeds College of Art); Mr Clements (partner at Deloitte, formerly partner at Grant Thornton); Ms Cook (Students’ Union Sabbatical President, Leeds College of Art), Mr Flathers (partner, Irwin Mitchell); Mr Miles (employee & University & College Union representative, Leeds College of Art); Mr Reid (Director of Bank Saderat plc & an Independent member of the probate (regulatory) committee of the Institute of Chartered Accountants of England and Wales); Professor Wonnacott (employee, Leeds College of Art, and Universities & Colleges’ Employers’ Association Board member).

PART I - Procedural matters: items for approval

3.0 Minutes of the July 2015 Board of Governors’ meeting. The minutes of the meeting of the Board of Governors held on 15th July 2015 were approved: proposed Mrs Wright, seconded Mr Bates.

4.0 Action plan update & matters arising. Governors noted that all actions arising from the above minutes had been completed or had a future completion date. It was
noted that the Student Union’s student voice report/diagram was due to be placed
on the Board of Governors’ section of eStudio, with Governors informed by e-mail
when it was available to view. There were no other matters arising.

5.0 Minutes of the September 2015 Board of Governors’ meeting. The minutes of the
extraordinary meeting of the Board of Governors held on 16th September 2015 were
approved: proposed Mr Clements, seconded Mr Reid.

6.0 Action plan update & matters arising. Governors noted that the action arising from
the minutes, which related to the appointment of Ms Watson as an Independent
Governor had been completed at the Oct. 2015 meeting of the Board of Governors.
It was noted that Ms Watson would attend her first Board of Governors’ meeting on
25th Nov. 2015. There were no other matters arising.

PART II - Items for consideration and monitoring

7.0 Chief Executive’s report. The Principal and Chief Executive, Professor Wonnacott,
presented her October 2015 report, which was considered.

Governors noted in particular that:
- 2015/16 enrolments for higher education (HE) programmes had been above
target, with the international student target also exceeded;
- Overall enrolment on the College’s further education (FE) programmes was
around the number planned;
- The College had successfully maintained its Investors in Diversity (iiD)
accreditation;
- The design for the new build had been discussed at a pre-planning meeting
with Leeds City Council, as a result of which the footprint had been altered,
with another pre-planning meeting due to take place shortly;
- The Eric Taylor Mosaics had been erected on the side of the Blenheim Walk
building, with a Fine Art student having been involved in the restoration
process and a Photography student involved in documenting the restoration
and installation.

Issues concerning the restoration and positioning of the Mosiacs were discussed in
the context of the Board of Governors’ responsibility for safeguarding assets.

Governors discussed the report on FE student performance data for 2014/15 in
detail, noting that:
- Overall success rates (i.e. retention x achievement) had fallen when
compared to 2013/14, although there had been an increase in success rates
for FE students aged 19+ at Level 3 on all 3 FE courses;
- Retention had fallen by 2.3% for 16-18 year olds, with reasons including poor
achievement rates for Functional Skills and Maths GCSEs (in the final year of
delivery) and a 3.4% drop in the retention rate for the Extended Diploma in
Art and Design;
- Retention for students aged 19+ had risen significantly, i.e. by 11%.

It was noted in response to Governors’ questions that:
- Even excluding GCSE courses, success rates had fallen by 2%, as a result of a
fall in retention on the Extended Diploma and a fall in achievement on the
Foundation Diploma;
- In relation to other institutions, the College’s FE success rates were similar to
the provider group but below the national average;
- The fall in retention on the Extended Diploma had been analysed and the
destinations of students leaving the course had included those progressing directly to HE or taking up apprenticeships.

Governors’ noted that:

- 2013/14 had been the College’s final year of delivery of Functional Skills and Maths GCSEs, as the College’s entry requirements now required a grade C in English and Maths at GCSE;
- Retention issues in relation to the Extended Diploma course had been the subject of concern during 2014/15 and had been discussed at the FE Committee and Academic Board and reported to Governors;
- A retention action plan for the Extended Diploma had recently been discussed by the College’s Senior Management team (SMT);
- 2014/15 self-assessment reports and action plans for 2015/16 had been prepared for all courses and would be subject to the College’s deliberative process, with the College’s FE 2014/15 Self-Assessment Report (SAR) to be presented to the Board of Governors for ratification in Jan. 2016.

Governors also noted students and recent alumni successes in 2014/15, including success in competitions both at home and abroad, with a selection of these having been included in the CEO’s report. It was noted in response to Governors’ questions that student and alumni successes were also publicised at graduation, on the College website, and in the press e.g. recent press coverage of student involvement in the Mosaics restoration project.

The Board of Governors received the CEO’s report for Oct. 2015.

8.0 September 2015 Report against the Strategic Plan 2012-2017, Key Performance Indicators & Strategic Actions. The Principal presented the report. It was noted that the College’s Strategic Plan covered the period 2012-2107. Governors received a report on key performance indicators (KPIs) at each meeting and undertook an annual review of KPIs and strategic actions. The October 2015 report included the latest information available for each KPI or strategic action at the date of the report. The following areas of the report were discussed in detail.

Aim 1: To provide student centred teaching and learning in an environment which nurtures excellence, leads to graduate success, and supports economic growth and cultural enhancement

Governors considered Aim 1.1 (Achieve at least a score of 86% for Q22 (overall satisfaction) in the HE National Student Survey (NSS)) in detail, noting that the College’s 2014/15 Overall Satisfaction score was 81% (2014: 80%), with the average/mean for the College’s peer group and for the Creative Art & Design subject area being 81% and 80%, respectively, and the sector mean being 86%. The 86% target in Aim 1.1 (which had been amended from a benchmark of 4 by the Oct. 2014 Board of Governors’ meeting) was therefore challenging but was still considered an appropriate, aspirational target.

It was noted in response to Governors’ questions concerning a decreasing trend in the overall score for NSS questions relating to Learning Resources (i.e. 2015: 87%, 2014: 92%, 2013: 94%) that resources were also considered in the College’s student focus groups. These had indicated that, while the overall satisfaction score still remained high, students’ expectations were also high, especially since the introduction of higher fees in HE, with issues concerning room bookings, for example, having been raised. The College was committed to ensuring that its resources remained appropriate to students’ needs and would therefore be conducting a review of workshop provision during 2015/16. The positive comments
on resources in the free text section of the NSS were also noted.

The following were noted in response to Governors' questions concerning expenditure on student resources, including financial support i.e. that:

- The College allocated student print credits and funding for students' final projects;
- The cost of materials would be considered as part of the review of workshop provision in 2015/16;
- There did not appear to be a correlation between student satisfaction and course consumables e.g. Textiles had a high consumables rate but also had a high student satisfaction score.

It was noted that the introduction of Your Student Survey (YSS) for Levels 4 and 5 students had provided a comparison with the 2015 NSS results and showed that, with the exception of the score for Personal Development, satisfaction tended to decline over the 3 years surveyed. The aim of the YSS results was to act as a lead indicator and enable issues to be addressed in the earlier years of a student's course i.e. before the NSS was completed in the final year.

Governors noted with reference to actions being taken in response to the NSS results that:

- Each programme had been asked to provide a detailed report with commentary and analysis of programme specific results, including a detailed action plan as part of their Annual Programme Evaluation (APE);
- APEs and action plans would be discussed with the relevant Director of Studies and submitted to the HE Committee (HEC) for consideration before presentation to the Academic Board for approval;
- The College's SMT had also met to discuss and devise an action plan for improvements including actions to ensure sharing of best practice across the College, the LTE (Learning, Teaching & Enhancement) Committee continuing to consider feedback as one of its improvement themes, reviewing workshop provision and opening hours, and the Principal and Directors seeking feedback from students on results through annual programme focus group meetings.

Governors noted with reference to Aim 1.6 (Maintain a staff to student ratio in line with the average for specialist colleges) that the figures in the report had been taken from Higher Education Statistics Agency (HESA) data. Information for 2014/15 was not yet available but, in the latest HESA data available, the College was recorded as having had a ratio of 1 staff member to 17.4 students in 2013/14 against a benchmark average for specialist colleges of 1 staff member to 18.8 students.

**Aim 2: To develop our research practice and innovation which enhances teaching and learning**

Governors discussed Aim 2.1 (Provide an annual report to the Academic Board, including research and grants achieved, postgraduate student enrolments, research projects undertaken, peer reviewed articles/external exhibitions and the number of external engagements and appointments), noting that the College's research profile had been enhanced by a significant increase in staff outputs in the previous 2 years e.g. national and international conference presentations, exhibitions, peer review publications. The College had also significantly enhanced its involvement with key networks e.g. the Arts & Humanities Research Council (AHRC), the Consortium for Research Excellence, Support and Training (CREST) and the Higher Education Academy (HEA). The benefits for students of research active staff in a practice-based institution were discussed. The update contained in the CEO's report for...
2015 on recent research activity and dissemination was also noted.

Aim 3: To consolidate our reputation as an influential art school, collaborating with others locally, nationally and internationally to support student success and cultural advancement
Governors noted that the report detailed successful engagement in 2014/15 with reference to each of the sections of Aim 3 e.g. actions taken to increase alumni engagement; student and industry engagement through the Creative Networks event programme; the continuing development of effective relationships with key civic, professional and creative partners; the continuing development of international partnership developments (e.g. European and Erasmus links, student international volunteering opportunities, student and staff overseas exchanges); staff internationalisation sessions; and visitor engagement with the new College website. It was noted that the College's Taught Degree Awarding Powers (TDAP) scrutiny process, which commenced in the summer of 2014, was ongoing.

Aim 4: To ensure that we continue to deliver an academic portfolio which meets market needs and enables our students to achieve their potential
Governors noted with reference to Aim 4.1 (Attract high quality students and maintain an overall ratio of at least 6 applications for each HE place and 1.5 for each FE place) that, despite a large increase in the number of HE places available for Sept. 2015 entry, the ratio had increased as a result of a significant increase in applications to HE i.e. by over 19%.

Governors noted with reference to Aim 4.2 (Agree targets at programme level and increase the number of international students to at least 50 across all cohorts by 2017), that the College had achieved its 2017 target 2 years ahead of schedule.

Governors considered Aim 4.6 (Undertake market research to ensure we have a clear understanding of our key audiences and stakeholders at home and overseas, including students, influencers of student choice, employers, partner organisations, prospective donors and supporters). It was noted in response to Governors' questions concerning data used by the College when making decisions on new programmes that information came from a variety of sources e.g. the College's Marketing Department worked with the SMT, programme areas, and the Strategic Data Analyst to analyse relevant UCAS data to inform recruitment procedures and new programme development; information was collected from student focus groups; staff knowledge of national and international trends was utilised, as was knowledge of industry needs.

Aim 5: To further evolve a vibrant and professional culture which attracts and retains staff who actively engage in self development and make a full contribution to the College community
Governors considered Aim 5.2 (Ensure staff turnover and absenteeism are lower than the CIPD (Chartered Institute of Personnel Directors) non-profit organisations benchmarked comparisons). It was noted that the College's Head of Human Resources (HR), Mr Curling, had given a presentation at the Apr. 2015 Governors & Executive event which had analysed the reasons for voluntary turnover, taking into account trends and benchmarking data for other small HE institutions (HEIs)s, including HEIs in the local area.

The Board of Governors agreed that, taking into account the information provided by the Head of HR in Apr. 2015, it would be more appropriate to have 2 targets for staff voluntary turnover in future i.e. a voluntary turnover figure of no more than 8% for academic staff and no more than 15% for non-academic staff: proposed Mr
Clements, seconded Mr Reid.

*Action: Head of HR/Director of Finance*

**Aim 6:** To further develop an inclusive community which welcomes staff and students from a wide range of cultures and backgrounds

Governors considered Aim 6.1 (Meet our Access Agreement target), noting that the College had met 2 of its 3 Access Agreement targets and made some progress against the third. It was noted that, as previously reported, the Office for Fairer Access (OFFA) had agreed to remove the College's target for ‘first in family’ to attend HE from the College's 2016/17 agreement, in recognition of the unreliability of data provided by self-declaration.

**Aim 7:** To generate new income sources and use existing funding effectively so that appropriate investment can take place and excellent facilities and services are provided for students and staff

Governors considered the report on Aim 7, noting progress made.

The Board of Governors received the Strategic Plan and KPI report 2014/15, congratulating the College on progress made and noting that improvement of NSS scores remained a key area of focus.

### Part III - Academic Board report: for information

**9.0 Academic Board report.** The Principal, as Chair of the Academic Board, presented the minutes of the Academic Board meeting held on 8th July 2015, drawing attention in her accompanying report to the following issues:

- Following a review of the deliberative committee structure, it had been agreed that the eLearning sub-committee should be combined with the IT strategy meeting, to enable business and student needs to be combined;
- The Academic Board had agreed that the self-assessment report (SAR) for FE should be amended to reflect changes to Ofsted's Common Inspection Framework (CIF);
- The Academic Board had agreed that the College would submit to the Research Excellence Framework (REF) 2020, with preparation and a mock exercise be carried out by 2018;
- An update on the work of the TDAP Working Group had been received, with the Academic Board indicating that they were satisfied with progress.

It was noted in response to Governors’ questions that:

- The FE Attendance Policy and Procedure had been reviewed as part of the College’s regular cycle of policy review, with changes having been made to streamline the process, improve communication with students and to emphasise the pastoral aspect of the policy;
- Actions arising from the Annual Monitoring Report 2013-14 to the College's validating body, the Open University (OU), had not been significant and the OU had confirmed that all issues arising had been addressed.

Governors commended the readability of the July 2015 Academic Board minutes.

The Board of Governors received the Academic Board minutes of 8th July 2015, for information.
PART IV - Financial matters: items for consideration

10.0 Financial matters: management accounts. The Director of Finance, Ms Bailey, presented the unaudited management accounts for the period ending 31st July 2015, including a review of financial KPIs, which were considered.

Governors noted that:
- The operating surplus for the year was £2.1million representing a surplus of 14.9%, which should place the College at the higher end of the HE sector as represented in HEFCE's annual benchmarking report;
- The above result was favourable to budget by £1.2million;
- The unaudited operating surplus for 2014/15 was higher than the results for the financial year ended 31st July 2014 by £739k;
- The surplus was around £481k higher than forecast at the end of June 2015, due to lower than expected FRS17 charges, higher than expected HEFCE grant income, higher FE funding income, lower professional fees and premises costs, and the timing of maintenance works;
- The balance sheet was strong;
- The College had made significant investment in student resources during the year, with fixed asset equipment additions totalling £632k, including expenditure on IT and AV equipment, a laser cutting machine, camera kit, pattern cutting tables, and furniture, with work on the courtyard extension having been completed in Sept 2014.

The Board of Governors received the unaudited management accounts for the period ending 31st July 2015, noting that audited annual financial statements would be presented to the Board of Governors Nov. 2015 meeting.

PART V - Recommendations for approval

11.0 Children/Young People & Vulnerable Adults Protection Policy. Mr D Russell (Director of Studies, Progression and Student Support) presented the draft revised policy.

It was noted, as background to consideration of the policy, that the Board of Governors had received a Prevent Duty update at its July 2015 meeting, noting that following an initial risk assessment, a number of policies and guidelines had been identified for review and progression through the College’s deliberative and management structures (e.g. the College’s children/young people and vulnerable adults protection policy and the equality, diversity and inclusion policy, which required approval by the Board of Governors), and guidelines on safeguarding and employment, computer use policy, and the staff code of conduct (which required approval from the College’s senior management team (SMT) and which had been revised and approved by the SMT in Sept. 2015). Governors also noted that it was intended that the College’s Code of Practice on Freedom of Speech and Expression would be updated with reference to the Prevent Duty when further guidance was issued by Eversheds.

Governors noted the draft Children/Young People and Vulnerable Adults Protection Policy replaced rather than updated the Safeguarding: Children & Adults at Risk Policy approved by the Board of Governors in Sept. 2014. It had been adapted from a model offered to institutions through the Prevent for Further Education and Training initiative. The draft policy, which had been considered by the SMT in Sept. 2015, was being recommended to the Board of Governors for approval.
It was noted in response to Governors’ questions that:

- The policy recorded that all staff would receive basic training in child protection/vulnerable adult issues, with staff with specific safeguarding responsibilities receiving training relevant to their role e.g. the designated staff members received training in child protection/vulnerable adult issues to Level 3;
- The draft policy had been written with reference to guidance issued through the Prevent for Further Education and Training initiative and with reference to the requirements of Ofsted’s Common Inspection Framework in relation to safeguarding;
- With reference to the Prevent Duty, Ofsted would review the teaching of British Values in the context of their assessment of Teaching and Learning;
- The College’s risk register included a strategic risk relating to compliance with the Counter Terrorism and Security Act.

It was agreed that the Clerk should report to the Nov. 2015 meeting of the Board of Governors on the following queries raised by Governors in discussion of the revised policy:

- Whether the revised policy should refer to the Designated Governor with responsibility for safeguarding;
- How/when reports of safeguarding incidents would be made to the Chair of the Board of Governors and in which document any relevant procedure should be documented.

**Action: Clerk**

The following amendments to the policy were agreed:

- At 2.5.1, “policy” should read “police”;
- At 2.5.8, the reference to basic training for staff in “child protection/vulnerable adult issues” should read “child protection/vulnerable adult and Prevent issues”;
- At Appendix One, 2.1 “potential” should read “possible”.

The Board of Governors approved the revised *Children/Young People & Vulnerable Adults Protection Policy*, subject to the above amendments: proposed Mrs Wright, seconded Mr Reid.

**Action: Mr Russell**

12.0 Combined Governance Policies document: proposed revisions. The Board of Governors considered proposed updating revisions to the Board of Governors’ Combined Governance Policies document.

Governors agreed that the following additional revisions should also be made to the document:

- At C4 (delegation by the Board of Governors) section 4-18 (new 20-18) should read “Determination of purchasing card transaction limits, to maximum of £5,000 per month, with the following exceptions: Library (which has a monthly limit of £10,000); Travel (which has a monthly limit of £12,500); general expenses (which has a monthly limit of £20,000) (Financial Regulations 5.8)”;
- At E1 (Board membership) under the Responsibilities heading, section e) should read “for setting a framework for the pay and conditions of all other staff”;
- At E2 (Membership & Terms of Reference), the addition at section g) of
"submitted to HESA, HEFCE and other funding bodies”.

The Board of Governors approved, on the recommendation of the Audit Committee, the Search & Nominations Committee, and the Clerk to the Board of Governors updating revisions to the Board of Governors’ Combined Governance Policies document, with the additional amendments noted above: proposed Mrs Wright, seconded Mr Reid.

Action: Clerk

PART VI - Governance matters: reports for information

13.0 Use of the College seal. Governors considered a report from the Clerk on the use of the seal since the report given at the June 2015 Board of Governors’ meeting, noting that documents sealed related to: the lease of accommodation for back office functions at Geoff Hodgson House, Woodhouse Lane, Leeds, a licence to make alterations to the property, and a minor works building contract relating to the same; the appointment of the principal designer for the building works at Blenheim Walk. It was noted that the lease of accommodation for back office functions and building works at Blenheim Walk had been included in the budget and financial plan approved by the Board of Governors at its July 2015 meeting.

The Board of Governors received a report on the use of the College seal.

PART VII - Committee reports & minutes: for receipt

14.0 Board of Governors: committee minutes & reports.
Search & Nominations Committee: minutes. The Committee received the unconfirmed minutes of the extraordinary meeting of the Search & Nominations Committee meeting held on 12th Aug. 2015, including the confidential minutes, noting that these had been confirmed by the Committee at its meeting on 14th Oct. 2015.

Search & Nominations Committee: report &/or recommendation. Mr Flathers, as Chair of the Committee, gave a verbal report on the meeting held earlier on 14th Oct. 2015, highlighting the search for an Independent Governor with experience of accountancy/audit at a senior level, which had been advertised. Nominations to the vacancy were also invited. It was noted that an Extraordinary meeting of the Committee on 25th Nov. 2015 would consider a recommendation to the Board of Governors on the appointment of Mr Flathers as an Independent Governor for a third term of office. A recommendation on the appointment of a Co-opted Student Governor had also been considered at the Oct. 2015 meeting, noting that 4 students had expressed interest in the role, all of whom had been postgraduate students who also had previous FE experience. All candidates had been interviewed and it had been agreed to recommend Mr Ross Reynolds, who had indicated that he would be willing to accept appointment.

The Board of Governors approved the appointment of Mr R Reynolds as Co-opted Student Governor for the 2015/16 academic year, on the recommendation of the Search & Governance Committee: proposed Mr Clements, seconded Ms Cook.

Action: Clerk
PART VIII - Final matters

15.0 Any other business. There was no other business.

16.0 Risk Management. It was noted that no new items of risk had been identified at the meeting.

17.0 Date of next meeting. It was noted that the Board of Governors was next due to meet on Wed. 25th November 2015 at 1.30pm.

PART IX - Reserved Matters

18.0 Exclusions. The following staff and student members left the meeting before consideration of items on the confidential Reserved Matters agenda. Ms S Bailey (Director of Finance), Mr F Bates (Governor nominated by the Academic Board), Ms E Cook (Students’ Union President & Governor ex officio), Mr R Miles (elected and co-opted Staff Governor), Mr D Russell (Director of Studies, Progression and Student Support), Mr S Thorpe (Director of Studies, Professional and External Development), Professor R Whittaker (Director of Studies, HE Enhancement & Research).

19.0 Reserved Matters minutes of the previous Board of Governors’ meeting. The confidential Reserved Matters minutes of the meeting of the Board of Governors held on 15th July 2015 were approved: proposed Mrs Wright, seconded Mr Reid.

20.0 Action plan update & matters arising. The Principal reported that the action arising from the above minutes had been completed. There were no other matters arising.

21.0 Any other business. There was no other business.

22.0 Risk Management. It was noted that no new items of risk had been identified during the Reserved Matters section of the agenda.
confirmed

board of governors of the he corporation
minutes of the meeting held on wednesday 25th november 2015

Present: Mr F Bates (Governor nominated by the Academic Board), Mr C Clements (Independent Governor), Dr S Cottrell (Independent Governor & Deputy Chair of the Board of Governors), Ms E Cook (Students’ Union President & Governor ex officio), Mr J Flathers (Independent Governor), Mr J Finnigan (Independent Governor), Mr R Miles (elected and co-opted Staff Governor), Mr N Ramshaw (Independent Governor), Mr D Reid (Independent Governor), Professor S Wonnacott (Principal/CEO & Governor ex officio), Ms K Watson (Independent Governor), Mrs C Wright (Independent Governor) Mr P Yendell (Independent Governor & Chair of the Board of Governors)

In attendance: Mrs F Bagchi (Clerk to the Board of Governors), Ms S Bailey (Director of Finance), Mr D Russell (Director of Studies, Progression and Student Support), Professor R Whittaker (Director of Studies, HE Enhancement & Research)

1.0 Apologies for absence & Declaration of interests report. Apologies for absence were received from Ms A Handa (Independent Governor), Mr R Reynolds (Co-opted Student Governor), Professor S Congdon (Co-opted Governor with experience in the provision of education).

The following standing declarations of interest were received under this agenda item: Mr Bates (employee, Leeds College of Art), Mr Clements (partner, Deloitte), Ms Cook (Students’ Union Sabbatical President, Leeds College of Art), Dr Cottrell (employee, University of East London), Mr Flathers (partner, Irwin Mitchell), Mr Miles (employee & University & College Union representative, Leeds College of Art), Mr Ramshaw (employee, Thompson Brand Partners), Mr Reid (Director of Bank Saderat plc and an Independent member of the probate (regulatory) committee of the Institute of Chartered Accountants of England and Wales), Ms K Watson (Artistic Director, East Street Arts), Professor Wonnacott (employee, Leeds College of Art, and Universities & Colleges’ Employers’ Association Board member)

PART I - membership matters Part1: item for approval

2.0 Membership matters: Part I.

(i) Independent Governor vacancy
Dr Cottrell, as Vice-Chair of the Search & Nominations Committee, reported that Governors were normally appointed for a maximum of 2 consecutive terms of 4 years but that the
Search & Nominations Committee could make a recommendation to the Board of Governors on a Governor being appointed for an exceptional third term e.g. where the Board was unable to replace particular skills/expertise. In such circumstances, a recommendation could be made on a third term of less than 4 years, where this was considered appropriate. The Nov. 2015 meeting of the Search & Nominations Committee had noted that Mr Flathers’ second and final term of office as an Independent Governor had ended on 23rd Nov. 2015. The Committee had considered Governors’ audit of skills table and the Governor re-appointment criteria and had agreed to recommend Mr Flathers’ appointment for a third term, noting that his professional expertise in property law was of continuing relevance to the work of the Board of Governors.

The Board of Governors approved, on the recommendation of the Search & Nominations Committee, the re-appointment of Mr Flathers for a third term of office for a period of 4 years or until the completion of the College’s building project, if that was sooner: proposed Mr Clements, seconded Mr Yendell.

Action: Clerk

(ii) Student Governor vacancy
Dr Cottrell reported that the Board of Governors noted that the Board currently had 2 Student Governors: Ms Cook, who was currently the College’s elected Students’ Union President and ex officio Student Governor and Mr Reynolds, who was a Co-opted Student Governor. It was noted that Ms Cook had accepted the post of Students’ Union Liaison Officer from 30th Nov. 2015 and would therefore cease to be Students’ Union President and Student Governor from that date. The Students’ Union intended to hold elections for a new Students’ Union President in Apr. 2016.

The Nov. 2015 meeting of the Search & Nominations Committee had noted that under the Instrument of Government, a student could become a Student Governor if they had been nominated by the College’s students or they had been co-opted as a member of the Board of Governors. Four students, who had expressed an interest in joining the Board, had been interviewed by the Principal during the autumn term, with Mr Reynolds being appointed. The Nov. 2015 meeting of the Search & Nominations Committee had considered one of the three remaining candidates, Ms Michelle Duxbury, for appointment, noting that she was a mature student who had undertaken the Foundation Diploma in Art and Design and was currently studying for an MA.

The Board of Governors approved, on the recommendation of the Search & Nominations Committee, the appointment from 1 Dec. 2015 of Ms Michelle Duxbury as a Co-opted Student Governor, subject to her being willing to accept appointment, agreeing that the term of office for the appointment should end when the new Students’ Union President/Student Governor was elected and took up appointment.

Action: Clerk

The Board of Governors thanked Ms Cook for her contribution to the work of the Board.

Mr Flathers joined the meeting.

PART II - procedural matters: items for approval

3.0 Minutes of the previous meeting. The minutes of the meeting of the Board of Governors held on 14th October 2015, including the non-confidential Reserved Matters minutes, were approved: proposed Mr Reid, seconded John Flathers.

4.0 Action plan update & matters arising. It was noted that all actions arising from the above
minutes had been completed or had a future completion date. There were no other matters arising.

**PART III - CEO’s report: items for consideration and monitoring**

5.0 **Chief Executive’s report.** The Principal, Professor Wonnacott, presented her Chief Executive’s report, including: a report on the BIS Green Paper which proposed major changes to the HE regulatory landscape in England; 2015 degree classifications; 2015 FE enrolment data; notification that the TDAP assessors had completed their scheduled observations; news of staff research activity and student successes. It was noted that the report on estates matters would be considered under agenda item 16.

The following was highlighted in discussion:
- Achievement of the Creative Skillset ‘Tick’ by the College’s Extended Diploma in Art & Design in a pilot of the FE version of the award.

The Board of Governors received the CEO’s report for Nov. 2015.

6.0 **Key performance indicator (KPI) report.** The KPI report was considered with the following updating changes made since its review at the Oct. 2015 Board of Governors’ meeting noted: KPIs for non-completion, percentage of good degrees and widening participation figures, following the submission of the final HESA Student return; KPIs for total overseas student numbers, as all enrolments had been completed; KPIs for staff turnover by Academic and Non Academic staff; KPI for Annual Performance Review (APR) completion.

Governors discussed the KPI for staff turnover, noting that the KPI for academic staff turnover was, at 9.8%, above the benchmark of 8%, due to workshop staff turnover. It was noted in discussion that workshop staff were often at an early stage of their career and some of the turnover recorded related to internal promotion as well as staff taking up employment elsewhere.

The need to review the College’s KPIs in the light of any new requirements on HEIs arising from the implementation of proposals arising from the Green Paper, was noted.

The Board of Governors received the Nov. 2015 KPI report.

**Part IV - Academic Board report: for information**

7.0 **Academic Board report.** It was noted that the Academic Board was next due to meet on 2nd December 2015.

**PART V - finance matters: items for consideration**

8.0 **Management accounts.** The Director of Finance, Ms Bailey, presented the management accounts for the period ending 31st October 2015, including a review of financial KPIs.

Governors noted that:
- The operating surplus for the period was £390k;
- The result was favourable to budget (£265k) and slightly higher than prior year (£344k) due to increased income (HE fees Home and Overseas) offset by higher salary costs and significantly higher non-pay expenses due to additional marketing, academic training and maintenance costs;
- There had been significant investment in new resources, with total capital
PART VI – finance & assurance matters: items for approval

9.0 Audit Committee annual report including internal audit report, external audit management letter, College’s risk register & value for money report. Mr Clements, as Chair of the Audit Committee, presented the Audit Committee's 2014/15 Annual Report to the Board of Governors and the Principal as Accountable Officer, before Governors considered the Members’ Report and Annual Financial Statements for approval.

Mr Clements highlighted key areas of the report, noting also Audit Committee members’ skills mix, which had resulted in appropriately challenging questions being asked during the year and to the date of the report, and that both the internal and external auditors had commented on the high quality of the work of the College’s finance team.

It was noted that the Colleges’ external auditors were KPMG LLP UK and that the internal auditors during 2014/15 were RSM Risk Advisory Services LLP (formerly Baker Tilly Risk Advisory Services LLP) and were currently TIAA Ltd, following a tendering exercise in 2015.

Governors noted the positive overall opinion in the Audit Committee’s annual report i.e. that “On the basis of the information presented to it, the Audit Committee is satisfied that reliance can be placed upon the adequacy and effectiveness of the College’s arrangements for:

- risk management, control and governance,
- economy, efficiency and effectiveness (value for money),
- The management and quality assurance of data submitted to the Higher Education Statistics Agency, the Student Loans Company, HEFCE and other bodies”.

The following documents, which had been considered by the Audit Committee at its Oct./Nov. 2015 meetings, and which were attached as appendices to the Report were received:

- The internal audit report - year ended 31st July 2015
- The external auditors’ highlights memorandum & management letter - year ended 31st July 2015
Governors noted the positive overall opinions in the internal audit report 2014/15 and the external audit highlights memorandum and management letter for the year ended 31 July 2015. The useful HE and FE sectors updates included in the management letter were also noted. Governors noted that the College’s risk register, in addition to supporting the Audit Committee’s opinion in its annual report, was also relevant as general background information to agenda item 16 (Estates matters: new build on carpark), which would be considered later on the agenda.

The Board of Governors received and accepted the Audit Committee’s approved Annual Report for 2014/15, with the following amendment to section 7.5: the reference in the second paragraph should be to Oct. 2015 rather than Oct. 2014. The Board of Governors agreed that the report, amended as noted above and signed by Mr Clements as Chair of the Audit Committee, should be submitted to HEFCE: proposed Dr Cottrell, seconded Mr Finnigan.

**Action: Clerk/Director of Finance**

10.0 **Members’ report & annual financial statements for the year ended 31.7.14.** The Board of Governors received the Members’ Report & Annual Financial Statements, which had been considered in detail at the Nov. 2015 meeting of the Audit Committee, which was recommending them to the Board of Governors for approval.

Governors noted that:

- The audited operating surplus for 2014/15 was £2.1 million, including FRS 17 adjustments;
- The above result was in line with the July 2015 management accounts previously presented to the Board of Governors;
- As noted in the external auditors’ highlights memorandum & management letter for the year ended 31st July 2015, there had been no audit adjustments and the auditors anticipated issuing an unqualified audit opinion in the standard format on the financial statements;
- There had been no change in accounting policies.

It was noted that 2014/15 was the last year in which the accounts would be presented in the current format as the implementation of FRS102 would affect the format of the 2015/16 and subsequent accounts.

The Board of Governors approved the Members’ Report and the Annual Financial Statements for the year ended 31 July 2015, on the recommendation of the Audit Committee: proposed Mr Flathers, seconded Mr Ramshaw.

It was noted that the approved Members Report & Annual Financial Statements, signed by the Chair of the Board of Governors, the Principal, and the external auditors would be submitted to the Higher Education Funding Council for England (HEFCE).

**Action: Chair/Principal/KPMG/Director of Finance**

11.0 **External audit letter of representation.** The Board of Governors approved, on the recommendation of the Audit Committee, the signing of the letter of representation to the external auditors by the Chair of the Board of Governors and the Principal on behalf of the Board: proposed Mr Bates, seconded Mr Clements.
**Action: Chair/Principal/Director of Finance**

12.0 **Updated financial forecasts - Nov.2015.** The Director of Finance presented financial results tables for 2014-15, including commentary explaining any significant variances between the current and July 2015 submissions, for submission to HEFCE as part of its annual accountability requirements. It was noted that the tables presented the same information included in the College's annual report and financial statements (considered at agenda item 10 above) but in a standard model format. Governors noted that the College was required to include a statement of any material changes to the 2015-16 data previously submitted to HEFCE, noting that none was expected at this stage other than a facility fee should the bank loan proposed at agenda item 16 be approved.

The Board of Governors approve the updated financial forecasts for submission to HEFCE: proposed: Mr Finnigan, seconded Mr Reid.

**Action: Director of Finance**

13.0 **Annual assurance return to HEFCE.** Governors note that HE institutions were required to submit an Annual Assurance Return to HEFCE. The purpose of this return was to confirm that the College had met its obligations under HEFCE's *Assurance & Accountability Memorandum* and that the College was complying with its duties as a charity, thereby enabling HEFCE to fulfil its responsibility as the College's principal regulator. The return was in two parts: Part 1 signed by the Principal as Accountable Officer and Part 2 signed by the Principal as a member of the Board of Governors and a trustee of the charity.

It was noted in response to members' questions that, while the College did not receive research funding and did not currently comply with the research integrity Concordat, it was working towards compliance with the Consortium for Research Excellence, Support & Training (CREST).

The Board of Governors approved for submission to HEFCE, on the recommendation of the Audit Committee, the Annual Assurance Return from the Principal, as Accountable Officer and on behalf of the trustees.

**Action: Director of Finance**

14.0 **Transparent Approach to Costing (TRAC): Statement of Requirements.** The Clerk reported that the Nov. 2015 meeting of Audit had noted conflicting guidance concerning arrangements for submission of the TRAC return Statement of Requirements to HEFCE in Jan. 2016, with HEFCE guidance issued in Aug. 2014 on TRAC returns to be submitted from Jan. 2016 stating that the options available in relation to confirmation of compliance were either confirmation at an Audit Committee meeting held before the Jan. 2016 TRAC submission deadline of 29th Jan 2016 or approval under Chair’s action, while a statement at Annex H of HEFCE's 2015 Accountability Returns document stated that approval could be given under Chair’s action or by a management committee where the Audit Committee was not due to meet before the submission deadline. This had been queried with the TRAC Helpline, which had subsequently confirmed that as the management committee option had been included in the 2015 Accountability Returns document, this would also be a permitted option in relation to the Jan. 2016 return.

The Board of Governors approved, on the recommendation of the Audit Committee, the following arrangements for confirmation of compliance with the TRAC Statement of Requirements for the 2014/15 return to HEFCE: delegation to the College's senior management team (SMT), with the Statement of Requirements presented to the Apr. 2016
Audit Committee meeting.

**Action: Director of Finance/Clerk**

**15.0 Students’ Union annual report & accounts.** The Board of Governors noted that under the Education Act 1994, the Board of Governors was responsible for ensuring that the Students’ Union was accountable for its finances, including presenting financial reports to Corporation annually. The Students’ Union accounts for the financial year ended 31st July 2015, which showed a surplus of £1,624, and the annual report from the Students’ Union, were considered. The accounts for 2013/14 were included for comparison.

Governors noted, with reference to the accounts, areas where there were significant variances in comparison to the projected totals, noting the support available to the Students’ Union from the College’s finance department and actions which could be taken to help avoid significant variances in future.

Governors noted in discussion of income that: the Students’ Union had received a £1,000 increase in its annual block grant from the College in support of their work on the National Student Survey campaign; £2,550 from Leeds University Union as part of the Green Exchange initiative, which had been used to support the Leeds Art Party (£1,500) which had promoted a new Student Sustainability Society (Conscious Creatives) and funding (£550) for 2 new green spaces in College; the fall in income from merchandising (particularly of hoodies) and actions being taken to address this e.g. reducing stock held and the introduction of other products. It was noted, with reference to cash reserves that significant cash reserves had been built up by 2012/13 and expenditure from cash reserves in 2013/14 had been made a prerequisite for an increase in block grant.

Reports on events and entertainment, campaigns and sport supported by the Students’ Union during 2014/15 were noted, together with areas for future development and possible limits on activities imposed by the size/capacity of the Students’ Union.

The Board of Governors received the Students’ Union annual report and approved the Students’ Union’s accounts for the financial year ended 31st July 2015: proposed Dr Cottrell; seconded Mrs Wright.

**16.0 Estates matters: new build on carpark.** Governors noted that, as a result of pre-planning discussions with Leeds City Council, the College had revisited the assumptions and financial forecasts relating to the proposed new build on the Blenheim Walk car park. The Principal and the Director of Finance presented the preferred option, including supporting financial information, to address the above issues, including proposals for a new larger build, and for the College to go out to tender for a loan. The Chair of the Board of Governors, Mr Yendell, noted that Professor Congdon, who had been unable to attend the meeting, had sent comments on the proposals. Mr Yendell proposed that the discussion should be organised under the following headings, which were agreed: background and context; financial information, sensitivity analysis and risk. Governors discussed the proposals in detail. The discussion has been kept in a confidential minute.

Ms Watson left the meeting during this item.

The Board of Governors approved the revised proposals for the build on the carpark and for the College to go to tender for a loan and revolving credit facilities: proposed Mr Flathers seconded Mr Clements.

It was agreed that the Principal should report on the new build in her CEO’s report at each
meeting of the Board of Governors.  

*Action: Principal*

### 17.0 Internal audit strategic & annual plan.

Mr Clements, as Chair of the Audit Committee, presented the internal audit strategy and plan for 2015/16, which had been produced by TIAA Ltd and which had been considered by the Audit Committee.

The Board of Governors approved the internal audit strategy and plan for 2015/16, on the recommendation of the Audit Committee: proposed Mrs Wright, seconded Mr Yendell.

(Nick Ramshaw left the meeting).

### 18.0 Revised Equality, Diversity & Inclusion (EDI) policy.

Mr Russell (Director of Studies, Progression and Student Support) presented the revised policy which had been updated to reflect the Prevent Duty agenda, the College’s decision not to pursue the Gender Equality Mark after participation in the pilot scheme, and clarification of the section on work placements in line with internal audit outcomes. It was noted that the revision had been reviewed by the College’s EDI Committee and the SMT. Governors discussed the various forms of external support on which the College could draw to ensure that its policies reflected its legal duties, including sector briefings from membership organisations and law firms, and HR advice.

The Board of Governors approved the revised *Equality, Diversity & Inclusion Policy*, on the recommendation of the College’s SMT: proposed Mrs Wright, seconded Mr Bates.  

*Action: Mr Russell/Clerk*

### 19.0 Revision to Children/Young People & Vulnerable Adults Protection Policy.

Mr Russell (Director of Studies, Progression and Student Support) reported that the *Children/Young People & Vulnerable Adults Protection Policy*, which had been approved at the Board of Governors’ Oct. 2015 meeting, had been revised to include a reference to the Designated Governor with responsibility for safeguarding, in response to a query raised at the Oct. 2015 meeting. A redundant reference to Appendix 2 had also been removed from the policy.

It was noted in response to a query concerning reporting arrangements which had been raised at the Board of Governors’ Oct. 2015 meeting, that the College’s previous safeguarding policy had contained a statement, in an appendix on reporting and dealing with allegations against members of staff, that the Chair of the Board of Governors and/or the Designated Governor would be informed where allegations were made against staff members. The current policy did not include a section on allegations made against staff, as this was now contained in human resources (HR) guidelines approved by the College’s senior management team. The Head of HR had, however, confirmed that an equivalent statement would be added to the College’s guidelines and a report confirming that this has been done would be made to the Board of Governors’ Jan. 2016 meeting.  

*Action: Mr Curling (Head of HR)*

The Board of Governors approved the revised *Children/Young People & Vulnerable Adults Protection Policy*, with an additional amendment i.e. the reference at para. 2.6.2 to the second listed contact where a disclosure/concern involved a member of College staff, should be to the Head of Human Resources: proposed Mrs Wright, seconded Mr Bates.  

*Action: Mr Russell/Clerk*
20.0 Recommendations on membership matters.

(i) Senior Independent Governor
The Board of Governors noted that the Oct. 2015 meeting of the Search & Nominations Committee had noted that a 2015 report from the Good Governance Institute on governance at Plymouth University had included a number of best practice recommendations, including a recommendation that a Senior Independent Governor should be appointed to whom Governors could turn should they be unable to approach the Chair, Principal/Vice-Chancellor or the Clerk. The Committee had noted that the independence which the role assumed appeared to equate to the role normally played in the context of a governing body by the Chair of the Audit Committee.

The Board of Governors approved, on the recommendation of the Search & Nominations Committee, the appointment of the Chair of the Audit Committee as Senior Independent Governor ex officio: proposed John Finnigan, seconded Mrs Wright.

(ii) Role Descriptions
The Board of Governors approved, on the recommendations of the Search & Nominations Committee, minor updating amendments to the role descriptions for Governors and the Chair and Deputy Chair of the Board of Governors, with the amendment of the phrase “in with” in para. 2.2 of the Governor role description to “in accordance with”: proposed David Reid, seconded Mrs Wright.

Action: Clerk

PART IX - reports for information

21.0 HEFCE Annual Accountability Returns 2015. The Board of Governors received for information, a table showing returns which the Board of Governors was due to submit to HEFCE by 1st Dec. 2015, noting that, with the exception of the optional Annual Sustainability Assessment (which the College did not submit), all relevant reports had been included on the Nov. 2015 Board of Governors agenda (i.e. at agenda items 10, 11, 13 & 14) and that the Transparent Approach to Costing (TRAC) return was due to be submitted to HEFCE by 29th Jan. 2016.

22.0 Use of the seal. Governors noted that the College seal has not been used since the report given at the Oct. 2015 Board of Governors’ meeting but that the following document was, however, due to be sealed and signed by the Chair of the Board of Governors and the Principal on 25th Nov. 2015: a deed relating to the appointment of mechanical, electrical & plumbing engineers for the Blenheim Walk new build.

23.0 Report on HEFCE Annual Meeting, Nov. 2015. Governors received, for information, a written report from the Deputy Chair of the Board of Governors on the HEFCE annual meeting, which had included presentations on the following areas: sector overview, quality assurance arrangements, Teaching Excellence Framework and the Prevent Duty.
**PART XI - final matters**

25.0 Any other business. There was no other business.

26.0 Risk Management. The following new items of new risk had been identified at the meeting: operational risk relating to the proposed new build. It was noted that the College’s strategy risk register was reviewed termly by the Audit Committee, which would therefore monitor any changes to strategic risk arising from the new build.

27.0 Date of next meeting. It was noted that the Board of Governors was next due to meet on Wednesday 27th January 2016 at 1.30pm.

**PART XII - Reserved Matters**

28.0 Reserved Matters minutes of the previous meeting. It was noted that the Reserved Matters minutes of the meeting of the Board of Governors held on 14th October 2015 had been classified as non-confidential and had therefore been considered for approval under agenda item 3 above.
Present: Mr F Bates (Governor nominated by the Academic Board), Mr C Clements (Independent Governor), Dr S Cottrell (Independent Governor & Deputy Chair of the Board of Governors), Ms M Duxbury (Co-opted Student Governor), Mr J Flathers (Independent Governor), Mr J Finnigan (Independent Governor), Ms A Handa (Independent Governor), Mr R Miles (elected and co-opted Staff Governor), Mr D Reid (Independent Governor), Professor S Wonnacott (Principal/CEO & Governor ex officio), Ms K Watson (Independent Governor), Mrs C Wright (Independent Governor) Mr P Yendell (Independent Governor & Chair of the Board of Governors), Mr R Reynolds (Co-opted Student Governor)

In attendance: Mrs F Bagchi (Clerk to the Board of Governors), Ms S Bailey (Director of Finance), Mr D Russell (Director of Studies, Progression and Student Support), Professor R Whittaker (Director of Studies, HE Enhancement & Research)

1.0 Apologies for absence. Apologies were received from Professor S Congdon (Co-opted Governor with experience in the provision of education) and Mr N Ramshaw (Independent Governor).

2.0 Declaration of interests & code of conduct report. The following standing declarations of interest were received under this agenda item: Mr Bates (employee, Leeds College of Art), Mr Clements (partner, Deloitte), Ms Cook (Students’ Union Sabbatical President, Leeds College of Art), Dr Cottrell (employee, University of East London), Mr Flathers (partner, Irwin Mitchell), Mr Miles (employee & University & College Union representative, Leeds College of Art), Mr Reid (Director of Bank Saderat plc and an Independent member of the probate (regulatory) committee of the Institute of Chartered Accountants of England and Wales), Ms K Watson (Artistic Director, East Street Arts), Professor Wonnacott (employee, Leeds College of Art, and Universities & Colleges' Employers’ Association Board member).

PART I - Procedural matters: items for approval

3.0 Minutes of the previous meeting. The minutes of the meeting of the Board of Governors held on 25th November 2015, including the confidential minutes, were approved with the following amendments:

- At the minute of agenda item 14 (Transparent Approach to Costing (TRAC): Statement of Requirements), the options available in relation to confirmation of compliance should be shown as “either confirmation at an Audit Committee
meeting held before the Jan. 2016 TRAC submission deadline of 29th Jan 2016 or approval under Chair’s action”;

• The minute at agenda item 16 (Estates matters: new build on carpark) of the public and confidential minutes should show that Ms Watson left the meeting during this item: proposed Mr Reid, seconded Mrs Wright.

Action: Clerk

4.0 Action plan update & matters arising. It was noted that all actions arising from the above minutes had been completed or had a future completion date. In response to Governors' questions concerning action 3 (a proposed addition to the HR guidelines concerning safeguarding allegations against staff), it was noted that the Head of Human Resources (HR) had confirmed that revised guidelines would be presented to the senior management team (SMT) for approval, with a report being made to the Apr. 2016 Board of Governors' meeting.

Action: Head of HR

There were no other matters arising.

PART II – CEO’s report: items for consideration and monitoring

5.0 Chief Executive’s report. The Principal and Chief Executive, Professor Wonnacott, presented her Jan. 2016 report, which was considered.

(i) Applications: Higher Education (HE) and Further Education (FE)
Governors noted that:

• The deadline for HE undergraduate student applications was mid-Jan. 2016, with the UCAS report showing that the College’s applications had increased by nearly 14%, which compared positively with national application rates by subject group for Creative Arts & Design which was showing a fall of 1.2%;

• Improvements in engagement with applicants had been made e.g. including improvements in the use of social media and at Open Days;

• A review of FE applications to date showed the increased application rate for 2015/16 for the Extended Diploma (ED) was being sustained for 2016/17, there was a positive application rate for the Foundation Diploma, with applications for Access and Level 2 Diploma received later in the cycle.

(ii) FE Retention
Governors discussed FE retention noting that:

• Improvements in measured retention for the ED programme had been seen at a similar point in 2015, with a fall in retention apparent later in the year;

• During 2015-16, the College's senior management team (SMT) had therefore been monitoring and supporting a series of actions introduced by the course team designed to bring about improvements e.g. through a curriculum review, additional enrichment activities, and enhanced tutorial support;

• Measured retention for first years was currently high and reports from the Course Leader had been positive;

• The College would continue to closely monitor ED retention as the year progressed and would also monitor the Access and Level 2 courses, where higher than normal dropout rates had been observed, due to personal reasons.

(iii) Taught Degree Awarding Powers (TDAP)
Governors noted that:

• The TDAP assessors were drafting their report, with the College hoping that this would be available for accuracy checking during spring 2016.
(iv) Research
Governors received an update on publications, exhibitions and presentations being made by research active staff.

It was noted in response to Governors' questions that:
- Reports on how the College was engaging with the REF process would be presented in future CEO's reports;
- The College's response to the HE Green Paper had been made been through GuildHE;
- As part of his independent review, Lord Stern was seeking views on the REF.

(v) Estates
Governors noted that:
- The College was hoping to submit a full planning application during Feb. 2016;
- The majority of the local authority's views with regard to the build had been taken into consideration and the College's architects were working on final drawings.

It was noted in response to Governors' questions concerning risk management in relation to the building project that the College would report to the Audit Committee on strategic risk in Apr. 2016 and that in addition, the project manager would also maintain a detailed risk register e.g. in relation to estates, cost, planning, access. It was agreed that financial risk (e.g. in relation to contingencies) should continue to be reported at this stage of the project through the management accounts commentary.

Action: Ms Bailey (Director of Finance)

(v) Student successes
Governors noted a report on student successes, including with reference to the Principal’s Enterprise Award, which had been run during the College's Summer Employability Programme 2015. It was noted that, due to the level of ideas and quality, 3 awards had been presented; first prize £500 of business mentoring for two Digital Films, Games & Animation (DFGA) students who had developed an anthropomorphic comic called ‘Wildlife’; the 2 runners up, a Printed Textiles and Surface Pattern Design and Art & Design (Interdisciplinary) student, had received £250 of business mentoring. The winners were now receiving mentoring to develop their idea to the next level.

Ms Watson, Artistic Director of East Street Arts (see agenda item 2 above) reported on work experience being undertaken at East Street Arts by the College's students.

It was noted that a College graduate had been involved in the production of an Oscar nominated short film, *Shok*, set during the Kosovan war.

The Board of Governors received the CEO's report for Jan. 2016.

6.0 Key performance indicator (KPI) report. The Jan. 2016 strategic KPI report was considered, with particular reference to the following updating changes made since its review at the Nov. 2015 Board of Governors' meeting:
- With reference to the KPI for overall HE applications to places ratio (Maintain a ratio of at least 6 applications to each HE place) that the College had a 5.96 ratio for 2016-17 recruitment (2015-16: 5.29);
- With reference to the KPI for overall FE applications to places (Maintain a ratio of at least 1.5 applications to each FE place) that the College had a 1.56 ratio for 2016-17 recruitment (2015-16: 1.59), with the recruitment cycle having only recently
The benchmark for Widening Participation (WP) data had been amended to reflect the College's 2015-16 Office for Fair Access (OFFA) Agreement.

The Board of Governors received the Jan. 2015 KPI report.

**Part III - Academic Board report: for information**

7.0 **Academic Board report.** The Principal, as Chair of the Academic Board, presented the minutes of the Dec. 2015 Academic Board meeting, drawing attention in her accompanying report to the following issues:

- The term of membership for nominated members had been extended by a year to allow for continuity during the Taught Degree Awarding Powers (TDAP) process;
- The HE Institutional Overview and Annual Programme Evaluations had been agreed for submission to the OU;
- The FE self-assessment had been approved (subject to amendments), and would be considered for ratification later on the agenda;
- A summary report for the new MA Curation Practices had been received;
- The annual research report was received, showing good progress;
- An update on the work of the TDAP Working Group had been received, with the Academic Board noting that they were satisfied with progress.

Governors discussed the level of student representation on the Academic Board, with reference to student engagement generally. It was noted in response to Governors’ questions that, as student progress was ascertained using continuous assessment, the timing of religious festivals was not an issue for the College as it could be for institutions which used scheduled examinations.

The Board of Governors received the Dec. 2015 Academic Board minutes.

**PART IV - Financial & regulatory matters: items for consideration & information**

8.0 **Financial matters: management accounts.** The Director of Finance, Ms Bailey, presented the management accounts for the period ending 31st Dec. 2015, including a review of financial KPIs.

Governors noted that:

- The reported operating surplus was £1.3 million, which was £486.9k favourable to budget, mainly due to the contingency in the budget for non-collection of fees (£200k) and staff vacancies resulting in a favourable payroll variance (£125k);
- The HE student retention rate at 31st Dec. 2015 was in line with the same period for the prior year at 98.6%, which was currently ahead of the assumption used in the budget of 95%;
- Retention of international students enrolled remained at 100%, however due to lower than budgeted recruitment of FE International students, forecast income had been reduced;
- With reference to FE, income in respect of 16-18 year old students was lower than budgeted and lower than the Education Funding Agency (EFA) contract, which would affect grant funding in 2016/17 due to the lagged funding model, while adult recruitment had been better than budget, particularly on the Foundation course, but over-delivery would not be funded by the Skills Funding Agency (SFA);
- The College has added to its Heritage Assets;
- Cash reserves were high at £13 million and the level of bad and doubtful debts was
low at around £4k;

- There was an adverse variance of £24k in relation to professional fees, mainly connected to the new build project.

It was noted in response to Governors’ questions concerning the cost of waste disposal, that the College received 20% charity relief on costs.

Changes made to the Financial Regulations in July 2015 were noted with reference to the College's treasury management policy (i.e. the removal of Lloyds Bank as a deposit taker, given the significant level of funds held by Lloyds through the College's current account, and an increase in the amount that could be held by each remaining counterparty). The appropriate level of cash to be kept in the current account was discussed, with particular reference both to the staged receipt of fees from the Student Loans Company and to building project requirements.

The Board of Governors received the management accounts for the period ending 31st December 2015.

9.0 Annual review of the Financial Regulations. The Board of Governors noted, for information, that in future the annual review of the Financial Regulations would take place during the summer term i.e. to allow any revisions to be in place for the start of the financial year.

10.0 Transparent Approach to Costing (TRAC) report. The Director of Finance presented the College's TRAC annual report, noting that this would be the third year in which the College had submitted a TRAC return to the Higher Education Funding Council for England (HEFCE). It was noted that TRAC was the standard method used within the HE sector to obtain full economic costs for teaching, research and other institutional activity by attributing income and expenditure from institutions’ audited financial statements and the resulting surplus/deficit across the different areas.

In November 2015 the Board of Governors delegated responsibility for the review of the TRAC Statement of Requirements compliance to the College's SMT, which was now reporting that the TRAC requirements had been met.

Governors noted that: the structure of the College’s management accounts enabled a large proportion of costs to be directly attributed, with costs not directly attributable apportioned mainly based on student numbers or in the case of estates on area; the College’s internally funded published research related costs had been separated out to demonstrate the costs involved in this area based on the total number of research days allocated to those with published research (which had not been included in returns made in previous years); the costs of teaching had been split between Publicly Funded Teaching and Non Publicly Funded Teaching (i.e. the cost related to the short course programme and overseas students). It was noted that, in order to calculate the full economic cost, the College was required to add two adjustments to the annual expenditure per the financial statements: an infrastructure adjustment; and a return for financing and investment.

The Director of Finance confirmed, in response to Governors’ questions that, the process for understanding cost drivers had improved each year that the College had undertaken the return. It was noted that the analysis of TRAC results had shown that: the College was achieving an overall recovery of full economic costs of 107%: Publicly Funded Teaching
was the major element of the College’s income and was achieving an overall recovery of full economic costs of 107.1% (as the College had tightly managed costs in order to build surpluses for a planned investment in the construction of a new building); the College was achieving less than 100% recovery of full economic costs for Non-Publicly Funded Teaching (72.1%); the return from investment in the international office would, however, increase in future years as international student numbers continued to grow.

It was noted in response to Governors’ questions that the College’s review of cost allocations and drivers had been used by the College to help improve the management accounts e.g. the addition of new budget lines.

It was noted that HEFCE issued benchmarking information arising from TRAC returns and agreed that the Director of Finance should refer to any benchmarking information considered relevant in the management accounts.

**Action: Ms Bailey (Director of Finance)**

The Board of Governors received the College’s annual TRAC report and approved the submission of the College’s TRAC return to HEFCE: proposed Dr Cottrell, seconded Mr Reid.

11.0 Tuition fees.

11.1 For approval: FE fees 2016-17. The Director of Finance presented the recommendation on FE fees for Home students aged 19 and over for 2016-17, noting that, under the Financial Regulations, these required Board of Governors’ approval. Governors noted that the Skills Funding Agency (SFA) allowed colleges to set fees at any level provided they were not above the listed funded grant level set out in the SFA funding matrix.

The Director of Finance reported that, as the final fee matrix was not yet available from the SFA and final details of loan funding for students aged over 19 had yet to be received, it was being requested, as in previous years, that Governors should approve the basis on which the fee would be calculated rather than the exact fee, to allow students to be informed of fees as soon as possible. The Director of Finance’s recommendation for 2016-17 fees was therefore that: the fee charged to students aged over 19 who were eligible for loans should be the grant funding per the SFA final funding matrix; the fee charged to any student who was eligible for co-funding should be the difference between the grant received and the full funding per the matrix. It was noted that the proposal had been designed to ensure that the treatment of learners was fair and equitable.

The Board of Governors approved the above recommended basis for the calculation of FE fees for Home students aged 19 and over for 2016-17, noting that actual fees would be calculated by the Director of Finance once the final fee matrix was released by the SFA, with a report made to the Board of Governors: proposed Mrs Wright, seconded Mr Clements.

**Action: Ms Bailey (Director of Finance)**

11.2 For information: other fees report 2016/17. Governors noted that, while the Financial Regulations required the Board of Governors to approve the FE fees for Home students, all other fees were determined by the Director of Finance and reported annually to the Board of Governors.

The Board of Governors received and noted a report from the Director of Finance on tuition fees for 2016-17 for International Students (undergraduate, postgraduate and further education), Home Students (postgraduate), and full cost ELQ (Equivalent or Lower
Qualification) students.

PART VI - items for ratification or approval

12.0 Annual FE Self-Assessment Report (SAR). The Director of Studies, Progression and Student Support presented the College’s further education (FE) SAR 2014-15 for consideration on ratification by the Board of Governors.

Governors noted that:

• The SAR, which summarised reports produced by each course and drew together data from a range of sources, had been through the College’s deliberative structure, including approval by the Academic Board in Dec. 2015;
• The report followed the structure of Ofsted’s Common Inspection Framework (CIF);
• As previously requested by Governors, the report stated grades awarded in 2013/14 for comparison, where available, and the commentary to the SAR included reference to the ‘Ofsted Data Dashboard - Questions for Governors’, where these were relevant to a small, specialist institution.

Governors considered a report from the The Director of Studies, Progression and Student Support on the Ofsted Data Dashboard model questions, noting with reference to the model questions and the evidence provided in the SAR that:

• Question 1 (Is this the picture you were expecting?) - overall success rates had fallen and, whilst retention had fallen by 2.5% for 16-18 year olds (and risen for 19+ by 11%), the main reasons for the fall in success rates appeared to be poor success rates for functional skills and Maths GCSE (included as part of the overall rates from 2013/14) and a 3.4% drop in retention on the Extended Diploma (ED) for 16-18 year olds, which had been reported to Governors during 2014-15;
• Question 2 (What actions are being taken?) - in addition to the summary action plan, a detailed retention action plan for the ED had been produced and was being monitored closely via the Course Board, FE Committee and the College's SMT, including a curriculum review, further enrichment activities and investment in visiting speakers at key points in the year;
• Question 3 (Are standards rising in English and Mathematics?) - English achievement levels had been good in the final year of delivery but, as English and Maths GCSE at grade C or above were now required prior to entry to the College, they were no longer offered as part of the study programme;
• Question 3 (Do the programmes of study meet learners’ needs, support their achievement, and provide them with skills that lead to employment?) - external moderators had endorsed the quality of the College’s enrichment programme and the College’s ED programme had achieved the prestigious Creative Skills Set Tick Pilot;
• Question 4 (How is the college performing against other providers with a similar provision? Is the college performing in line with the all provider national rates) - the College considered that meaningful, comparative benchmarking was problematic, given the low number of specialist art and design HEIs delivering FE provision, and the designated provider group of ‘other public funded’ providers contained a wide and varying range of providers, with the College’s FE Committee deliberating at length the most appropriate benchmarks and Awarding Body Benchmarks (UAL) indicating consistently high performance when compared to other providers offering the same qualification;
• Question 5 (How does the college’s strategic plan meet the needs of the local area? How well does the college analyse the progression of learners) - the Creative Industries were a Leeds region Local Enterprise Partnership (LEP) priority and, as a graduate profession, the College’s FE provision continued to provide important local progression route to HE locally and nationally, with careers advice provided to support those students who did not wish to progress to HE;
• Question 6 (Are learners making the progress expected?) - observations made within individual course SARs evidenced value added via student achievement as they progressed from year 1 to year 2 on the ED and the number of students that progressed from the level 2 Diploma in Visual Arts onto the level 3 Access to HE;
• Question 7 (Are there differences between the performance of different groups of learners?) - detailed data on differences in performance between different equality groups had been provided in the SAR.

Governors noted that the SAR assessed the College as Grade 2 (Good) for overall effectiveness of provision. It was noted in response to Governors’ questions, concerning what the College would need to do to move from Good to Outstanding, that improvement in retention would be a key factor.

It was agreed, in response to Governors’ questions and following discussion of the SAR in detail, that the Director of Studies, Progression and Student Support would consider the following amendments to the SAR:
• On p.14 of the SAR, which stated that success rates had fallen over a 3 year period - consideration should be given to including a reference to ED retention (under effectiveness of leadership & management);
• On p.3 of the SAR, B8 (Where relevant, English, mathematics and other skills necessary to function as an economically active member of British society and globally are promoted through teaching and learning) graded 2, appeared to conflict with the information on SAR pp.25-26 (where Maths was graded inadequate) - consideration should be given to amending the grade for B8 to 3;
• On p.34 of the SAR, which stated that there had been a 3.4% drop in retention on the Extended Diploma for 16-18 year old - consideration should be given to expanding the reference to ED retention;
• On p.35 of the SAR - there appeared to be a conflict between D1 (16-18 and 19+ success rates are in line with or above national rates for the provider group) under key strengths and D1 (Overall success rates require improvement) under Areas for improvement.

Governors noted in discussion that:
• On SAR p.39, D1 success indicators included “Improved retention rates that are in line or above national rates”, which would require a significant increase from the current rate, noting that the intention was to develop the retention strategy across 2 years, as stated in the Action column.

The Board of Governors ratified the College’s approved FE Self-Assessment Report, subject to consideration of the proposed amendments noted above: proposed Mr Clements, seconded Mr Bates.

Action: Mr Russell (DOSPSS)

13.0 Revised Code of Practice on Freedom of Speech & Expression. The Clerk reported that: the College was required under section 43 of the Education (No. 2) Act 1986 to take
reasonable measures to protect freedom of lawful speech; under clause 7.2 of the Articles of Government to have regard to the need to ensure that academic staff had freedom within the law to question and test received wisdom, and to put forward new ideas and controversial or unpopular opinions without placing themselves at risk of losing their jobs or privileges; and that section 26 of the Counter-Terrorism and Security Act 2015 placed a duty on higher education institutions (HEIs), in the exercise of their functions, to have “due regard to the need to prevent people from being drawn into terrorism” (the Prevent Duty).

It was noted that the Board of Governors had approved a Code of Practice on Freedom of Speech & Expression, based on a model provided by Eversheds, in Nov. 2014. Governors considered a draft revised Code, based on updated guidance received from Eversheds which reflected the Prevent Duty.

Governors discussed, in the context of the proposed revision, how HEIs could ensure that a balance of views was represented, for example, at public meetings and also discussed the lawfulness of segregated meetings. The following amendments to the proposed revised Code were agreed:

- The addition of a cross-reference to the College’s Ethics Policy;
- At paragraph 3.3, the reference to “the College’s Director of Studies - Higher Education Enhancement and Research” should be expanded to read “the College’s Director of Studies - Higher Education Enhancement and Research (the Director)”;
- The phrase “(for example, a non-religious event being held with men and women in segregated seating)” should be removed from the second bullet point of paragraph 2.3 of the Code and replaced with a footnote making it clear that a non-religious event being held with men and women in segregated seating would generally be unlawful and would be prohibited under section 2.3 of the Code.

The Board of Governors approved the revised Code of Practice on Freedom of Speech & Expression, amended as noted above: proposed Mrs Wright, seconded Mr Reid.

Action: Clerk

### PART VII - Annual reports: for consideration & information

14.0 **Safeguarding annual report.** The Director of Studies, Progression and Student Support presented the College’s annual safeguarding report, noting that it provided a background to policies, a summary of child protection and vulnerable adult cases, and an update on training undertaken during 2014-15.

Governors noted that the report made reference to responsibilities under the Prevent Duty agenda but, as much of the development work, policy amendments and approvals in this area had occurred since July 31st 2015, they would be included in the College’s 2015-16 report. It was noted in this context that Mrs Wright (as Governor with responsibility for safeguarding including the Prevent Duty) had attended a refresher course in safeguarding provided by Leeds City Council in Sept. 2015 and had completed a certificated online course in the Prevent Duty provided by the FE Education & Training Foundation (ETF).

The Board of Governors received the College’s Safeguarding Report 2014-15.

15.0 **Equality, diversity and inclusion (EDI) annual report.** The Director of Studies, Progression and Student Support presented the 2014-15 annual EDI report, which provided an overview of EDI activity within the College in relation to the 2014-5 academic year, together with statistical information on the equality profile of the staff and student
bodies, with the report divided into 3 parts i.e. policies/procedures and legislative change, staffing information, and student information (over 3 years).

Governors noted that, compared to previous years, the report included significantly more data from a greater range of sources, due to the work of the College's strategic planning analyst. It was noted that the report also contained student data tracked from applications through to offers for the available protected groups, together with data for student achievement at FE and HE level and student satisfaction and progression, while staffing data tracked from applications through to appointment by a full range of protected characteristics. Governors noted that future reports would include enhanced monitoring and analysis for staff as well as student data. It had been agreed that in future years some of the data should be disaggregated into separate reports to allow the Committee to carry out a staged analysis.

Governors noted that the EDI Committee at its Jan 2016 meeting had acknowledged the extensive and focused work carried out by the College's Widening Participation (WP) team especially amongst younger age groups in terms of student participation and diversity, the impact of which should become apparent in the future.

It was noted, with reference to the report in general that, given the College's small size, there could be some statistical volatility in year on year comparisons, when monitoring groups with protected characteristics.

Governors considered the report with specific reference to both the Higher Education Statistics Agency (HESA) DLHE (Destinations of Leavers from Higher Education) survey and degree classifications in relation to gender, age, ethnicity and disability. It was noted with reference to the former that outcomes were dependent on the sample responding to the survey. The level of support provided for students with reference to future employment was discussed. Governors noted, in particular, with reference to the classification of HE awards for UK domiciled students (first degree, undergraduate and full time) that: College data showed an increase in attainment of good degrees (1st or 2:1) for Black & Minority Ethnic (BME) groups from 52% in 2014 to 60% in 2015, which compared to 73.4% in 2015 for White UK domiciled students (i.e. an ethnicity degree attainment gap of 13.4%) and that comparable Equality Challenge Unit (ECU) benchmarks for good degrees in 2014 were 56.1% for BME groups and 75.1% for White groups.

Governors noted with reference to good degree attainment of upper second or first class degrees, for Home domiciled students generally, that there had been a narrowing of the attainment gap between the equality groups represented during the 3 years shown in the report. It was noted in response to Governors' questions concerning actions being taken to help close the attainment gap further that an analysis of attainment at programme level was carried out as part of the HE Annual Programme Evaluation (APE), including by equality group. It was noted in discussion that in addition to review at programme level, it could be profitable to consider whether action should also be reviewed at institutional level e.g. some HEIs were reviewing the induction experience in this context. It was noted that relevant actions to be taken in relation to EDI matters would be considered by the EDI Committee.

Governors noted in discussion of student disability in the EDI report, that section 16 (Overview of the HESA Statistical Return) of the Dec. 2015 Academic Board minutes (considered at agenda item 7 above) referred to a noticeable increase in the number of students declaring a mental health condition. It was noted in discussion of Governors' questions in relation to this item that the College strongly encouraged student declaration of disabilities and learning difficulties, both at enrolment and during their
course, and ensured that appropriate support was provided, which was considered a factor in the attainment of good degrees by disabled students i.e. 2015: 74.1% of disabled students attained a 1st or 2:1 (ECU 2014: 72.2%).

The Board of Governors received the College's 2014-15 EDI Report, noting the Board's overall responsibility for EDI and the College's plans for developing EDI reporting further in the future.

16.0 **Human Resources annual report.** The Board of Governors considered the annual report from the Head of Human Resources (HR), noting that the report provided an overview of HR activity within the College in relation to the 2014-15 academic year and summarised policy changes, training activity, recruitment activity and absence levels as well the relevant College KPIs related to these areas. Governors noted that many of the areas in the report had been discussed in detail at the College's Apr. 2015 training session and when reviewing Strategic Plan outcomes in Oct. 2015.

The Board of Governors received the College's 2014-15 HR report.

17.0 **Health & safety annual report.** Mr Russell, as Chair of the College's Health & Safety (H&S) Committee, presented the report, which provided an overview of H&S issues at the College in relation to the 2014/15 academic year, including sections on the H&S Committee, first aid, H&S inductions, budget expenditure, portable appliance testing (PAT), risk assessment, Control of Substances Hazardous to Health (COSHH), fire evacuation, accident reporting, reporting of infectious diseases, applications to exhibit, and evacuation chair training.

It was noted in response to Governors' questions that: the H&S Officer recorded all accidents in the College Accident Book; the H&S Committee met 3 times annually and received any reports from programme board minutes relevant to H&S matters; there had been no reportable RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013) injuries in 2014-15; Mr Russell, as Chair of the H&S Committee, considered that H&S was appropriately resourced. The frequency of reporting to the Board of Governors was discussed.

The Board of Governors received the College's 2014-15 H&S Report, noting the Board's overall responsibility for health and safety and agreeing that in future the College's annual report to the Board of Governors should include a specific statement from the Chair of the H&S Committee concerning whether there had been an appropriate level of resourcing during the year.

*Action: Mr Russell (DOSPSS & Chair of the H&S Committee)*

18.0 **Freedom of information (FOI) annual report.** Governors considered the annual report from the Clerk on the processing of FOI requests, noting 20 FOI requests and 1 Publication Scheme request had been received during 2015 (2014: 25 FOI requests). It was noted that the Government had established the Independent FOI Commission in July 2015 to review the FOI Act 2000, including considering the balance between transparency, accountability and the need for sensitive information to be protected.

The Board of Governors received the 2015 FOI report.
19.0 Board of Governors: committee minutes & reports. The unconfirmed minutes of the Extraordinary meeting of the Search & Nominations Committee held on 25th Nov. 2015 were received.

20.0 Any other business. There was no other business.

21.0 Risk Management. No new items of risk were identified at the meeting.

22.0 Date of next meetings. It was noted that the Board of Governors was next due to meet on:
   - Thurs. 25 Feb. 2016 at 1.30pm (Governors' training session)
   - Wed. 13 Apr. 2016 at 1.30pm (Board of Governors’ meeting)

23.0 Exclusions. The following staff and student members left the meeting before consideration of the Reserved Matters agenda: Ms S Bailey (Director of Finance), Mr F Bates (Governor nominated by the Academic Board), Ms M Duxbury (Co-opted Student Governor), Mr D Russell (Director of Studies, Progression and Student Support), Mr R Reynolds (Co-opted Student Governor), Professor R Whittaker (Director of Studies, HE Enhancement & Research).
(Note to the minutes: minutes 24-25 below were released from confidentiality by the Board of Governors at its meeting on 8th June 2016).

Confirmed

BOARD OF GOVERNORS OF THE HE CORPORATION
MINUTES OF THE MEETING HELD ON WEDNESDAY 27TH JANUARY 2016

Present: Mr C Clements (Independent Governor), Dr S Cottrell (Independent Governor & Deputy Chair of the Board of Governors), Mr J Flathers (Independent Governor), Mr J Finnigan (Independent Governor), Mr N Ramshaw (Independent Governor), Mr D Reid (Independent Governor), Professor S Wonnacott (Principal/CEO & Governor ex officio), Mrs C Wright (Independent Governor) Mr P Yendell (Independent Governor & Chair of the Board of Governors), Ms A Handa (Independent Governor), Professor S Congdon (Independent Governor)

In attendance: Mrs F Bagchi (Clerk to the Board of Governors)

PART X - Reserved Matters

24.0 Reserved matters: Remuneration Committee meeting of 27th Jan. 2016. Mr Flathers, who had been elected Chair of the Remuneration Committee at the meeting held earlier on 27th Jan. 2016, reported that the Committee had received a report from Mercers on the impact of recent pensions tax regime changes (e.g. changes to the Annual Allowance and the Lifetime Allowance) on pension scheme members employed by the College. The Remuneration Committee had agreed that a further Committee meeting should be held to consider the implications of the report in detail.

Mr Flathers reported that the Committee had also agreed, at the meeting, annual pay awards for designated senior post-holders (i.e. the Principal, Director of Finance, and the Clerk to the Board of Governors), which the Chair of the Board of Governors would communicate to the post-holders concerned.

It was noted that a full report on the above matters would be presented in the Remuneration Committee’s minutes, which were scheduled to be presented to the Board of Governors on 13th April 2016.

The Board of Governors received a verbal report from the Chair of the Remuneration Committee on the meeting held on 27th Jan. 2016.

25.0 Risk Management. Mr Flathers reported that while no items of new risk specific to the College had been identified at the above Remuneration Committee meeting, the Committee had discussed instances of significant increases in employer contributions to the Local Government Pension Scheme (LGPS) which had been experienced by HE institutions (HEIs) in other areas and had therefore requested that the Director of Finance should model the financial implications of such an increase.
BOARD OF GOVERNORS OF THE HE CORPORATION  
MINUTES OF THE EXTRAORDINARY MEETING HELD ON THURSDAY 25TH FEBRUARY 2016

Present: Mr F Bates (Governor nominated by the Academic Board), Dr S Cottrell (Independent Governor & Deputy Chair of the Board of Governors), Mr J Flathers (Independent Governor), Mr J Finnigan (Independent Governor), Mr D Reid (Independent Governor), Professor S Wonnacott (Principal/CEO & Governor ex officio), Mrs C Wright (Independent Governor), Mr P Yendell (Independent Governor & Chair of the Board of Governors)

In attendance: Mrs F Bagchi (Clerk to the Board of Governors), Ms S Bailey (Director of Finance), Mr G Morley (Head of Estates), Mr D Russell (Director of Studies, Progression and Student Support), Mr S Thorpe (Director of Studies, Professional and External Development), Professor R Whittaker (Director of Studies, HE Enhancement & Research)

1.0 Apologies for absence. Apologies were received from Mr C Clements, (Independent Governor), Professor S Congdon (Co-opted Governor with experience in the provision of education), Ms M Duxbury (Co-opted Student Governor), Ms A Handa (Independent Governor), Mr R Miles (elected and co-opted Staff Governor), Mr N Ramshaw (Independent Governor), Mr R Reynolds (Co-opted Student Governor), and Ms K Watson (Independent Governor).

2.0 Declaration of interests. The following standing declarations of interest were received under this agenda item: Mr Bates (employee, Leeds College of Art); Dr Cottrell (employee, University of East London); Mr Flathers (partner, Irwin Mitchell); Mr Reid (Director of Bank Saderat plc and an Independent member of the probate (regulatory) committee of the Institute of Chartered Accountants of England and Wales): Professor Wonnacott (employee, Leeds College of Art, and Universities & Colleges’ Employers’ Association Board member).

It was noted, with reference to agenda item 5, that Professor Congdon (Co-opted Governor with experience in the provision of education), who was Deputy Vice-Chancellor (Academic) at the University of Bradford, had submitted a written declaration that PA Consulting had recently undertaken work for the University of Bradford.

3.0 Minutes of the previous meeting. It was noted that, as the meeting was an extraordinary meeting, the minutes of the previous meeting were not due to be considered.
4.0 **Membership matters.** The Board of Governors considered for approval the following recommendations from its Search & Nominations Committee.

(i) **Recommendation on the appointment of an Independent Governor**

The Board received the Clerk's report on forthcoming Governor vacancies, noting that under section 3(3) of the Instrument of Government, an Independent member of the Board of Governors should appear to the Board of Governors to "have experience of, and to have shown capacity in, industrial, commercial or employment matters or the practice of any profession".

Mr Flathers, as Chair of the Search & Nominations Committee, presented the Committee's recommendation on the appointment of Mr D Bagley to the vacancy for an Independent Governor which would arise on the expiry of Mr Yendell's current term of office on 16th July 2016. Governors noted that Mr Bagley had expertise in accountancy/audit/finance/business and that his appointment would therefore replace some of the skills that would be lost when Mr Yendell's current term of office expired. It was noted that Committee members had discussed with Mr Bagley, at interview, any possible conflict of interest, should he become a member of the College's Board of Governors, with his role as a member of the Council (governing body) of the University of Sheffield, noting that there appeared to be no direct conflict of interests and that, should such a conflict arise, Mr Bagley was aware that he would have an obligation to declare any such interest both at the University of Sheffield and at the College.

The Board of Governors noted that the Clerk's report stated that section 5(4)(a) of the Instrument of Government permitted an Independent Governor to be appointed up to 6 months before the expiry of the term of office of their predecessor, noting that such an appointment before the expiry of Mr Yendell's term of office in July 2016 would require the total membership of the Board of Governors to be temporarily increased from 16 to 17 Governors. It was noted that, under the Instrument of Government, the appointing authority for the appointment would be the full Board of Governors.

Mr Flathers reported that the Search & Nominations Committee were also recommending that should Mr Bagley be appointed an Independent Governor, he should be appointed to the Audit Committee, subject to his being willing to accept appointment.

The Board of Governors agreed, on the recommendation of the Search & Nominations Committee:

- To appoint Mr D Bagley as an Independent Governor for a period of 4 years from 13th Apr. 2016;
- To temporarily increase the total membership of the Board of Governors from 16 to 17 Governors between 13th Apr. and 16th July 2016;
- To appoint Mr Bagley as a member of the Audit Committee, subject to his being willing to accept appointment: proposed Mr Flathers, seconded Dr Cottrell.

**Action: Clerk**

(ii) **Recommendation on the re-appointment of Dr Cottrell for a second term**

Dr Cottrell left the meeting.
The Board received the Clerk's report on the Governor re-appointment procedure, noting that Dr Cottrell’s first term of office as an Independent Governor would end on 12th June 2016 and that section 2.5 of the Board of Governors' Standing Orders stated that: "The term of office for members shall not exceed four years. Members should normally serve for 2 consecutive terms. Members retiring at the end of their term of office shall be eligible for re-appointment". It was noted that Dr Cottrell was Deputy Chair of the Board of Governors and Vice-Chair of the Remuneration and Search & Nominations Committees and that, in line with the Board of Governors' practice, re-appointed Governors continued in their current committee membership, including any offices held during the current academic year, from the date of their re-appointment.

Mr Flathers, reported that the Search & Nominations Committee, had considered, at its meeting on 25th Feb. 2016, Dr Cottrell's skills, expertise and contribution to the work of the Board of Governors and were recommending the re-appointment of Dr Cottrell as an Independent Governor for a second term of office.

The Board of Governors agreed, on the recommendation of the Search & Nominations Committee to re-appoint Dr Cottrell as an Independent Governor for a second 4-year term of office from 13th June 2016: proposed Mr Reid, seconded Mrs Wright.

Action: Clerk

Dr Cottrell re-joined the meeting.

(iii) 2016 election process for Chair & Deputy Chair of the Board of Governors
The Board received the Clerk’s report on the procedure for the election of the Chair & Deputy Chair of the Board of Governors, noting that section 2.3 of the Board of Governors' Standing Orders stated that: "At the last meeting before the expiry of the term of office of the Chair or Deputy Chair, or following the resignation or removal from office of the Chair or the Deputy Chair, the members shall elect the Chair and Deputy Chair from among their number. The Chair and Deputy Chair shall hold office for four years, subject to annual re-appointment. At the end of the term of office the Chair and Deputy Chair shall be eligible for re-appointment”.

Governors noted that, under the Board’s standing agenda item list, election of the Chair and Deputy Chair normally took place at the Board of Governors’ July meeting, with nominations forms distributed in June. The Search & Nominations Committee were recommending, however, that, as 2015/16 would be Mr Yendell’s final year as Chair of the Board of Governors, the above process should begin at the Board of Governors’ Apr. 2016 meeting, with the election held at the Board's June 2016 meeting, to allow a brief period of handover for Mr Yendell’s successor as Chair.

The Board of Governors agreed, on the recommendation of the Search & Nominations Committee, that the election of the Chair and Deputy of the Board of Governors for 2016/17 should be held at the Board's June 2016 meeting, with nomination forms distributed at the meeting to be held on 13th Apr. 2016.

Action: Clerk

5.0 Financial Regulations: proposed increase in professional fees & expenses budget line.
The Board of Governors considered a recommendation from the Director of Finance, Ms Bailey, on a proposed increase in the professional fees and expenses budget line, noting
that under section 4.6 of the Financial Regulations, the Board of Governors must approve any increase in individual budgets over £25,000.

Governors noted that the 2015/16 budget for professional fees and expenses had already been increased by £25,000 by the Director of Finance to take account of timing differences at the end of 2015 (e.g. in relation to professional fees for the Mosaic restoration and the property valuations, fees in relation to the new lease for Geoff Hodgson House, and volume related bank fees). As discussed at the Nov. 2015 Board of Governors meeting, the College was bringing forward its portfolio review and tender specifications had therefore been issued to 6 organisations. Two companies had responded to the tender and the College intended to issue the contract to PA Consulting, which had scored highest, based on the College’s evaluation of the tenders. The Director of Finance was therefore requesting that the Board of Governors should approve an increase of £60,000 in the professional fees and expenses budget line to accommodate the costs of the portfolio review.

It was noted in response to Governors’ questions that: taking account of all the above increases, including the expected costs of the portfolio review, the College was still expected to deliver a surplus of over £2 million which was around £680,000 higher than budget; the additional £60,000 would be taken from contingency rather than being vired from another budget; the College was capitalising fees on the new build and, other than as a result of unforeseen circumstances, did not expect a further increase in professional fees during the current financial year; the limit at which the Director of Finance could increase individual budgets had not been increased for several years.

The Board of Governors agreed that a review of the limit at which the Director of Finance could increase individual budgets should be undertaken as part of the annual review of the Financial Regulations, which was scheduled to take place at the Board of Governors’ July 2016 meeting.

**Action: Director of Finance**

The Board of Governors approved, on the recommendation of the Director of Finance, an increase of £60,000 in the professional fees and expenses budget line: proposed Mr Reid, seconded Dr Cottrell.

**PART II - items for consideration**

### 6.0 Building project update

The College’s Head of Estates, Mr G Morley, joined the meeting.

The Board of Governors received a written progress report from the Principal and the Director of Finance on the College building project at the College’s Blenheim Walk site, which was discussed. Written questions on the report which had been submitted prior to the meeting were also considered. The discussion has been kept in a confidential minute.

The Board of Governors received the College’s update report on the new build at the College’s Blenheim Walk site, noting, in particular, increased costs arising from additional ground works required at the site, and approved an increase in the borrowing requirement for the project from £6.5 million to £8 million, with the loan period extended from 8 to 10 years: proposed Mr Flathers, seconded Mr Reid.
The Head of Estates, Mr Morley, left the meeting.

Governors noted that the Principal would continue to report, as appropriate, on the new build in her CEO’s report, which was presented at each meeting of the Board of Governors.

**PART III - Final matters**

7.0 **Any other business.** There was no other business.

8.0 **Risk Management.** Governors noted that any new items of risk relating to the building project had been identified in the report considered at agenda item 6 above.

9.0 **Date of next meeting.** It was noted that the Board of Governors was next due to meet on Wed. 13 Apr. 2016 at 1.30pm.
Present: Mr D Bagley (Independent Governor), Mr F Bates (Governor nominated by the Academic Board), Dr S Cottrell (Independent Governor & Deputy Chair of the Board of Governors), Mr J Flathers (Independent Governor), Mr J Finnigan (Independent Governor), Ms A Handa (Independent Governor), Mr R Miles (elected and co-opted Staff Governor), Mr N Ramshaw (Independent Governor), Mr D Reid (Independent Governor), Mr R Reynolds (Co-opted Student Governor), Ms K Watson (Independent Governor), Professor S Wonnacott (Principal/CEO & Governor ex officio), Mr P Yendell (Independent Governor & Chair of the Board of Governors)

In attendance: Mrs F Bagchi (Clerk to the Board of Governors), Ms S Bailey (Director of Finance), Mr D Russell (Director of Studies, Progression and Student Support), Mr S Thorpe (Director of Studies, Professional and External Development), Professor R Whittaker (Director of Studies, HE Enhancement & Research)

1.0 Apologies for absence. Apologies were received from Professor S Congdon (Co-opted member with experience in the provision of education) and from Mrs C Wright (Independent Governor). It was noted that Ms M Duxbury (Co-opted Student member) had resigned from the Board of Governors for personal reasons.

2.0 Declaration of interests & code of conduct report. The following standing declarations of interest were received under this agenda item: Mr Bates (employee, Leeds College of Art), Mr D Bagley (University of Sheffield Council member), Mr Clements (partner, Deloitte), Dr Cottrell (employee, University of East London), Mr Flathers (partner, Irwin Mitchell), Mr R Miles (employee & University & College Union representative, Leeds College of Art), Mr Ramshaw (employee, Thompson Brand Partners), Mr Reid (Director of Bank Saderat plc and an Independent member of the probate (regulatory) committee of the Institute of Chartered Accountants of England and Wales), Ms K Watson (artistic director, East Street Arts, Leeds), Professor Wonnacott (employee, Leeds College of Art, and Universities & Colleges’ Employers’ Association Board member).

The Chair of the Board of Governors, Mr Yendell, welcomed Mr Bagley to his first meeting.

**PART I - Procedural matters: items for approval**

3.0 Minutes of the previous meeting. The minutes of the meeting of the Board of Governors held on 27th Jan. 2016 were approved: proposed Mr J Flathers, seconded Mr D Reid.

4.0 Action plan update & matters arising. It was noted that all actions arising from the
above minutes had been completed or had a future completion date, with the action concerning a recommendation from the Clerk on a minor amendment to the approved minutes of 25\textsuperscript{th} November 2015 to be considered later on the agenda. There were no other matters arising.

5.0 **Minutes of the previous meeting.** The minutes of the extraordinary meeting of the Board of Governors held on 25\textsuperscript{th} Feb. 2016, including the confidential minutes, were approved: proposed Dr Cottrell, seconded Mr D Reid.

6.0 **Action plan update & matters arising.** It was noted that all actions arising from the above minutes had been completed or had a completion date in June or July 2016. There were no other matters arising.

**PART I - Procedural matters: items for approval** (continued)

7.0 **Minor amendment to approved minutes.** A minor amendment to the approved minutes of the meeting of the Board of Governors held on 25\textsuperscript{th} November 2015 was approved, on the recommendation of the Clerk: proposed Dr Cottrell, seconded Mr J Flathers.

**Action: Clerk**

Mr Clements joined the meeting.

**PART II - CEO’s report: items for consideration and monitoring**

8.0 **Chief Executive’s report.** The Principal, Professor Wonnacott, presented her Chief Executive’s report for Apr. 2016, which was considered.

(i) Higher Education (HE): Taught Degree Awarding Powers (TDAP)
Governors noted that:
- The College had received the draft TDAP report, checked it for factual accuracy and had sent amendments to the Quality Assurance Agency (QAA) in Mar. 2016;
- The draft report was in the form of evidence against the TDAP criteria;
- The Advisory Committee on Degree Awarding Powers (ACDAP), which was next due to meet on 12\textsuperscript{th} May 2016, would make a recommendation to the QAA Board on whether the application should succeed;
- If the final scrutiny report were to receive a positive recommendation from the ACDAP, it would be presented to the QAA Board meeting on 15\textsuperscript{th} June 2016, which would provide formal advice to the Department for Business, Innovations & Skills (BIS) via the Higher Education Council for England (HEFCE);
- An institution would be formally notified by the Privy Council where an application was successful.

(ii) Further Education (FE), including Ofsted report
Governors noted that:
- The College had undergone an Ofsted 2-day inspection of its FE provision in Mar. 2016 which had confirmed the College’s existing grade of ‘Good’ (Grade 2);
- The report would be considered late on the agenda at agenda item 9;
- Under the current inspection regime, the College would be due to be inspected again in 3 years’ time;
- As noted by Ofsted’s inspectors, the retention rate on the first year of the Extended Diploma continued to be exceptionally positive at 99%, with retention on the Foundation Diploma and the Level 2 diploma also strong;
- The College continued to monitor closely retention on the second year of the Extended Diploma and on the Access course, where rates were lower.
It was noted in response to members’ questions concerning items (i) and (ii) above that:

- The draft TDAP report included positive comments on governance and the Ofsted report noted improvements in governance and the oversight of the College’s FE provision since the previous inspection in 2011;

(iii) Research
Governors noted that:

- The College continued to exceed its aims for research outputs as defined by the Research Excellence Framework (REF) set out in the College’s Research Strategy, with infrastructure work continuing in preparation for a submission in 2021.

(iv) Competitions and student & staff successes
Governors noted, in particular, that:

- Graduate Ria Sharma had been awarded the British Council International Alumni Award for Social Impact by the Lord Mayor of London and Baroness Valerie Amos at the British Council, Delhi, for her work *Make Love Not Scars*, at a ceremony attended by Professor Whittaker (Director of Studies, HE Enhancement & Research);
- Research Fellow, Kai Syng Tan, had been shortlisted as a finalist for the prestigious Arts and Humanities Research Council (AHRC)/BBC Radio 3, New Generation Thinkers initiative;
- The College had been nominated in 5 categories for the What Uni Student Choice Awards.

Governors congratulated the College on the successes outlined in the report.

(v) 170th birthday celebrations
Governors noted that:

- The Exhibitions Programme for 2016 celebrated the College’s 170th anniversary and included the development of substantive research around the history of the College and inter-generational reunion events.

(vi) Estates
Governors noted that:

- The full planning application for the new build at the Blenheim Walk site had been submitted on 11th Mar. 2016;
- Meetings were being held with the design team to begin the process of specifying specialist uses for rooms in the new building;
- Discussions were continuing concerning the groundworks and whether further exploratory work would benefit preparations for the main building contract;
- With reference to loan financing for the building project, documentation was being prepared and ‘requests for proposals’ were expected to be sent out to banks before the end of Apr. 2016.

(vii) Prevent Duty update
Members noted the Prevent Duty update included in the CEO’s report, including detailed reports on the following:

- Returns made to HEFCE in Jan. 2016 and Apr. 2016, detailing the policies, processes and arrangements that the College had put in place to respond to the Prevent Duty;
- A discussion in Mar. 2016 between the College’s Prevent Lead and HEFCE’s Prevent Duty advisor on the College’s context and response to the Prevent Duty, noting the appropriateness of its approach as a small, specialist HE institution (HEI) which included both HE and further education (FE) programmes;
• Details of Prevent Duty training provided and planned for staff;
• Ofsted’s judgement on safeguarding, including the College’s response to the Prevent Duty, in its Mar. 2016 inspection report on the College’s FE provision i.e. that the College’s approach was effective.

The Board of Governors received the CEO’s report for Apr. 2016.

9.0 Ofsted 2 day inspection 2-3 Mar. 2016: inspection findings report. Mr D Russell (Director of Studies, Progression and Student Support) presented the report, which detailed the outcome of a 2-day inspection of the College’s FE provision, 2nd - 3rd Mar. 2016. It was noted that Mrs Wright, the Board of Governors’ FE, Safeguarding & Prevent Duty lead Governor, had also met inspectors during the visit.

Governors considered the report, having noted above at item 8 that the College’s previous grade of Good had been confirmed. It was noted that the report’s conclusions included that: the College’s FE students continued to receive a good arts education and developed very good specialist skills and subject knowledge across a broad range of art and design disciplines; most FE students progressed to HE specialist art and design courses, with a small number progressing to employment or apprenticeships; course leaders and senior managers took effective action to remedy identified weaknesses; students benefitted from well-equipped studios and specialist library resources; safeguarding was effective.

Areas highlighted for further action in the report were considered in detail and it was noted in response to Governors’ questions that:
• The report noted that, while the majority of the College’s FE students progressed to specialist HE art and design courses and had opportunities to work on live briefs with commercial clients while at the College, further opportunities for external work experience and entrepreneurial activities could be promoted through the College’s contacts with creative networks, current practitioners and employers;
• Governors discussed opportunities for external work experience and entrepreneurial activities, with individual Governors providing information on their experience of the availability of government support for apprenticeships and their experience of internships in the creative industries and the professions;
• The report noted that since 2014/15, all 16-18 year old FE students had to have GCSE English and mathematics at grade C or above for entry to the College but continued to develop and improve their English and Maths skills within the art and design curriculum while at the College, with a need for further focus on developing higher level numerical skills for problem solving across the curriculum being highlighted in the report;
• While the College’s response to Safeguarding and the Prevent Duty was effective, suitable ways to enhance students’ understanding of the potential risks posed by radicalisation and extremism and to promote British values more systematically through the curriculum should be devised;
• While the report noted that female FE students achieved consistently better than their male counterparts, it also accepted that analysis of the reasons for this had shown no clear or consistent trends and that current monitoring of performance by gender had revealed no notable differences in terms of attendance, retention or standard of work.

Governors considered the sections of the report which related to the self-assessment and monitoring of the College’s FE provision, with it being noted in response to Governors’ questions concerning action planning that the College’s 2015-16 FE Self-assessment Report (SAR) would include a report on actions taken in response to the Ofsted report.
The Board of Governors received the Mar. 2016 Ofsted inspection report, congratulating the College on the inspection outcome.

**Part III - Academic Board report: for information**

10.0 **Key performance indicator (KPI) report.** The Jan. 2016 strategic KPI report was considered with particular reference to the following updating changes made since its review at the Jan. 2016 Board of Governors’ meeting:

- Investment in additional HE staffing in 2014-15 had resulted in a slightly improved staff student ratio of 1:17.1 (2013-14: 1:17.4), which was above the peer group ratio of 1:17.4 (2013-14: 1:18.8) based on HE Statistics Agency (HESA) data;
- The HE applications to places ratio for 2016/17 remained strong, with the new BA (Hons) Fashion Photography recruiting well;
- FE applications were similar to 2015, with fewer Foundation in Art & Design applications than in 2015 but with an increased acceptance rate;
- The outcome of the OFSTED 2-day inspection in Mar. 2016, which had been considered at item 9 above, had been added to the KPI table i.e. confirming that the College continued to meet its benchmark grade of Good.

The Board of Governors received the KPI report for March 2016.

11.0 **Academic Board report.** Governors noted that the approved minutes of the Academic Board’s Mar. 2016 meeting would be presented to the June 2016 meeting of the Board of Governors.

**PART IV - Financial & regulatory matters: items for consideration & information**

12.0 **Financial matters: management accounts.** The Director of Finance presented the management accounts for the period ending 29th February 2016, including a review of financial KPIs, which were considered.

Members noted that:

- The operating surplus was £682k ahead of budget due to contingencies relating to HE fees (i.e. as the second census date had passed and retention was higher than budgeted the full year forecast had been updated to reflect the expected outturn), unfilled vacancies, and timing issues with non-pay expenditure;
- With reference to capital expenditure, the total spend to date on the new build was £253k;
- There had been an addition to the College's Heritage Assets;
- Cash reserves remained high at £14.4 million and the level of bad and doubtful debts remained low at around £6k;
- The College's balance sheet was strong and its cash position healthy.

It was noted in response to members' questions concerning a favourable variance to budget in relation to the student hardship/cash bursary that this was due to the timing of applications but that the budget was expected to be fully used by the year-end, although expenditure on the cash bursary was expected to be lower than budget due to fewer eligible students.

The Board of Governors received the management accounts for the 7 months to 29th February 2016.

13.0 **HEFCE: annual assessment of institutional risk.** Governors noted that the Higher Education Funding Council for England (HEFCE) issued an annual statement to higher
education institutions (HEIs) which recorded its assessment of their individual risk status in one or 2 categories i.e. as either "Not at higher risk" or "At higher risk".

The Board of Governors received HEFCE’s letter of 4th March 2016, including the key financial metrics and indicators attached at Annexes A & B to the letter, noting that HEFCE’s annual assessment of institutional risk for Leeds College of Art based on the College's accountability returns for 2014/15 was that Leeds College of Art was “not at higher risk”.

14.0 Report on fees for Further Education (FE) Learners in 2016-2017. Governors noted that the Board of Governors had approved, at its Jan. 2016 meeting, the basis for the calculation of FE fees for Home students aged 19 and over for 2016-17, noting that actual fees would be calculated by the Director of Finance once the final fee matrix had been released by the Skills Funding Agency (SFA). The Director of Finance reported that as no changes had been made to the fees matrix, FE fees charged for Home and EU learners in 2016-2017 would be unchanged from 2015-16.

The Board of Governors received the Director of Finance report on FE fees for Home and EU students in 2016-17.

15.0 Access Agreement 2017/18. Mr Russell presented the draft agreement, noting that:

- The draft agreement reflected changes in the guidance and requirements from the Office for Fair Access (OFFA), including some restructuring and reformatting of the document, additional information on the College's approach to addressing protected characteristics across the student lifecycle, and the introduction of new targets to address progression, protected characteristics and collaboration;
- The spreadsheet accompanying the draft agreement showed where widening participation (WP) activity was resourced through ‘OFFA countable’ funds as well as funding from all sources (based on the assumption that HEFCE Student Opportunity Funding would halve over a 3 year period);
- The agreement had been formulated following consultation involving cross-college representation that included students and the Students' Union;
- The agreement was being recommended by the College's SMT.

Governors noted that:

- In recognition of the impact of reduced funding, as noted above, and the College’s past WP performance, discussion with OFFA had led to a proposed reduction in the proportion of expenditure on income received above £6,000 per student from around 23% in the current year to around 18% by 2018/19, bringing the College more into line with the sector;
- Following guidance from OFFA and national research, all fee waivers would be removed;
- The incentive for internal progression would be reduced from £625 to £500;
- Cash bursaries for materials would be sustained but reduced to £250 at levels 4 and 5 and £500 at level 6;
- To offset the above reductions, it was proposed that the hardship fund should be increased substantially to support those most affected by financial hardship regardless of family income;
- All other forms of support would continue unchanged;
- Proposed targets, which were based on the broad assumption of maintaining performance in an environment of increased competition and reduced resource, would be a significant challenge.
It was noted in discussion that:

- With reference to the proposal to reduce WP expenditure so that it was more in line with OFFA’s guidance and the sector norm, it was intended that the College’s commitment to outreach work would be sustained and further enhanced including an expansion of resource over the period of the agreement as a result of planned growth in student numbers;
- Data collation, evaluation and analysis, regarding protected characteristic groups and WP had been enhanced by the appointment of a College Strategic Planning Analyst within the College’s Academic Registry to support metrics requirements for the Teaching Excellence Framework (TEF);
- Given that the College was a small HEI, some difficulty remained, however, in the evaluation of ethnicity, multiple WP or equality criteria or different disability types, as student numbers could be too small to reveal meaningful trends.

It was noted in the context of the discussion at agenda item 12 above (Financial matters: management accounts) on expenditure on the student cash bursary in 2015/16 and in response to Governors’ questions concerning the distribution of hardship funds to students that:

- The hardship fund was administered by the Student Welfare team in order to provide flexible, on demand support in response to individual students’ needs;
- The availability of the fund was highlighted by the Student Welfare team at enrolment and at student group meetings;
- Individuals and departments would also draw students’ attention to the provision, as appropriate e.g. the Finance Department or Registry, where payments or attendance were affected by financial problems;
- The Student Welfare team could also provide money management advice to students, where required;
- In addition to the materials grant, materials sold to students by the College were at cost;
- The Student Welfare team would further actively promote the availability of the fund.

It was noted in response to Governors’ questions on WP, progression and access that:

- The College would continue its WP work with under-represented groups in schools, both in response to a reduction in art and design activity as part of schools’ core curriculum and in line with OFFA’s guidance on early years outreach e.g. the College was increasing the number of the student ambassadors to aid expansion of outreach activities by acting as role models and mentors;
- With reference to student progression, the College offered recent graduates the chance to develop their careers through access to a small number of external “incubation” work spaces and to benefit from mentoring and networking with the wider creative community;
- The ethnicity, age and gender mix of the College’s student group remained predominantly white, young and female, with actions being taken including curriculum review.

The Board of Governors approved the College’s Access Agreement 2017/18: proposed Dr Cottrell seconded Mr Clements.

**PART VI - Annual review of policies & procedures: for information**

16.0 Report on the annual review of the Health & Safety Policy. Governors noted that,
under the schedule of delegation included in the Board of Governors’ Combined Governance Policies document, the Board of Governors had not delegated approval of the following key policies: health & safety; equality & diversity; safeguarding children & adults at risk; risk management; using external auditors for non-audit services; fraud, bribery, corruption & irregularities; financial regulations; risk management; using external auditors for non-audit services; fraud, bribery, corruption & irregularities; the College’s financial regulations. The Clerk had established a Key Policies section of the Board of Governors’ section of eStudio which included copies of the current versions of the above documents, for ease of reference.

Mr Russell (Director of Studies, Progression and Student Support), as Chair of the College’s Health & Safety Committee, reported that the College’s Health & Safety Policy, which had last been approved by the Board of Governors on 10th June 2015, had been subject to annual review by the College’s senior management team (SMT), which was recommending no amendments to the current policy.

It was noted in response to Governors’ questions concerning the policy that issues relating to legionnaires’ disease were included in the College’s water management policy, which was available to staff on the College portal;

The Board of Governors received Mr Russell’s report on the College’s Health and Safety Policy.

**PART VII - Governance matters: items for consideration & information**

17.0 Nominations forms for election of the Chair & Deputy Chair of the Board of Governors for 2016/17. The Clerk distributed paper copies of nominations forms for the election of the Chair and Deputy Chair of the Board of Governors for 2016/17, which it had been agreed would take place at the Board of Governors’ meeting to be held on 8th June 2016. It was noted that Governors would also be able to make nominations electronically and that the Clerk would e-mail Governors to explain the procedure for doing so in due course.

The Board of Governors received a report from the Clerk on nominations procedures for the election of the Chair and Deputy Chair of the Board of Governors.

18.0 Membership matters: report on Students’ Union elections. Governors noted that the Students’ Union elections for 2016/17 had been held and the following have been elected as Student Governors:

- Students Union President/Student Governor *ex officio*: Adam Allsuch Boardman (Level 6 Illustration);
- Student Governor: Kimberley Burrows (Access to HE continuing on to BA Illustration).

The Board of Governors received a report on the 2016 Students’ Union elections, noting that the Search & Nominations would consider a formal recommendation on the appointment of Student Governors at its meeting on 8th June 2016.

19.0 Progress report arising from Governor annual appraisals/reviews. It was noted that, at the Search & Nominations Committee’s June 2015 meeting, Mr Yendell, as Chair of the Board of Governors, had presented a report on the 2014-2015 Governor annual review process, which had aimed to provide Governors with the opportunity to discuss the College and its governance, with particular reference to meetings, Governors’ own performance and contribution, possible changes and improvements to Board meetings or
Mr Yendell’s report had concluded that, in summary, the Governors participating had been broadly positive about the Board and governance processes. With reference to areas where Governors thought there could be improvement, a focused list of ideas and suggestions from the Chair about possible changes to aspects of Board processes and reporting had been drawn up and discussions undertaken with the College’s senior management team (SMT) and the Clerk. A report had been presented to the Search & Committee meeting on 25th Feb. 2016, which had agreed that a Red-Amber-Green (RAG) rated action table, showing progress made on actions arising from the Governor appraisal/review process, should be presented to the Apr. 2016 meeting of the Board of Governors. The action table was considered.

It was noted that Mr Yendell had based questions used during appraisals/reviews on the Leadership Foundation for HE (LFHE) personal challenges questions and that 3 other forms (variously produced by LFHE and the FE Learning & Skills Development Service (LSIS)) had also been considered. These had been included for information, with the (LFHE) personal challenges questions, as appendices to the action table.

It was agreed that Governors who wished to comment on the usefulness of completion of a standard form before appraisal/review should contact the Clerk, with comments to be forwarded to the Chair and Deputy Chair of Governors before commencement of the 2016-17 review process, noting that Mr Reid had already sent comments. Governors drew attention to similar questionnaires used by other organisations with which they were familiar and it was agreed that these could also be forwarded to the Clerk for information. It was noted that the LFHE was also developing new tools for measuring governing body effectiveness and the relationship of the head of institution and the Chair of the Board of Governors to reflect the new HE Code of governance and to help with benchmarking.

Governors noted with reference to the periodic review of Board of Governors’ effectiveness that, in addition to the Governor review process considered above, the comprehensive LFHE governance effectiveness questionnaire, previously used by the Board, was next scheduled to be completed by Governors online at the end of 2015/16.

**Action: Clerk**

The Board of Governors received a progress report on actions arising from the 2014-15 Governor appraisal/review process.

### 20.0 Standing report on use of the College seal

The Clerk reported that under the Instrument of Government and the Board of Governors’ Standing Orders, application of the College seal was authenticated by the signature of the Chair of the Board of Governors and by the Principal, as a member of the Board of Governors. Governors noted that the seal had not been used since the use notified at the Nov. 2015 Board of Governors’ meeting on the sealing of a deed relating to the appointment of mechanical, electrical & plumbing engineers for the Blenheim Walk new build on 25th Nov. 2015.

The Board of Governors noted that a report on the use of the seal in relation to contracts relating to the building project which were due for signing under seal later on 13th Apr. 2016 would be presented to the June 2016 meeting of the Board of Governors.

**Action: Clerk**

### 21.0 LFHE Leading the Board (18th Feb. 2016): briefing for Governors

The Deputy Chair of the Board of Governors, Dr Cottrell, presented a briefing on the LFHE Leading the Board event which she had attended on 18th February 2016.
Governors noted, with reference to developments and risks highlighted in Dr Cottrell’s briefing, that:

- The Government’s TEF White Paper was expected to be published in May 2016, with various prototypes being considered for TEF and WP metrics;
- Possible major changes in HEFCE funding to achieve government agendas for WP;
- Although the College’s recruitment of international students had been strong, most HEIs had over-estimated international student intake in 2014/15 but were still planning future surpluses dependent on international student recruitment;
- The possibility of future financial difficulties leading to failing HEIs;
- The need for HEIs to include the possibility of the UK leaving the EU in strategic risk registers.

The Board of Governors received a report on the LFHE Leading the Board event (Feb. 2016).

**PART VIII - Governance matters: items for approval**

22.0 **Schedule of business for 2016/17.** Governors considered the draft schedule, noting that it included both the dates for meetings of the Board of Governors and its committees and also outlined the key themes for Board meetings. It was noted in discussion that some flexibility in relation to themes might be required as requirements in relation to the new Office for Students, quality assurance arrangements, and TEF became clearer.

The Board of Governors approved its schedule of business for 2016/17, with amendment of the date of the spring term Audit Committee meeting to Wed. 29 Mar. 2016: proposed Mr Finnigan, seconded Mr Ramshaw.

*Action: Clerk*

**PART IX - Committee reports & minutes: for receipt**

23.0 **Board of Governors: committee minutes & reports.** The approved minutes of the extraordinary meeting of the Search & Nominations Committee meeting held on 15th Feb. 2016 and the unconfirmed minutes of the meeting held earlier on 25th Feb. 2016 were received.

**PART X - Final matters**

24.0 **Any other business.** There was no other business not already on the agenda.

25.0 **Risk Management.** Governors noted that the possibility of the UK leaving the EU was not included on the College’s risk register, noting that this could be reviewed once the outcome of the referendum was known.

26.0 **Date of next meetings.** It was noted that the Board of Governors was next due to meet on:
- Wed. 27th Apr. 2016 at 4.00pm (Governors & Executive meeting)
- Wed. 8th June 2016 at 1.30pm (Board of Governors’ meeting)

**PART Xi - Reserved Matters**

27.0 **Exclusions.** It was agreed that the following staff and student members should leave the meeting prior to a discussion by the Board of Governors on exclusions during Reserved
Matters agenda items 28-32: Mr F Bates (Governor nominated by the Academic Board), Mr R Miles (elected and co-opted Staff Governor), Mr R Reynolds (Co-opted Student Governor), Ms S Bailey (Director of Finance), Mr D Russell (Director of Studies, Progression and Student Support), Mr S Thorpe (Director of Studies, Professional and External Development), Professor R Whittaker (Director of Studies, HE Enhancement & Research). It was subsequently agreed by the Board of Governors that the Director of Finance, Ms Bailey, should return to the meeting during the discussion of agenda item 28.
PART XI - Reserved Matters

27.0 Exclusions. The Clerk presented a report on exclusions. It was noted that, under the Board of Governors’ Standing Orders:

- If required to do so by a majority decision of the Board of Governors (excluding Student Governors), Student Governors should withdraw where there was consideration of staff matters relating to a staff member;
- If required to do so by a Board of Governors’ resolution, Staff Governors should withdraw from agenda items which concerned staff in a position senior to their own.

Governors noted that the Board of Governors’ established practice was that:

- Other members of staff (e.g. members of the Senior Management Team (SMT) other than the Principal) should also withdraw from Reserved Matters items, unless requested to remain in attendance by the Board of Governors;
- As provided under the Board of Governors’ Standing Orders, the Board of Governors could require the Principal or the Clerk to the Board of Governors to withdraw from an agenda item which concerned them directly as designated senior post-holders (e.g. where there was a personal or pecuniary interest) but not where an item concerned senior post-holders as a class.

[Confidential minute].

The Board of Governors resolved, that in line with the provisions of the Board of Governors’ Standing Orders and its established practice, the Student Governor should be excluded from the Reserved Matters agenda i.e. agenda items 27-32.
The Board of Governors resolved that the Staff Governors, with the exception of the Principal, should be excluded from the Reserved Matters agenda i.e. agenda items 27-32.

The Board of Governors resolved that members of the College’s SMT should be excluded from the Reserved Matters agenda, with the following exception: the Director of Finance should be invited to attend agenda item 28 to comment on the financial implications of the cleaning contract proposal.

The Director of Finance, Ms Bailey, returned to the meeting.

28.0 **Cleaning contract.** The Director of Finance, Ms Bailey, presented the College’s recommendation following a tendering exercise for the award of cleaning contracts for the College’s 3 sites i.e. Blenheim Walk, Vernon Street and Geoff Hodgson House.

*[Confidential minute]*.

The Board of Governors agreed to award the cleaning contract for the Blenheim Walk, Geoff Hodgson House, and Vernon Street sites to Bulloughs: proposed Mr Flathers, seconded Dr Cottrell.

**Action: Director of Finance**

Ms Bailey left the meeting.

29.0 **Reserved matters: confidential Board of Governors Reserved Matters minutes of the meeting held on 27th Jan. 2016.** The minutes of the meeting of the Board of Governors held on 27th Jan. 2016 were approved: proposed Mr Flathers, seconded Dr Cottrell.

30.0 **Action plan update & matters arising.** It was noted that there was no action plan arising from the above minutes and no matters arising from the minutes which were not included on the agenda.

31.0 **Reserved matters: confidential Remuneration Committee minutes of the meetings held on 27th Jan. 2016.** The unconfirmed Remuneration Committee minutes were received for information.

32.0 **Risk Management.** It was noted that there had been no new items of risk identified at the meeting under the Reserved matters agenda.
PART I - Procedural matters: items for approval

3.0 Minutes of the previous meeting. The minutes of the meeting of the Board of Governors held on 13th Apr. 2016 were approved with the following amendment: the reference to the University of Leeds at item 2 should be to the University of Sheffield: proposed Mr Reid, seconded Mr Flathers.

Action: Clerk

4.0 Action plan update & matters arising. Governors considered the action plan attached to the above minutes, noting that actions not already completed were on the agenda or had
a future completion date.

**PART II - CEO’s report: items for consideration and monitoring**

5.0 Chief Executive’s report. The Principal, Professor Wonnacott, presented her CEO’s report.

(i) Guardian League table
Governors noted that:

- The College was the highest ranked specialist art and design institution in the Guardian University League Tables 2017 for the Art subject area, ranking tenth in the whole of the UK;
- The College also ranked highly for Design & Crafts (14th place out of 73 institutions) and Film & Photography (11th place out of 66 institutions);
- With reference to the Fashion ranking, actions were in place to bring about improvements, as the course had suffered from discontinuity of staffing in the past.

It was noted in response to Governors’ questions that:

- While recent focus groups with Fashion students had indicated that they were happy with current staffing arrangements, students took the whole of their course into account when completing the National Student Survey (NSS) so dissatisfaction in the early years of the course could affect the 2016 NSS score, for example;
- Fashion students were successful at winning awards and gaining access to fashion houses on graduation.

(ii) Trolley Bus
Governors noted that:

- The Department for Transport had announced that the Secretary of State had decided to reject Leeds City Council’s and Metro’s application to build a trolleybus system;
- The local authority had been allowed to retain £173m of funding so an alternative public transport scheme in Leeds could be developed and it was hoped that there would be consultation with the College should other schemes be developed which affected it;
- The local authority had removed a planning objection to the College’s new build which related to the trolleybus scheme, at the College’s request.

Governors discussed actions being taken to ensure good relations with Leeds City Council generally, noting a meeting arranged with Leeds City Council Chief Executive, Mr T Riordan and Councillor J Blake, the Leader of the Council and Executive Member for Economy and Culture.

(iii) Estates matters
Governors noted that:

- The College had yet to hear whether it had obtained planning permission for the new build at the College’s Blenheim Walk site;
- The College was holding meetings with the design team concerning detailed room specifications, with reference to specialist requirements;
- The College expected to sign off this work shortly and that the College would go out to tender for work to be undertaken in the summer;
- It had been arranged that the Principal, the Director of Finance, and Independent Governor, Mr D Reid, would meet to consider bank proposals for financing the new build.
(iv) Taught Degree Awarding Powers (TDAP)
Governors noted that:

- The Principal had received confirmation from the Head of Degree Awarding Powers and University Title (Interim) & Secretary to the Advisory Committee for Degree Awarding Powers, that there would be a positive recommendation to the Quality Assurance Agency (QAA) Board on the College's application for TDAP;
- The QAA Board would meet on 15th June 2016 to consider the recommendation, with the final decision a matter for the Privy Council;
- The College’s TDAP Transition Group continued to work through an action plan to ensure all the necessary documentation would be ready when the College achieved TDAP, which it was hoped would be in 2016/17.

It was noted in response to Governors’ questions that:

- Once TDAP had been awarded, the College would consult with students on transferring their degrees from the OU to the College as validating body, with student focus groups indicating that students were positive about the process;
- Proposed designs for graduation gowns, to be used for degrees validated and awarded by the College after the award of TDAP, would be shared with students.

(v) White Paper - Success as a Knowledge Economy: Teaching Excellence, Social Mobility and Student Choice
Governors noted that:

- The Department for Business, Innovation & Skills (BIS) White Paper on HE was out to consultation and included sections on how new providers could enter the market, how teaching would be funded, how research would be managed and how students could make more informed choices about where to study;
- It was proposed that the new Office for Students (OfS) would be the central coordinator for the HE sector taking on much but not all of the Higher Education Funding Council for England (HEFCE’s) current role as well as the function of the Office for Fair Access (OFFA);
- The College’s senior management team (SMT) were carefully considering the detail in the White Paper and were reviewing the College’s current processes and whether any changes would be needed to ensure the College was prepared for the future, although further information was still to be finalised from BIS on implementation following consultation;
- The Director of Finance, Ms Bailey, and Professor Whittaker (Director of Studies, HE Enhancement & Research) would be attending consultation sessions shortly;
- The White Paper was available on the Board of Governors’ section of eStudio and the Principal would provide any updates in the CEO’s report.

It was noted in response to Governors’ questions concerning the White Paper’s focus on metrics and teaching excellence, with reference to the College’s ability to compare practice with peer institutions, that the College was a member of GuildHE which was running an event on metrics in June 2016.

(vi) Pay Offer and Unions
It was noted in response to Governors’ questions that:

- The University and College Union (UCU) strike action over the 2016/17 pay award, which had been held on 25th and 26th May 2016 had not adversely affected the College;
- The UCU was also encouraging members to take action short of a strike (i.e. working to contract) from 25th May 2016 and for UCU members to resign from external examiner positions, giving contractual notice, although this had not
affected the College to date.

(vii) **HE student retention rates**
It was noted in response to Governors’ questions that:

- Retention rates by programme had been considered by the HE Committee, noting that figures across all of the cohorts had been slightly better than in 2014/15 but that there had been a spike in withdrawal rates on Fine Art and Graphic Design and higher than expected suspension of studies withdrawals on Fashion;
- The relevant teams had been reviewing figures for 2015/16 and considering strategies to improve retention and the College’s SMT would also monitor and review action plans with the teams;
- While many of the withdrawals were due to student personal circumstances, possible actions to improve retention generally might include the sharing of good practice in relation to student retention across HE and FE e.g. good practice established by FE in relation to significant improvements in retention on the Extended Diploma programme.

The Board of Governors received the CEO’s report, congratulating the College on its position in the Guardian league table.

### 6.0 Key performance indicator (KPI) report
The Director of Finance, Ms Bailey, presented the KPI report, which had been updated for the following information:

- Destinations of Leavers from Higher Education (DLHE) results, which showed significant improvement on prior year results;
- Non-completion rates continued to be low and better than the benchmark and sector average;
- Progress continued to be made in reducing carbon emissions, even though there had been an increase in activity and student numbers, with actions taken including voltage optimisation, better waste management and improved energy efficient lighting.

It was noted in response to Governors’ questions that:

- The reduction in carbon emissions had also had financial benefits for the College;
- There was a heightened awareness of the importance of DHLE data, which could form part of the Teaching Excellence Framework (TEF);
- There had been an increased graduate response rate to the DHLE in 2015;
- The DHLE KPI did not include information on the percentage of students in graduate jobs but this could be provided;

**Action: Director of Finance**

- A full report on the College’s Strategic Plan aims and KPIs was a standing agenda item for the Oct. meeting of the Board of Governors and any changes to KPIs could be made at that meeting, although it would be preferable, in general, to keep current KPIs unchanged for comparative purposes as the College was about to start drafting the Strategic Plan 2017-22, which would include a revised set of KPIs, including KPIs for research.

The Board of Governors received the College's KPI report.

### Part III - Academic Board report: for information

### 7.0 Academic Board report
The Principal presented the minutes of Academic Board meetings held on 16th Mar., 14th and 28th Apr. 2016, together with a summary report.

It was noted in response to Governors’ questions concerning a case of academic
misconduct reported in the Mar. 2016 minutes, that it had been found that there had been insufficient evidence to support the accusation and that the College had reviewed its procedures subsequently to ensure that they contained clear guidance on when such cases should be brought.

Governors noted that the meeting held on 15th Apr. 2016 had considered TDAP related matters, including approval of Academic Regulations, relevant policies and procedures, and a process for the future monitoring and evaluation of programmes. Changes to the College's deliberate structure (considered at the Academic Board meeting held on 28th Apr. 2016) would be considered at agenda item 8 below. It was noted with reference to the discussion of the Monitoring and Evaluation of Programmes section of the Quality Handbook that the Academic Board External Member had enquired whether the Annual College Report would be received by the Board of Governors, with it being noted that this would be considered once future arrangements for the HE sector’s quality framework were known.

It was noted in response to members' questions concerning the revised Disciplinary Policy and Procedure for HE and FE students (which had been approved at the Academic Board's Mar. 2016 meeting) that this included a provision that students who had had their registration terminated by the College could apply to return after 2 years, which had been reflected in the Academic Regulations approved on 15th Apr. 2016.

Governors noted the successful outcome of the validation of the College's new MA Curation Practices, which would commence in Sept. 2017, and it was agreed that a presentation on the process for validating degrees should be included as part of a future Governor training session.

**Action: Clerk**

The Board of Governors received the Academic Board minutes and the Principal's summary report for information.

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### Part IV - Academic & quality matters: for approval

#### 8.0 Membership of the Academic Board

Governors noted that, section 3.3 of the Articles of Government for the Higher Education Corporation of Leeds College of Art stated that ‘There shall be an Academic Board of the College, whose membership shall be set out in rules or bye-laws approved by the Board of Governors’. Governors considered a recommendation on the proposed membership of the Academic Board for 2016/17.

Governors noted that the meeting of the Academic Board on 28 Apr. 2016 had approved changes to its subcommittee membership and terms of reference in order to ensure that an appropriate structure was in place to address additional responsibilities placed on institutions from the implementation of the Teaching Excellence Framework, new HE legislation and to be ready for an anticipated grant of Taught Degree Awarding Powers (TDAP). The changes also clarified the distinction between academic enhancement & development and academic quality assessment & assurance e.g. changes included:

- The Higher Education Committee being renamed the Higher Education Quality and Standards Committee (HEQAS) in order to help provide clarity about its remit;
- The HEQAS to consist of Programme Leaders and some Principal Lecturers but not the Heads of Undergraduate programmes, to provide improved critical distance between the Higher Education Quality and Standards Committee and Academic Board;
- A larger majority of Academic Board’s subcommittee members being appointed through elections, thus enabling wider and fuller representation across the College from both academic and business support staff;
• The terms of reference for the Learning Teaching and Enhancement Committee having been amended to provide a greater focus on developing and monitoring strategies for the enhancement of pedagogy and the delivery of learning and teaching;
• The remit of the Programme Boards having been amended to focus more on student feedback and discussion in addition to monitoring, following feedback during the TDAP review by the Quality Assurance Agency (QAA).

The Principal reported that current membership of the Academic Board had been appropriate in an environment where the Open University (OU) validated and oversaw the College’s HE provision but, post-TDAP, it would be appropriate for the Academic Board membership to be widened to include a greater range of staff and elected staff. It was noted that the new structure had been designed to enable greater consideration of matters by a broader range of staff and was considered to be an important step in the development of the College post-TDAP.

It was noted in response to Governors’ questions that:
• The Academic Board’s terms of reference were based on its responsibilities as set out in the Articles of Government, approved by the Privy Council and adopted by the Board of Governors but that the terms of reference of the Academic Board’s subcommittees did not fall within its remit;
• Student membership was included as part of the College’s deliberative structure to facilitate the Student Voice.

The Board of Governors approved the revised membership of Academic Board for adoption at the start of the academic year 2016-17: proposed Mr Clements, seconded Mr Reid.

**PART V - Financial matters: items for consideration**

9.0 Financial matters: management accounts. The Director of Finance, Ms Bailey, presented the management accounts for the period ending 30th Apr. 2016, including a review of financial KPIs.

Governors noted that:
• The management accounts for the nine months to 30th Apr. 2016 showed an operating surplus of £2.8m, which was £889k ahead of the budget due to contingencies relating to HE fees (i.e. a 2.8% non-collection rate against a budgeted 5%), unfilled staff vacancies, and timing differences on non-pay purchases;
• Forecast income was £544k higher than budget, primarily due to HE fee income being better than budget and a funding contingency of £100k no longer being required;
• Capital expenditure totalled £896k, of which professional fees relating to the new build were £342k, with total spend to date on the new build being £390k;
• Cash reserves remained high at £12.9 million (which was ahead of budget);
• The level of bad and doubtful debts was low at around £5k;
• Significant investment had been made in student equipment and resources;
• The full year operating surplus was expected to be £2,220k (14% of income) dependent upon the final pension adjustments.

Governors noted that financial management and reporting was strong and that the College had appeared in the Times Higher (THE) list of HE institutions (HEIs) with sound financial management.
It was noted in response to Governors’ questions:

- With reference to the Guardian league table, that the College, like most of its peers in the small and specialist group of HEIs against which it benchmarked itself, had spend per student in the lower half of the table;
- The College's strong surplus was not expected to disadvantage it with reference to applications for other funding (although it had, in the past, been refused specialist funding), with HEIs being recommended to produce surpluses of 5-10% to enable them to invest in infrastructure and estates, given that HEFCE capital grant funding had fallen;
- With reference to the College's surplus, that the College had a very efficient model of delivery and had built up a strong surplus primarily to enable it to invest in the current new build project;
- Finance department staff were reviewing short-term investments which would allow funds to be accessed for the building project when required, with reference to the requirements of the College's Financial Regulations concerning approved counterparties;
- A recently acquired Jacob Kramer painting had been included within Heritage Assets.

The Chair of the Audit Committee, Mr Clements, reported that the Audit Committee would consider KPMG’s 2014/15 HE financial statements benchmarking report at its next meeting and that it would also be available on the Board of Governors' section of eStudio for all Governors to review.

*Action: Clerk*

The Board of Governors received the management accounts for 30th Apr. 2016.

10.0 **Budget assumptions presentations.** The Director of Finance presented the budget assumptions report. Governors noted that the presentation had been prepared in order to provide an outline of the main external and internal factors which could have an impact on the College, set out the key assumptions used in preparing the budget, with details of the previous year’s actual results, the forecasted 2015/16 outturn and the 2016/19 financial plans also provided.

Governors noted, with reference to the external environment and strategic planning initiatives, that:

- Student recruitment remained competitive across all types of institutions and the HE White Paper might make it easier for new entrants to the market and for students to move between HEIs taking their credits with them, which could make long term planning more difficult;
- HE funding and FE funding were relatively stable, except for reductions in HE Student Opportunity funding;
- The financial plan would assume a reduction in Open University (OU) fees in 2017/18 as a result of TDAP;
- With reference to the strategic planning, a key focus would be the proposed new build on the Blenheim Walk carpark, which would have a financial impact for 7-10 years;
- Other relevant strategic planning issues included planned expansion through the development of new programmes and expansion in existing provision, including increased staffing to support increased student growth, the development of new programmes, managing additional responsibilities post-TDAP and new quality assurance requirements;
- A continuing focus on the student experience, with investment in resources and
improved employability initiatives, support for the College’s research agenda, and a continuing increase in international recruitment.

Governors noted with reference to the College’s financial strategy that:

- Operating surpluses were expected to be in the range of 3%-10% of income i.e. with the College’s operating surplus reducing to 8% which was still above the sector average for 2014-15 of 5.8% and was in line with College strategy;
- A 5 year rolling average of £1.5 million for EBITDA, with the financial plan well above this;
- Payroll as a percentage of income not to exceed 55%-56% on an ongoing basis, budgeted at 54% (excluding pension accounting) for 2016/17;
- Expenditure of at least 3%-5% of income on routine and long term maintenance, with a budgeted spend of 4.8%;
- At least 5% of the insurance value of non-property assets spent on capital equipment each year, with a budgeted spend of around 15.7%.

Governors noted that key assumptions and sensitivities included:

- Recruiting additional students;
- A £9,000 fee for HE Home students for 2 years and a small inflationary increase in year 3;
- HE fee collection rates in the budget prudently assumed to be 95% across all 3 years, against a current rate of 97.5%;
- A small increase in Home FE numbers, a small decrease in overseas FE, an increase in HE overseas students;
- £6.5 million of total build costs of £17.2 million expended on the Blenheim Walk car park build in 2016/17, with £870k on new equipment and a £1.1 million increase in staffing costs due to new posts, restructuring, longer opening hours and increases in national insurance contributions.

Governors noted that planned capital expenditure of £7.3 million (2015 - £900k) included: the new build on the Blenheim Walk carpark, a replacement boiler at the College’s Vernon Street site, new equipment (i.e. new IT, printroom, photography and AV equipment).

Governors noted with reference to the planned new loan facility that this included:

- A revolving Credit Facility of £8 million, with £6 million crystallised into a new term loan with an expected repayment period of 7 years;
- Pricing and covenants were under review with bank presentations planned for 9th June 2016.

Governors reviewed the budget revenue bridge, cost bridge, staffing cost bridge and 3-year perspective key issues.

Governors discussed in detail with reference to the College building project: the appropriate level of contingency; cashflow; interest rate options for the loan, noting that this would be reviewed at the bank presentations on 9th June 2016. It was noted that that the College’s draft 2016/17 budget and financial plan would be presented to the Board of Governors meeting on 6th July 2016 for consideration on approval and submission to HEFCE by 31st July 2016.

The Board of Governors received the 2016/17 budget assumptions presentation.

**PART VI - Financial & regulatory matters: for approval**
11.0 **Business & Group Travel.** The Director of Finance reported that a tender for the College’s travel requirements for both Business Travel and Student/Group travel had been conducted against the Southern Universities Purchasing Consortium (SUPC) Framework.

The Board of Governors agreed that, on the basis of the College’s recommendation on the tender evaluations, the travel contracts should be awarded to StudyLink for group travel requirements and to STA for business travel and alternate group travel requirements: proposed Mrs Wright, seconded Dr Cottrell.

PART VII - Reports: items for information & consideration

12.0 **Standing report on use of the College seal.** Governors received a report from the Clerk, noting that contracts relating to the building project at the College’s Blenheim Walk site had been signed under seal on 13th Apr. 2016 i.e. contracts in relation to the appointment of: WYG Engineering Limited as Structural Engineer & BREEAM Assessor; RPP Limited as Quantity Surveyor; DLA Architecture Limited as Architect; GVA Grimley Limited GVA as building works Project Manager.

13.0 **Health & Safety: standing report on use of RIDDOR incidents year to date.** The Board of Governors received the College’s report that there has been no RIDDOR incidents year to date.

14.0 **Transparent Approach to Costing (TRAC) & TRAC (T) benchmark analyses.** Governors noted that the Transparent Approach to Costing (TRAC) system was the standard method used for costing within the HE sector, the main purpose of which was to obtain full economic costs for Teaching, Research and Other institutional activity by attributing Income and Expenditure from the audited Financial Statements and the resulting surplus/deficit across the different areas. The College’s 2014-15 TRAC had been submitted to HEFCE in Jan. 2016 and the College’s TRAC (T) return, a separate return covering the costs of subject specific teaching, had been submitted to HEFCE in Feb. 2016.

Governors considered the TRAC and TRAC (T) benchmark analyses, noting in particular that:
- The College’s sustainability was positive at -7 compared to a peer group average of 0.9;
- The bulk of the College’s activity was publicly funded teaching;
- With reference to the TRAC (T) analysis of teaching costs per student, the College was just below the first quartile for its peer group.

Governors considered the fact that, under the TEF, eligible colleges could increase maximum HE tuition fees from £9,000 to £9,250 for 2017/18, discussing in this context whether increased competition from new providers would eventually lead to greater fee differentiation in the sector and the extent to which higher fees were both a signifier of and a resource for increased quality.

The Board of Governors received the 2014-15 TRAC & TRAC (T) benchmarking analyses for 2014-15, agreeing that it would useful to have a brief summary of key issues included with the report in 2016/17.

**Action: Director of Finance**

15.0 **Report on LFHE roundtable event on Academic Governance.** Governors considered a report from the Clerk on a Leadership Foundation for Higher Education (LFHE) Academic
Governance roundtable event held on 11th May 2016, noting that the aim of the meeting had been to: explore current approaches for governing bodies in relation to academic matters; consider how the changing landscape for higher education might result in changed approaches to academic governance; share practice in relation to academic governance; feed into the developments for Guidance on Academic Governance due to be produced by Committee of University Chairs (CUC) and LFHE.

It was noted that the event had been held after HEFCE’s Revised operating model for quality assessment (March 2016/03) had been published but before the publication of the Government’s White Paper Success as a Knowledge Economy: Teaching Excellence, Social Mobility and Student Choice (BIS, May 2016). It was noted, with reference to the former that the HEFCE publication stated that, as part of the new operating model, the ‘role of the governing body would be to receive reports and challenge assurances (about quality) from within the institution. It would not be to be drawn into the quality management activities itself’, with confirmation that the governing body had fulfilled its role in relation to academic quality and standards being included in the colleges’ Annual Accountability Returns.

The Board of Governors received, for information, a report from the Clerk on the LFHE Academic Governance roundtable event held in 11 May 2016.

**PART VIII - Committee reports & minutes: for receipt**

16.0 **Board of Governors: committee minutes & reports.** The Board received the unconfirmed Audit Committee minutes of 13th Apr. 2016, noting with reference to the Committee's regular review of the College's strategic risk register that review of strategic risk relating to the building project would be a future focus.

**PART IX - Governance matters: items for decision**

17.0 **Election of the Chair of the Board of Governors.** The Board of Governors received the nominations and candidate statements of Mr C Clements and Dr S Cottrell who were standing for the role of Chair of the Board of Governors, noting that the term of office for the Chair was 4 years subject to annual re-appointment. Following a secret ballot, Mr Clements was congratulated on his appointment as Chair of the Board of Governors from 17th July 2016 i.e. following the ending of Mr Yendell’s current term of office.

**PART X - Final matters**

18.0 **Any other business: OFFA Access Agreement.** The Director of Finance tabled a paper concerning proposed revisions to the College’s Access Agreement 2017-18, which had been approved at the Board of Governors’ meeting on 13th Apr. 2016. Governors noted in discussion that, under the TEF, the College would be able to raise Home HE tuition fee to the new cap limit of £9,250 for 2017/18 and that OFFA expected HEIs which raised their fees to increase bursary provision accordingly in their 2017-18 Access Agreement.

The Board of Governors approved, for submission to OFFA, a home HE tuition fee of £9,250 for 2017/18 and a corresponding second year bursary increase from £250 to £350: proposed Mrs Wright, seconded Mr Clements.

**PART X - Final matters (continued)**

19.0 **Risk Management.** It was noted that no new items of risk had been identified at the meeting.
20.0 Date of next meetings. It was noted that the Board of Governors was next due to meet on Wed. 6th July. 2016 at 1.30pm.

PART XI - Reserved Matters

21.0 Exclusions. It was agreed that the following staff members should leave the meeting prior to a discussion of Reserved Matters agenda items 22-26: Mr F Bates (Governor nominated by the Academic Board), Ms S Bailey (Director of Finance), Mr D Russell (Director of Studies, Progression and Student Support), Mr S Thorpe (Director of Studies, Professional and External Development), Professor R Whittaker (Director of Studies, HE Enhancement & Research).

22.0 Reserved matters: confidential Board of Governors Reserved Matters minutes of the meeting held on 13th Apr. 2016. The confidential Reserved Matters minutes of the meeting of the Board of Governors held on 13th Apr. 2016 were approved: proposed Mr Flathers, seconded Mr Bagley.

23.0 Action plan update & matters arising. It was noted that all actions in the action plan attached to the above minutes had been completed.

24.0 Annual review of confidential minutes. The Board of Governors undertook its annual review of confidential minutes produced during the previous year and agreed the Clerk’s recommendations on minutes to be released from confidentiality: proposed Mrs Wright, seconded Mr Finnigan.

Action: Clerk

25.0 Any other business. There were no other matters of business not already on the agenda.

26.0 Risk Management. It was noted that no new items of risk had been identified under the Reserved Matters agenda.
BOARD OF GOVERNORS OF THE HE CORPORATION
MINUTES OF THE EXTRAORDINARY MEETING HELD ON WEDNESDAY 6TH JULY 2016

Present: Mr A Allsuch Boardman (Students’ Union President/Student Governor), Mr D Bagley (Independent Governor), Mr F Bates (Governor nominated by the Academic Board), Mr C Clements (Independent Governor), Dr S Cottrell (Independent Governor & Deputy Chair of the Board of Governors), Mr J Finnigan (Independent Governor), Mr D Reid (Independent Governor), Ms A Handa (Independent Governor), Mr N Ramshaw (Independent Governor), Professor S Wonnacott Principal/CEO & Governor ex officio), Mrs C Wright (Independent Governor), Mr P Yendell (Independent Governor & Chair of the Board of Governors)

In attendance: Mrs F Bagchi (Clerk to the Board of Governors), Ms S Bailey (Director of Finance), Mr D Russell (Director of Studies, Progression and Student Support), Mr S Thorpe (Director of Studies, Professional and External Development), Professor R Whittaker (Director of Studies, HE Enhancement & Research)

1.0 Apologies for absence. Apologies were received from Professor S Congdon (Co-opted member with experience in the provision of education), Mr J Flathers (Independent Governor), Mr R Miles (elected and co-opted Staff Governor), Mr R Reynolds (Co-opted Student Governor), and Ms K Watson (Independent Governor).

2.0 Declaration of interests & code of conduct report. The following standing declarations of interest were received under this agenda item: Mr Bates (employee, Leeds College of Art), Mr D Bagley (University of Sheffield Council member), Mr Clements (partner, Deloitte), Dr Cottrell (employee, University of East London), Mr Ramshaw (employee, Thompson Brand Partners), Mr Reid (Director of Bank Saderat plc and an Independent member of the probate (regulatory) committee of the Institute of Chartered Accountants of England and Wales), Professor Wonnacott (employee, Leeds College of Art, and Universities & Colleges’ Employers’ Association Board member).

It was noted that Dr Cottrell (Deputy Chair of the Board of Governors) had an interest in agenda item 15 (Election of the Deputy Chair of the Board of Governors).

PART I - Procedural matters: items for approval

3.0 Recommendation on appointment of Student Governors. The Board of Governors approved, on the recommendation of the Search & Nominations Committee, the appointment of

- Adam Allsuch Boardman as the Students’ Union President/Student Governor ex officio from 6th July 2016, and
• Kimberley Burrows as the Elected Student Governor from 1st Sept. 2016: proposed Mr Clements, seconded Dr Cottrell

**Action: Clerk**

The Board of Governors Committee agreed, on the recommendation of the Search & Nominations Committee, that the above appointments should be for 4 years or until the person appointed ceases to hold office as the Students’ Union President/Student Governor or as the Elected Student Governor, as the case might be, with appointment subject to meeting the usual Governor eligibility criteria.

**Action: Clerk**

**4.0 Minutes of the previous meeting.** The minutes of the meeting of the Board of Governors held on 8th June 2016, including the Reserved Matters minutes, were approved: proposed Mr Reid, seconded Mr Bates.

**5.0 Action plan update & matters arising.** Governors considered the action plan attached to the above minutes, noting that actions not already completed were on the agenda or had a future completion date.

It was noted, in response to members’ questions, that the Clerk would send out and/or send links to the following forms which were due for completion by Governors during summer 2016: financial year-end declaration form (paper form); governance effectiveness questionnaire (electronic form); audit of skills form for updating where appropriate (electronic form).

**Action: Clerk**

The Board of Governors completed its review of actions arising from the June 2016 minutes.

### PART II - CEO’s report: items for consideration and monitoring

**6.0 Chief Executive’s report.** The Principal, Professor Wonnacott, presented her CEO’s report.

(i) **Pay Offer and Unions**

The Principal reported, in response to Governors’ questions, that the UCU strike action on 5th July 2016, concerning the 2016 pay offer, had not been disruptive.

(ii) **Taught Degree Awarding Powers (TDAP)**

Governors noted that the Principal had received confirmation from the Head of Degree Awarding Powers and University Title (Interim) & Secretary to the Advisory Committee for Degree Awarding Powers QAA (Quality Assurance Agency), that, following the QAA Board meeting of 15th June 2016, the QAA had now submitted its confidential advice on the College’s application to the Higher Education Funding Council for England (HEFCE), which would make a recommendation to the Department for Business, Innovation and Skills (BIS). It was anticipated that this would be positive. The final decision and formal notification of the outcome on the College’s application would be made by the Privy Council.

(iii) **Estates**

Governors noted that planning application for the new build at the College’s Blenheim Walk site had been granted and the College was exploring the possibility of starting the ground works prior to the main contract.

It was noted in response to Governors’ questions that:

- The conditions attached to the planning permission were not considered to be onerous and the College was working through these with the design team;
- As the groundwork and main build had different contractors, the College would ensure that the works were appropriately aligned;
• It was currently anticipated that the new building would open in 2018, as planned;
• The College had a good working relationship with the developers who were converting the neighbouring property, Blenheim Court, into student accommodation.

(iv) Further Education (FE) Retention
Governors noted and congratulated the College on retention on FE courses i.e. Level 2 Diploma in Visual Arts 100%; Foundation Diploma 98%, Extended Diploma first year 99% (second year: 82%).

(v) Higher Education (HE) and FE applications
Governors noted that HE application targets had been increased for 2016/17, with some courses not yet meeting their increased targets. It was noted in response to Governors’ questions that the College position appeared to be generally in line with that for the sector, the College was confident but not complacent concerning the meeting of targets and would continue to monitor the situation to ensure that overall targets were met. It was noted that international student recruitment appeared positive at the current stage in the recruitment cycle.

Governors noted that FE acceptance rates on the Foundation Diploma and Extended Diploma suggested that the College would meet their overall targets, with application rates for the Access to HE and Level 2 Diploma for adult learners positive at the current stage in the recruitment cycle and with international acceptances on the Foundation Diploma exceeding target.

(vi) Brexit implications
It was noted in response to Governors’ questions that the risk from Brexit was lower for the College than for many HE institutions, as the College had a low proportion of EU students, although the potential loss of valuable student enrichment through the Erasmus programme was an issue of concern for the College. It was noted that a loss of EU research income was a significant risk for HEIs generally although this was not currently an issue for the College.

(vii) Research
It was noted in response to Governors’ questions that the College’s annual report on staff research would demonstrate the breadth of research undertaken, with all curriculum areas represented.

(viii) Student success
Governors considered the report on student successes, congratulating students, in particular, on the end of year shows.

The Board of Governors received the CEO’s report for July 2016.

7.0 Key performance indicator (KPI) report. Governors noted that the latest KPI report remained as presented to the Board of Governors on 8th June 2016.

Part III - Academic Board report: for information

8.0 Academic Board report. It was noted that the minutes of the Academic Board meeting held on 29th June 2016 would be presented to the Oct. 2016 meeting of the Board of Governors.
Action: Clerk

Presentation to Mr Yendell
The Principal made a presentation on behalf of the Board of Governors and the College to Mr Yendell, whose term of office was due to end on 16th July 2016, noting that Mr Yendell had taken up appointment as a Governor of the FE corporation in 1999 and had been Chair of the Board of Governors during the College’s successful transfer from the FE to the HE sector and
throughout the TDAP application process. Mr Yendell stated in response that he had valued
the opportunity to serve as a member of the College’s Board of Governors and wished the
College well for the future.

**PART IV - Financial & audit matters: items for consideration**

9.0 Financial matters: management accounts. The Director of Finance, Ms Bailey, presented the
management accounts for the period ending 31st May 2016, including a review of financial
KPIs.

Governors noted that:
- The management accounts for the 10 months to 31st May 2016 showed a forecast
  operating surplus of £2.2million;
- Forecast income to 31st May 2016 was £524k higher than budget, primarily due to HE
  fee income as a result of better than budgeted HE student retention rates;
- Pay expenditure was forecast to be under budget as a result of savings due to
  vacancies and the timing of appointments;
- Non-pay costs were also currently forecast to be under budget, partly down to the
  timing of purchases;
- Capital expenditure totalled £941k, with total spend to date on the new build being
  £434k;
- The balance sheet was strong, cash reserves remained high and the level of bad and
doubtful debts was low.

Prudent budgeting in relation to fee income/retention rates and the staff vacancy rate were
noted with reference to the above results.

It was noted in response to Governors’ questions that bank deposits due to end in July 2016
would be re-invested. Interest rate trends were discussed in this context.

The Board of Governors received the management accounts for 31st May 2016, congratulating
the Director of Finance on a healthy forecast year end surplus.

10.0 Budget 2016-17 & financial plan 2017-19. The Director of Finance presented the final
version of the budget and plan in management accounts format, with the financial
commentary and financial tables to be submitted to HEFCE by 31st July 2016. It was noted
that cash flow projections to 2024/25 had also been produced for Governors, taking into
account the impact of the new build on the College’s finances during this period.

Governors considered the Director of Finance’s overview of the 2016-2019 financial plans,
noting the significant investment to be made during this period and that the main drivers of
the plans included:
- An increase in Home and Overseas students on existing programmes, the start of the
  new Fashion Photography programme and an increase in the number of postgraduate
  students;
- An expansion of the College’s programme portfolio, including the appointment of
  additional staff to develop 2 new undergraduate programmes for 2018 and a further 2
  programmes for 2019;
- Additional investment in the Academic Registry related to the anticipated award of
  TDAP, although due to a lack of clarity concerning timing, Open University (OU) fees
  had also been included in the budget for 2016·17;
- Investment in employability and enterprise, including the creation of new positions
to improve the link between programmes and employers and an enhanced focus on
employability;
- Greater investment in key areas such as international and support for the continued
development of the College's research agenda in preparation for a REF 2021 submission;
- The College would also continue to invest in areas that it had historically supported
e.g. staff development, training and staff qualifications, student resources and
estates;
- The construction stage of the new build programme would start in Oct. 2016, funded
by a new revolving credit facility and term loan;
- Capital investment in 2016-17 would include the purchase of new digital printers, a
3D printer, new video and photography equipment, and a replacement boiler at
Vernon Street as part of carbon emissions management.

Governors considered risks associated with the budget and financial plan, noting in
particular the following key risks: change in central government policy; a competitive
environment in HE student recruitment.

Governors noted that the achievement of the 2016/17 budget was highly dependent on the
College achieving student recruitment targets, noting with reference to HE student
recruitment that the College had, however, used prudent assumptions on student
recruitment and that assumptions used in the budget for non-completion/non collection of
fees had also been prudently set. It was noted with reference to the planned increase in HE
students over the 3 years of the plan that the College's overall strategic and financial
planning was based on the College positioning itself as a first choice for students wanting a
high quality vocational arts education, including achievement of TDAP and university title
and ensuring the College's portfolio had sufficient breadth to meet market needs. It was
noted with reference to Governors' questions concerning the achievement of increased FE
student numbers in 2016/17, that FE income had been prudently budgeted, the College had
a solid body of feeder institutions and recruitment for 2016/17 was strong, as noted earlier
on the agenda.

Governors discussed the impact of the HE White Paper and the proposed Teaching
Excellence Framework (TEF) on the HE sector and on HE student recruitment beyond
2016/17, noting that the government's stated aims were a more open sector with new and
increased competition, greater credit transfer, and a greater focus on teaching excellence.
It was noted in response to Governors' questions concerning risk relating to credit transfer
potentially leading to increased student movement between HE institutions mid-course, that
the College's current retention rate was good and its non-completion and transfer rates low.
It was noted that the College would, however, keep the development of the TEF and HE
legislation under review and any potential impact could be reviewed during future budget
development, if necessary.

Governors considered the risk relating to EU and international student numbers, noting with
reference to the former that the impact of Brexit was currently uncertain but, as noted
above, the College had limited exposure as EU student numbers were low and the budget
and financial plan was considered sufficiently prudent to deal with any unexpected
consequences. It was noted that international student numbers, although increasing,
remained proportionately a small part of overall student numbers.

It was noted that the Director of Finance considered that there was sufficient capacity
within the budget (given the College’s prudent staffing budgets and contingencies) to absorb
the impact of the risks relating to student recruitment/withdrawals and/or delays relating to
the new build and still deliver a good surplus.

Governors noted that the planned new build and reconfiguration of the Blenheim Walk site
would constitute a significant investment for the College, with appropriate financial
planning mitigating the associated risk. It was noted, with reference to the negotiation of a revolving credit facility (RCF) and term loan to finance the project, that presentations from 3 banks had been made in June 2016 to the Principal, Director of Finance, Audit Committee member Mr Reid, with 2 representatives of independent banking consultants, Finalysis, in attendance. It was noted that the College had received indicative offers from all 3 banks for a total of £8 million in the form of a RCF until May 2020, convertible to a term loan. The Director of Finance confirmed that the budget and projections showed that the College was unlikely to require all the borrowing during the period to May 2020, with £5-6 million of the £8 million likely to be drawn down.

An updated summary report from Finalysis on the proposals was considered, with it being noted that HSBC was being recommended as the preferred bidder on the grounds of pricing and value for money. It was noted in response to Governors’ questions that:

- Delay in agreeing finance arrangements, given uncertainties in the banking sector which might favourably affect future offers, had to be balanced against the value of having finance in place so that the College could go out to tender in summer 2016 in order to achieve the building’s planned completion date;
- High cash balances meant that the College could delay using the RCF until autumn 2016 but £87k of non-utilisation fees would be incurred;
- HSBC’s offer was not contingent on the College transferring its current bank account to HSBC;
- The budget assumptions were based on the College having a RCF up to May 2020, converting to a maximum term loan of 10 years (HSBC’s option B);
- With reference to the financial plan forecasts showing that only £5-6 million of the RCF was likely to be utilised to May 2020, this was as a result of changed assumptions e.g. an improvement in the cash and grant position, removal of some costings, lower interest rates;
- The financial plan projections demonstrated that bank covenants could easily be met and the risk of default was very low given that the College only expected to utilise £5-6 million of the available RCF;
- HSBC would not charge for pre-payment i.e. if the College repaid the loan earlier should cash generation permit;
- The financial plan was based on a variable interest rate but the need to fix interest rates would be kept under review, given some uncertainty concerning the effect of the EU referendum result on interest rates at this stage.

It was noted, in the context of Governors’ questions concerning the use of performance criteria to ensure that the new build was open for 2018/19, that there would be liquidated damages clauses included in the building contract. Governors noted that even with a delay in building completion affecting student recruitment, borrowing should still be affordable and manageable in the light of cash flow projections.

In response to Governors’ questions concerning risk arising from a downturn in the construction sector, it was noted that the College would use a public sector framework which undertook reference checks on contractors. It was noted, in this context, that it was possible that building cost inflation, which some HEIs with recent build had reported as being in the region of 6/7%, might be lower as a result of the recent downturn.

With reference to the possibility of higher than forecast expenditure on the new build, it was noted that there was a significant contingency of £1 million included in building cost estimates, flexible loan financing meant that any unforeseen issues could be managed within the financing available, and the College had negotiated funding greater than it currently anticipated it required in order to have substantial headroom should costs increase.
The Director of Finance confirmed, in response to Governors’ questions concerning instances of attempted fraud (e.g. invoice fraud) which had affected educational and other institutions undertaking capital projects, that the College was aware of this and that finance department staff had received appropriate training.

The Board of Governors approved the College’s 2016-17 budget and the financial plan 2017-19, agreeing that the financial commentary and financial tables should be submitted to HEFCE by 31st July 2016: proposed Mr Clements, seconded Mrs Wright.

**Action: Director of Finance**

The Board of Governors approved HSBC as preferred lender for a revolving credit facility/term loan to finance the College’s building project: proposed Ms Handa, seconded Mr Finnigan.

**11.0 Students’ Union Budget 2016-17.** Governors considered the draft Students’ Union Budget 2016-17 and a statement of expected outturn for 2015-16, noting that, under the Education Act 1994, the Board of Governors was responsible for ensuring that “appropriate arrangements should exist for the approval of the (students’) union’s budget and the monitoring of its expenditure, by the governing body”.

In response to Governors’ questions concerning the amount of block grant provided by the College to the Students’ Union and the level of activities undertaken, Mr D Russell (Director of Studies, Progression and Student Support) reported that, whilst the Union had not drawn down all of its block grant allocation in 2015-16, the College was proposing an increase in the block grant allocation for 2016/17 from £26.7k to £27k to help the Students’ Union continue to provide funding for the development and improvement of its services e.g. Students’ Union Executive training and development, Student Representative training and support, sports, fitness and activities, the student magazine [NEST], Staff & Student Representative Awards, a calendar of events and entertainment throughout the year, and organising the College’s Fresher’s events.

Governors noted in discussion that the block grant had increased as student numbers had increased and did not include College expenditure on Students’ Union staff. It was noted that, within the block grant of £27k, there was a continuing allocation of £1.7k to support the Students’ Union to continue to deliver the College’s National Student Survey and Your Student Survey campaigns.

The Board of Governors approved the Students’ Union budget 2016-17: proposed Mr Bates, seconded Mr Reid.

**12.0 Financial Regulations.** The Director of Finance presented the draft updated College Financial Regulations, which were discussed. Governors proposed the following amendments:

- At para. 4.5 (Budget), the inclusion of a statement that authorised changes to the approved budget lines were cumulative;
- At para. 10.3 (Banking), the inclusion of references to electronic payments and electronic signatures;
- At para. 11.4.2 (Treasury Management), the deposit & investment limits list to include Lloyds with reference to current accounts only and Lloyds to be added to the credit list;
- At para. 15.2 (Insurance), the inclusion of a reference to competitive tendering exercises being carried out at least every 5 years.

The Board of Governors approved the updated College Financial Regulations, amended as noted above: proposed Dr Cottrell, seconded Mr Reid.
Action: Director of Finance

13.0 External audit plan & strategy 2015/16. Mr Clements, as Chair of the Audit Committee, reported that the June 2016 Audit Committee meeting had reviewed the draft plan and strategy for the audit for the financial year ending 31st July 2016, which had been provided by the College’s external auditors KPMG LLP (UK), and were recommending it to the Board of Governors for approval. The purpose of the plan was to brief Governors on KPMG’s proposed approach to the audit. It was noted that the proposed audit fee included an inflationary increase plus the cost of additional work to be undertaken as a result of the implementation of Financial Reporting Standard (FRS) 102.

Mr Clements drew Governors’ attention, in particular, to KPMG’s proposed approach to materiality and risk, noting that the latter included reviewing the College’s progress in delivering its capital projects in the context of its project management arrangements.

The Board of Governors approved, on the recommendation of the Audit Committee, the external audit plan and strategy for the audit for the financial year ending 31st July 2016: proposed Mr Reid, seconded Mr Finnigan.

PART V - Governance matters: items for approval

14.0 Students Union Constitution & Code of Practice. The Clerk reported that, under the Education Act 1994 (the Act), the Board of Governors was required to:
- Issue a Students’ Union Code of Practice which set out how the Board of Governors would, as far as was reasonably practicable, ensure that the union operated in a fair and democratic manner and was accountable for its finances; and
- Review the Students’ Union Constitution at least every 5 years.

The Board of Governors reviewed and approved, on the recommendation of the Students’ Union Executive, updated versions of the Students’ Union Constitution and Code of Practice: proposed Mr Bates, seconded Mrs Wright.
Action: Mr Russell/Clerk

15.0 Election of the Deputy Chair of the Board of Governors. Dr Cottrell declared an interest in this item and left the meeting.

The Chair reported that Dr S Cottrell had served 3 years as Deputy Chair of the Board of Governors and was therefore eligible to be considered for re-appointment for a fourth year. Dr Cottrell had been nominated for re-appointment by Mr C Clements, with the nomination seconded by Mr N Ramshaw. Dr Cottrell had indicated that she was willing to be considered for re-appointment.

The Board of Governors elected Dr Cottrell as Deputy Chair of the Board of Governors for 2016/17: proposed Mr Clements, seconded Mr Ramshaw.

Dr Cottrell returned to the meeting.

16.0 Board of Governors standing agenda item list 2016/17. The Board of Governors approved an updated Board of Governors’ standing agenda item list for 2016/17: proposed Mrs Wright, seconded Mr Clements.
Action: Clerk
**PART VI - Governance matters: for information**

17.0 Annual review of the Board of Governors Standing Orders & Committee terms of reference. It was noted that the draft revisions to the above documents would be e-mailed to Governors for comment and that final drafts would be presented to the Oct. 2016 meeting of the Board of Governors for approval.

*Action: Clerk*

18.0 Standing report on use of the College seal since the last meeting of the Board of Governors. The Clerk reported that the College seal had not been used since the last meeting.

19.0 Health & Safety: standing report on use of RIDDOR incidents year to date. The Board of Governors noted that there had been no RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) incidents year to date and agreed that this report should be included in the CEO's report from 2016/17.

*Action: Principal*

**PART VII - Committee reports & minutes: for receipt**

20.0 Board of Governors: committee minutes & reports. The following committee minutes were received: (i) the unconfirmed Audit Committee minutes of 8th June 2016 and (ii) the unconfirmed Search & Nominations Committee minutes of 8th June 2016.

**PART VIII - Final matters**

21.0 Any other business. It was noted that there was no other business not already on the agenda.

22.0 Risk Management. It was noted that no new items of risk had been identified at the meeting.

23.0 Date of next meeting. It was noted that the Board of Governors was next due to meet on:
   - Wed. 14th Sept. 2016 at 1.30pm (Governors’ training/development event) and
   - Wed. 12th Oct. 2016 (Board of Governors’ meeting).

**PART IX - Reserved Matters**

24.0 Reserved Matters. It was noted that as the Reserved Matters minutes of the Board of Governors’ meeting held on 8th June 2016 were in the public domain and had been considered for approval at agenda item 4 above, there was nothing to consider under this item.