The Board of Governors' meeting started with a brief celebration of notification from the Privy Council that the College had been granted Taught Degree Awarding Powers (TDAP), with it being noted that this had been achieved during the College's 170th anniversary year.

1.0 Apologies for absence. Apologies were received from Ms K Burrows (elected Student Governor), Professor S Congdon (Co-opted member with experience in the provision of education), Mr N Ramshaw (Independent 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 A Allsuch Boardman (Students’ Union President); Mr Bates (employee, Leeds College of Art), Mr D Bagley (University of Sheffield Council member, Gradcore Limited), Ms Burrows (student, Leeds College of Art); Mr Clements (partner, Deloitte); Dr Cottrell (employee, University of East London), Mr Flathers (partner, Irwin Mitchell); Mr Hudson-Miles (employee & University & College Union representative, Leeds College of Art); Dr 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).
3.0 Minutes of the July 2016 Board of Governors’ meeting. The minutes of the Board of Governors’ meeting held on 6th July 2016 were approved, with the following amendment - in the fifth paragraph of section 10 the initials in brackets should be 'TEF': proposed Dr Cottrell, seconded Mrs Wright.
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.

It was noted in response to Governors' questions that:
- The Search & Nominations Committee had met earlier on 12th Oct. 2016 and had considered the inclusion of a team-building exercise in the 2016/17 Governor training/development schedule;
- As the College's current Strategic Plan would end in 2017, strategic planning would be considered at the Apr. 2017 Governors and Executive meeting;
- With reference to the possibility of a longer Governor 'Awayday', the Clerk would contact Governors concerning starting the Apr. 2017 Governors and Executive meeting at lunchtime rather than at 4.00pm.
Action: Clerk

The Clerk demonstrated how to access the Governance Effectiveness Questionnaire, which was available for completion on the Board of Governors' section of eStudio. It was noted that the results of the survey would be presented to the Search & Nominations Committee for review and a report on actions arising from the survey would be presented to the Board of Governors.
Action: Clerk

The Board of Governors completed its review of actions and matters arising from the minutes of the Board of Governors’ meeting held on 6th July 2016.

PART II - Items for consideration and monitoring

5.0 Chief Executive’s report. The Principal, Professor Wonnacott, presented her Chief Executive Officer’s (CEO’s) report for Oct. 2016.

(i) Teaching Excellence Framework (TEF)
Governors noted that:
- The senior management team (SMT) had met with Department for Education (DfE) staff leading on the TEF and had discussed a specialist institution's perspective on the gold, silver, bronze ratings approach, metrics such as employability and the impending but longer term issues around learning gain prior to finalisation of the framework;
- The DfE representatives had also met with a group of the College's students.

It was noted in response to Governors' questions on the TEF, that: this would operate at an institutional level initially but would later relate to subjects; criteria did not include league tables. Issues relating to benchmarking and specialist arts institutions had been discussed.

(ii) Annual Accountability Return
Governors noted that:
- In 2016, HEFCE would require higher education institutions (HEIs) to submit a quality assessment assurance statement, as part of their annual accountability
• A report to enable the Board of Governors to provide the required assurance would be presented to the Nov. 2016 Board meeting.

(iii) HE and FE enrolment
Governors noted that:
• New home undergraduate student recruitment was in line with budget, new international student recruitment was currently below budget, new postgraduate student numbers were in line with budget;
• Enrolment of continuing HE students was ongoing;
• Overall FE student numbers were higher than planned, but with fewer than anticipated 16-18 year olds and more students aged 19+;
• Recruitment onto the Foundation Diploma was above target;
• International student recruitment to FE courses remained strong.

Governors considered strong FE recruitment with reference to the College's widening participation agenda.

(iv) FE Quality Assurance
Governors noted that:
• Overall FE success rates (now referred to as ‘achievement’ rates) had risen significantly since 2014/15 e.g. the overall achievement rate for FE was 91% (2014/15: 80.9%), the rate for 16-18 was 92% (2014/15: 80.2%) and the rate for 19+ was 90% (2014/15: 84.9%), achievement on the Level 2 Diploma was 100%.

The Board of Governors congratulated students and staff on the above results.

(v) The National Student Survey (NSS)
Governors noted that:
• The NSS ranked the College as having the best student satisfaction rates of all independent higher education art and design institutions in the UK;
• 88% of the College final year students had said that they were satisfied with their course;
• The College also did very well within the categories that made up the overall student satisfaction rate e.g. 91% of students had said that they were satisfied with the teaching on their course and 90% were satisfied with the learning resources (facilities and workshops) at the College.

The Board of Governors congratulated the College on its NSS result.

(vi) Taught Degree Awarding Powers (TDAP)
Governors noted that:
• As noted at the start of the meeting, the College had received confirmation from the Privy Council that it had been granted TDAP
• The Principal and Academic Directors had met with all new and returning students to explain the changes and to give them the opportunity to transfer to an award through the College, with 94% already having responded and the remainder being sent reminders;
• The TDAP group would continue to meet to ensure a smooth transition;
• The consultation exercise on the name ‘Leeds University of the Arts’ was ongoing, as the first stage of applying for university title.

(vii) 170th anniversary
Governors noted that:

- As part of its 170\textsuperscript{th} year anniversary celebrations, the College had hosted its first Heritage Open Day at its Vernon Street building to mark the country’s largest heritage festival, Heritage Open Days 2016, including guided tours of the building, printmaking tasters, photography darkroom demonstrations, and children’s art workshops.

(viii) **Student and staff successes**

Governors noted the report on student and staff successes, noting in particular that:

- The College had been shortlisted with the School of Earth and Environment (University of Leeds) in the Outstanding Digital Innovation in Teaching or Research category of the Times Higher Education Awards 2016 for the ‘Virtual Landscapes Project’, which had rendered a virtual landscape within a first-person computer game engine to simulate aspects of geological field work.
- The project had been developed through a collaborative opportunity between Leeds College of Art and the University of Leeds School of Earth and Environment, forming an interdisciplinary bridge between Arts and STEM disciplines;
- Victoria Gate developers, Hammerson, had commissioned the College's students and local artist Peter Barber to collaborate on a mural to enliven their Lyons Works building;
- 13 final year graduates had work from the end of year show selected by Aon plc’s Art Committee to showcase in their client suite;
- A BA (Hons) Creative Advertising graduate had won a coveted D&AD New Blood Pencil Award at the New Blood festival in London and a BA (Hons) Graphic Design graduate had been one of just ten graduates to be chosen as a ‘rising star’ who had their work showcased as part of a national initiative by Creative Review and JCDecaux;
- An article on Mr Thorpe (Director of Studies, Professional and External Development) had appeared in City Talking and he had also appeared in a documentary on Burtons in which he discussed fashion students destinations post-college and which had also featured former student Ria Sharma.

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

6.0 **September 2016 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 2012-2017. Governors received a report on key performance indicators (KPIs) at each meeting and undertook an annual review of KPIs and strategic actions. The October 2016 report included the latest information available for each KPI or strategic action at the date of the report.

Governors considered the report with reference to the College’s overall educational strategy, noting that:

- There had been many successes and achievements to celebrate in 2015/16;
- The College had performed well against benchmarks and against competitors, but there also continued to be a focus on areas which could be further improved and a few areas which had not met their targets;
- The 5 years since the College had moved to the HE sector in Aug. 2011 had seen a sustained period of development and change, including review, reform and restructure to ensure that the College would be fit to undertake the responsibility of awarding its own degrees as a distinctive specialist arts university;
- TDAP had been granted in Sept. 2016, with both FE and HE staff having worked towards the award;
• The College had started the consultation for university title.

Governors noted in particular:
• The overall 2016 NSS satisfaction score was 88% (which was above the sector average of 86%, the College’s KPI of 86%, and the Creative Art and Design subject area of 81%), with actions in place through the deliberative structure and SMT to help improve future ratings for 2 courses;
• There has been an increase in non-completion due to an increase in withdrawals from a few undergraduate courses, which would also be reviewed through the deliberative structure and by the SMT;
• Overall achievement rates (formerly success rates) for FE courses were well above the College target of 80% following concerted effort by the course teams which had been monitored through the deliberative structure;
• The Destination of Leavers from Higher Education (DLHE) rate had increased from 89.7% to 94.9% (which was above the sector average and above the creative art and design subject area), following a focus on this area and developments to further enhance the student experience;
• The College’s research presence had increased significantly;
• With reference to fund-raising, the College had reached a small internal target for alumni giving and had bursaries funded and equipment given by alumni and other artists;
• The College had maintained its ratio of applications to places in HE and had already exceeded its target of 50 international students;
• Voluntary staff turnover figures had been achieved and 100% of Annual Performance Reviews (APRs) had been returned in 2015, with the College on target for 2016;
• The College’s carbon emissions were reducing in line with plan, despite the College having increased its footprint.

It was noted in response to Governors’ questions that:
• It was recognised that the College was operating in an increasingly competitive and uncertain environment for international student recruitment, with the international team and SMT having agreed actions which should improve the College’s place in the market;
• The highly skilled employment metric was not one of the College’s agreed KPIs but would be used as part of the TEF criteria, with the College having had discussions with the DfE’s TEF team regarding contextualisation for specialist institutions.

Governors noted the positive outcome to the 2016 Ofsted inspection of the College’s FE provision, which had resulted in the previous overall grade of Good being confirmed. It was noted in response to Governors’ questions that the College was taking forward recommendations to further develop self-assessment, employer engagement, and appropriate strategies to integrate the Prevent Duty more fully into the wider curriculum.

The Board of Governors received the 2016 report on progress against the KPIs and strategic actions arising from the Strategic Plan 2012-17, noting in particular significant development in relation to internationalisation, work with alumni, development of the College’s research profile and achievement of TDAP.

Part III - Academic Board report: for information

7.0 Academic Board report. The Principal presented the Academic Board minutes of the meeting held on 29th June 2016, together with a summary report highlighting key items.
PART IV – Financial matters: items for consideration & information

8.0 Financial matters: management accounts. The Director of Finance, Ms Bailey, presented the management accounts for the financial year ended 31st July 2016, including a review of financial key performance indicators (KPIs), which were considered.

Governors noted that:

- The final outturn position for 2015/16 was an operating surplus of £2.4m, which was £1.1m ahead of budget, due to contingencies relating to HE fees and funding, unfilled staff vacancies throughout the year, and various non-pay savings, which represented a 15% operating surplus against a budgeted surplus of 9%;
- Capital expenditure totalled £1.2m, of which professional fees relating to the new build were £677k, with total spend to date on the new build being £725k;
- Cash reserves remained high;
- Income was favourable to budget by £537k, predominantly due to additional income from tuition fees, while timing of capital expenditure had resulted in increased money market investments and bank interest received.

Governors noted that the year-end accounts were subject to audit. The July 2016 management accounts included FRS102 adjustments relating to the actuarial valuation of the College’s share of the West Yorkshire Pension Fund (WYPF), with it being noted that the College’s liability had increased due to lower bond yields which had affected the actuarial assumption for the discount rate.

It was noted in response to Governors’ questions that:

- With reference to the number of students eligible for bursaries being lower than budgeted, bursaries were appropriately advertised to students;
- Changes to the College’s Access Agreement had been agreed with the Office for Fair Access (OFFA) which would affect future years i.e. a reduction in the proportion of expenditure on income received above £6k per student from around 23% in 2015/16 to around 18% by 2018/19, bringing the College more into line with the sector;
- With reference to budgets generally, the College were confident that these were appropriately set, staff were aware that they were expected to remain within their budgets, and appropriate contingencies were included in the overall budget.

The Board of Governors received the management accounts for the financial year ended 31st July 2016, congratulating the College on the positive final outturn.
New building financial update. The Director of Finance presented a financial update on the building project, noting that costs incurred to date were in line with the budget and that total expenditure on the build to the end of Sept. 2016 was approximately £790k, which mainly consisted of professional fees for the design team and the costs of the statutory services diversion. It was noted that costs incurred to date were in line with budget.

The Board of Governors noted that the College had received responses to the tenders for the remediation work on the car park and the specialist contractor, with tenders having been issued for the main contract. Governors noted in discussion possible financial implications of the UK leaving the EU which could affect building projects e.g. the HE sector being considered as a higher risk (which might increase finance costs) versus a fall in construction costs (which had been increasing before the referendum and had since fallen). It was noted in response to Governors’ questions that the design team was able to give advice on whether tender costs were reasonable e.g. the ground remediation and enabling works consultant, White Young Green (WYG), was able to provide advice on tenders for the remediation work, including safe asbestos removal from the site.

Governors discussed what action would be taken should an unforeseen event increase construction costs significantly, noting that the College would wish to avoid postponing the project, if possible, and the decision to take out a revolving credit facility to 2020 gave the College some flexibility in this respect. The Director of Finance reported that HSBC’s loan committee had approved the College’s loan application.

The Board of Governors received, for information, an update on spend to date on the building project, noting that a full update on costs verses budget would be presented to the January 2017 Board of Governors meeting.

Action: Director of Finance

New building update on main construction tender. The Director of Finance reported that the tender for the main construction contract had been issued on 3rd Oct. 2016 and that, following the earlier procurement evaluation report, the traditional construction route had been identified as the best option for the College as it allowed the College to retain full control of the project and ensure that the design and quality of the new building would meet the College’s requirements in full.

Governors noted that, due to the size of the project it was necessary to follow the EU procurement directive tender process in line with the College’s financial regulations. This had been achieved by using one of the approved frameworks rather than an OJEU tender process. It was noted that the Yorbuild2 framework had been chosen due to staff experience with the framework and the fact that it included national providers with local presences which had familiarity with the Yorkshire area. Based on the total development cost, the College had a choice of 10 contractors under the framework, with 6 of the contractors indicating that they intended to bid. The criteria to be used in the assessment of the tender responses were received, for information.

Governors noted that the tender review period would end on the 25th November 2016, with an update to be provided to the Board of Governors meeting on 23rd November 2016, at which next steps could be discussed.
The Board of Governors received a report on the main construction tender for the new building, for information.

11.0 New building update on remediation tender. The Director of Finance reported that, following extensive ground investigations undertaken in the car park earlier in the year, a decision had been made to advance the ground remediation work ahead of the main construction project. White Young Green (WYG) had been appointed as the ground remediation and enabling works consultant and had produced the tender documentation for the ground remediation. The tender had been issued to 6 specialist contractors on the 9th Sept. 2016, with only 3 returning a response and the WYG report indicating that 1 of the 3 was non-compliant, with the other 2 contractors being asked to attend separate tender clarification interviews on 7th Oct. 2016.

Governors noted in discussion the time-critical nature of the work, which had to be completed to allow the main construction contract to begin on time, and it was noted in response to Governors’ questions that the College had therefore required high liquidated damages. The importance of ensuring that both tenders were assessed fully and on equal basis was emphasised, with it being noted that this had been the purpose of the interviews held on 7th Oct. 2016

The Board of Governors received a report on the remediation tender process and agreed that, as the College was not currently in a position to make a recommendation on the appointment of a contractor for the remediation tender, approval should be given under Chair of Governors’ action, with a report to be made to the Nov. 2016 meeting of the Board of Governors: proposed Mr Flathers, seconded Mrs Wright.

Action: Chair/Clerk

12.0 Governors briefing: social media/digital. The Principal presented a briefing for Governors, prepared by the College’s Head of Marketing, on social media/digital strategy. It was noted that digital communications and social media were key communication channels for the College and it had therefore been decided to share with Governors the guidance given to staff for promoting official developments at the College, so that Governors could support the College through their own social media activity whilst ensuring consistency of message.

It was noted in discussion that social media used by Governors included Twitter, LinkedIn and Facebook and that it would be useful if Governors could be sent a link to any significant College events/messages in future.

The Board of Governors agreed that the guidance in the social media/digital strategy briefing should be attached as an appendix to the Board of Governors’ Standing Orders, with consideration being given to incorporating it into the text in the future: proposed Ms Handa, seconded Mr Flathers.

Action: Clerk

13.0 Combined Governance Policies document, including Committee terms of reference. It was noted that the Board of Governors had agreed, in Jan. 2013, to create a single document combining a number of governance policies for ease of reference i.e. the Board of Governors’ Combined Governance Policies document. The Clerk presented proposed revisions to the following sections of the Combined Governance Policies document
including: updating amendments to section C (schedule of delegation) including revisions reflecting the College’s updated Financial Regulations which were approved by the Board of Governors in July 2016; updated membership lists for the Board of Governors and its Committees; updated terms of reference for the Audit Committee and Search & Nominations Committee, on the recommendation of the respective committees.

It was noted in response to Governors’ questions that the Principal considered that the schedule of delegation provided her with appropriate flexibility e.g. following discussion by Governors, the Financial Regulations had been amended in July 2016 to allow the Principal to make changes to individual budgets up to £100,000.

The Board of Governors approved proposed revisions to the Combined Governance Policies document, with the addition of a cross-reference in section C (schedule of delegation) to the approval and reporting requirements for specified levels of donations as stated in the College's Ethical Fundraising Policy: proposed John Flathers, seconded Dr Reid.

Action: Clerk

14.0 Board of Governors Standing Orders. The Clerk presented proposed revisions to the Board of Governors’ Standing Orders i.e. a reference to Chair’s action not being permissible where the Articles of Government did not permit the Board of Governors to delegate specified responsibilities (section 3.6); the addition of a statement on the timescale for the production of minutes for confirmation by the Chair, with confirmed minutes placed on the Board of Governors’ section of eStudio (section 3.5).

The Board of Governors approved the proposed revisions to the Board of Governors’ Standing Orders with the following addition: in the final sentence of section 2.2 the reference should be to Governors acting in the best interests of the ‘Corporation’: proposed Dr Reid, seconded Mrs Wright.

Action: Clerk

15.0 Use of the College seal. Governors received a report from the Clerk, noting that the following documents had been signed under seal since the July 2016 meeting of the Board of Governors: an admissions agreement relating to the Local Government Pension Scheme, following the letting of the College cleaning contract to Bullough Contracts Services Limited and the transfer of cleaning staff to Bullough; a Deed of Novation, following the integration of 3M Library Systems into Bibliotheca.

It was also noted that a contract relating to the building project at the College’s Blenheim Walk site was due to be signed under seal later on 12th October 2016 i.e. a contract relating to the appointment of WYG Environment Planning Transport Limited as Ground Remediation and Enabling Works Consultant.

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

16.0 Safeguarding & the Prevent Duty: briefing on updated guidance. Mr D Russell (Director of Studies, Progression and Student Support) reported that:

- The Department for Education (DfE) had issued updated statutory guidance on safeguarding, Keeping children safe in education, which came into force on 5th Sept. 2016 and which set out what schools and FE colleges must do to safeguard the welfare of children and young people under the age of 18;
• While the guidance did not apply to HEIs, the College took account of relevant guidance in formulating its safeguarding policy, which was reviewed by Ofsted when inspecting the College's FE provision;
• The Higher Education Funding Council for England (HEFCE), which was responsible for monitoring whether HEIs were demonstrating due regard to the Prevent Duty, had issued an updated monitoring framework in Sept. 2016 including requiring HEIs to submit a brief annual report, from 1 Dec. 2016, on how they were implementing the duty.

The Board of Governors received a report on updated guidance on safeguarding and the Prevent Duty, for information, noting that details of any changes required to relevant College's policies/procedures would be presented to the Nov. 2016 Board of Governors meeting.

*Action: DR*

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

17.0 **Board of Governors: committee minutes & reports.** It was noted that there were no Committee minutes or reports to be presented under this item.

**PART VIII - Final matters**

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

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

20.0 **Date of next meeting.** It was noted that the Board of Governors was next scheduled to meet on Wed. 23rd November 2016 at 1.30pm.

**PART IX - Reserved Matters**

21.0 **Exclusions.** The following staff and student members withdrew before consideration of items on the confidential Reserved Matters agenda: Mr A Allsuch Boardman (Students’ Union President/Student Governor), Mr F Bates (Governor nominated by the Academic Board), Mr R Hudson-Miles (elected and co-opted Staff 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).
Reserved Matters minutes of the July 2016 Remuneration Committee. The Board of Governors considered the unconfirmed confidential Reserved matters minutes of the Remuneration Committee meeting held on 6th July 2016. It was noted that the July 2016 meeting of the Committee had been held to allow further discussion of the issues raised by Mercers’ presentation on pensions, which had been given in Jan. 2016 i.e. tax regime changes affecting the Annual Allowance (AA) and the Lifetime Allowance (LA) relating to senior staff pension contributions.

It was noted in response to Governors’ questions that:

- Any salary supplement paid to a staff member opting out of an applicable College pension scheme, where evidence could be provided that the tax liability arising as a result of membership of the scheme was disadvantageous for the staff member concerned, would be cost neutral i.e. equivalent to the employer’s pension contribution which would otherwise have been paid as part of the staff member’s remuneration package minus any additional costs as a result of opting out, such as an increase in NI;
- It would be made clear to a staff member opting out of a pension scheme in the above circumstances that the supplement might vary if there were to be any changes in the employer’s pension contribution rates;
- The supplement would not be payable if the staff member decided to opt back into the pension scheme;
- Most higher education institutions (HEIs) were now considering similar schemes in response to tax changes and future senior staff recruitment issues had been a factor in the Remuneration Committee agreeing that guidelines for such a scheme should be drawn up.
[Confidential minute].

The Board of Governors received, for information, the unconfirmed confidential Reserved matters minutes of the Remuneration Committee meeting held on 6th July 2016, noting a typographical error in the heading i.e. a redundant reference to January 2016, which should be removed before the unconfirmed minutes were presented to the Remuneration Committee for approval.

*Action: Clerk*

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

24.0 **Risk Management.** It was noted that no new items of risk had been identified at the meeting.
Present:  Mr A Allsuch Boardman (Students’ Union President/Student Governor), Mr D Bagley (Independent Governor), Mr F Bates (Governor nominated by the Academic Board), Ms K Burrows (elected Student Governor), Mr C Clements (Independent Governor, Chair of the Board Governors), Mr J Finnigan (Independent Governor), Mr J Flathers (Independent Governor), Mr R Hudson-Miles (elected and co-opted Staff Governor), Mr N Ramshaw (Independent Governor), Dr D Reid (Independent Governor), Ms A Handa (Independent Governor), Ms K Watson (Independent Governor), Professor S Wonnacott (Principal/CEO & Governor ex officio), Mrs C Wright (Independent 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), 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), Dr S Cottrell (Independent Governor & Deputy Chair of the Board of Governors).

2.0 Declaration of interests & Code of Conduct. The following standing declarations of interest were received under this agenda item: Mr Allsuch Boardman (Students’ Union President), Mr Bagley (Council member, University of Sheffield, Gradcore Limited), Mr Bates (employee, Leeds College of Art), Ms Burrows (student, Leeds College of Art), Mr Clements (partner, Deloitte), Professor S Congdon (employee, University of Bradford), Dr Cottrell (employee, University of East London), Mr Flathers (partner, Irwin Mitchell), Mr Hudson-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).

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 12th October 2016 were approved: proposed John Finnigan, seconded John Flathers.
4.0 **Action plan update & matters arising.** (Mr Ramshaw arrived during this item).

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 Governors' questions that:
- Action 4 (concerning Governor training) had a completion date of June 2017;
- The Search & Nominations Committee would consider the HE Code of Governance for a future training session.

**Action: Clerk**

It was noted that the Clerk would remind Governors to complete the Governance Effectiveness Questionnaire, which was available on the Board of Governors’ section of eStudio.

The Board of Governors completed its review of actions and matters arising from the minutes of the Board of Governors’ meeting held on 12th October 2016.

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**PARTIII - CEO's report: items for consideration and monitoring**

5.0 **Chief Executive’s report.** The Principal, Professor Wonnacott, presented her CEO’s report for Nov. 2016. Governors noted the following areas.

(i) **Teaching Excellence Framework (TEF)**
Governors noted that the College had received its TEF metrics and guidelines for the provider submission, which were positive. The application had to be submitted by 26th Jan. 2017. Professor Whittaker (Director of Studies, HE Enhancement & Research) and Mr Boardman (Students’ Union President and Student Governor) would be attending briefing events to assist with this.

(ii) **HE retention**
Governors noted that:
- The number of students leaving their studies during a single year had increased, which was reflected in the KPI report;
- The benchmark used was 7.2% and the College’s rate based on the provisional HESA student record was 8.3%, with the data for 2015/16 based on 2014/15 entrants; the above benchmark shown was for the creative arts and design subject group;
- Courses with an increased withdrawal rate were receiving concerted focus from the College’s senior management team (SMT) and would also receive scrutiny through the College’s deliberative structure, with action plans to bring about improvement.

(iii) **Widening participation**
Governors noted that:
- Whilst the POLAR 3 measure (related to HE participation rates of young people according to postcode) had risen to 15.1% in 2014/15, it had fallen to 9.3% in 2015/16, which was 1.7% below benchmark;
- The new entrants from low income households benchmark had also fallen to 30.4%, 9.4% below benchmark;
- The above changes had taken place despite increased outreach work and
intensified internal progression activities which saw internal progression rise;

- The College’s strategy since the establishment of the Office for Fair Access (OFFA) had been to improve the number and quality of applications from those less likely to apply through lack of advantage, although much of the increase in activity had been with younger age groups in order to have a future impact;
- The College was not a high tariff entry institution and did not consider it appropriate due to this, to lower its tariff but aimed to help potential applicants improve the quality of their portfolios through outreach work.

It was noted in response to Governors’ questions that:

- With reference to the support available to HE students under the Access Agreement that students had access to bursaries and hardship funds;
- The College worked with a number of organisations on widening participation e.g. HEART;
- With reference to widening participation, the College had increased the number of student ambassadors and the number of schools it worked with;
- The annual report on the Access Agreement was due to be presented to the Board of Governors’ during spring 2017 (subject to the OFFA timetable);
- OFFA expected targets in the Access Agreement to be challenging.

(iv) Taught Degree Awarding Powers & university title

Governors noted that:

- 99.6% of students had returned letters indicating they wished to transfer immediately to the College’s own degree awards and the remainder had received letters by registered post indicating that if they did not reply they would be transferred, with this process having been agreed with the Open University;
- With reference to the College’s application for university title, as the College had received an objection from another HE institution in the first consultation to change its name, the College was now considering the name Leeds Arts University.

Members discussed whether there was any risk in changing the College’s name, noting that art colleges which had changed their names when gaining university title had seen an increase in home student applications and using the title ‘university’ was important for international student recruitment. Student groups had been in favour of changing the institution’s name from college to university. It was considered that the designation “arts” provided flexibility as the College developed its curriculum offer.

The Board of Governors agreed that the College should consult on the name - Leeds Arts University: proposed Ms Handa, seconded Ms Watson.

(Mrs Wright joined the meeting).

(v) 170th anniversary event

Governors congratulated the College on the recent 170th anniversary event at Leeds Museum, noting that photographs of the event were on the College website.

The Board of Governors received the Chief Executive’s report for Nov. 2016.

6.0 Key performance indicator (KPI) report. The Director of Finance, Ms Bailey, presented the KPI report, noting that a number of the changes in the report had been considered under the CEO’s report earlier in the agenda.
It was noted in response to Governors’ questions that:

- The number of international students had increased from 76 to 77 since the Oct. 2016 review of the table;
- Where the scores of other arts institutions for the POLAR 3 measure were known, this indicated a mixed picture, with some higher and some lower than the College’s score.

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

**Part IV - Reports on academic matters: for information**

7.0 **Academic Board report.** It was noted that the Academic Board was next due to meet on 30th December 2016.

8.0 **Annual report on student academic experience, student outcomes & degree standards.** The Director of Finance presented the report.

Governors noted that:

- HE institutions were required to submit an annual assurance return to the Higher Education Funding Council for England (HEFCE);
- For 2015/16, HEFCE had introduced a new Part 2 to the return in which the Board of Governors was required to provide assurances concerning the student academic experience, student outcomes, and academic awards,
- To enable the Board of Governors to provide the above assurances, the College had produced a report on the student academic experience, student outcomes & degree standards for 2015/16 including section on purpose, context, quality assurance framework (governance) and assurance approach, with the following appendices: HEFCE Circular letter 25/2016, KPI report, UK quality code map and quality enhancement action plan (QIP).

Governors noted with reference to the Quality Assurance Framework (Governance) that:

- The Academic Board was responsible for the stewardship of academic standards, research, scholarship, learning and teaching (including the quality of the student learning experience) and courses subject to the overall responsibility of the Board of Governors including the Principal;
- The relationship was facilitated by the fact that the Principal was both Chair of the Academic Board and a member of the Board of Governors, Mr Bates was nominated to the Board of Governors by the Academic Board, and Mr Boardman was a member of the Academic Board and the Board of Governors;
- Academic Board minutes were presented to the Board of Governors, with a summary highlighting key issues.

Governors noted that the Assurance Approach included four main areas:

- Monitoring of KPIs developed to track student experience, outcomes and degree standards;
- A review of the minutes of Academic Board;
- Appropriateness and effectiveness of quality assurance processes operated by the HE Quality and Standards Committee, the Learning Teaching and Enhancement Committee and Academic Board; and
- External peer reviews.

Governors noted with reference to the following KPIs for tracking student experience,
outcomes and degree standards that they were reported to the Board of Governors at each Board meeting and reviewed in detail at the annual review of the Strategic Plan in October each year:

- Student Satisfaction as measured by the NSS (Question 22);
- Non continuation of young full time students;
- Percentage of First and Upper Second Class degrees;
- The number of students per academic FTE;
- Employment of leavers as per the Destination of Leavers Survey.

It was noted that the main KPIs at course level were monitored by the HE Quality and Standards Committee (previously called the HE Committee). The Academic Board and the SMT monitored Academic KPIs.

Governors discussed the KPI for the non-continuation of young full time new entrants, which had been considered under the CEO’s report earlier on the agenda.

It was noted in response to Governors’ questions that:

- The report recorded that there had been no material concerns brought about by the review of KPIs, noting that the non-completion of students was discussed at every HE Committee meeting and retention was under regular scrutiny at SMT and course level, with meetings held with course teams to discuss retention strategies;
- The TEF benchmark for non-continuation was 8%, with the College’s rate just above this at 8.3%;
- If Academic Board minutes were a source of assurance, it was important that they should be sufficiently detailed to permit the readers to understand the issues discussed without recourse to the papers considered by the Academic Board;
- The College’s academic quality processes had been subject to almost 2 years of scrutiny as part of the TDAP process, with the outcome of the review resulting in the award of TDAP;
- Internal audit reviews had not considered academic quality matters during the TDAP review, to avoid duplication, but their inclusion in future could be considered as part of the approval process for the internal audit strategy and plan;
- The report would continue to develop in future taking into account HEFCE guidance.

Governors congratulated the Director of Finance on a comprehensive report.

The Board of Governors received the College’s report for 2015/16 on the student academic experience, student outcomes and degree standards, which would be considered with reference to the annual assurance return to HEFCE at agenda item 16.

### PART V - finance & estates matters: items for consideration

#### 9.0 Management accounts

The Director of Finance, Ms Bailey, presented the management accounts for the period ending 31st October 2016, including a review of financial key performance indicators (KPIs), which were considered.

Governors noted that:

- The operating surplus of £325k was ahead of budget;
• With reference to income, enrolled home and EU students were below budget with returners on Level 5 and 6 lower than budgeted although recruitment for 2016/17 was higher than at the same point in 2015, there had been an overall increase in HE and FE international student numbers in line with target, FE student numbers were above target;
• With reference to expenditure on staffing, there have been restructures in courses during the year to improve leadership and course management, and as it had not been necessary to use the full provision made in the budget for this, this had resulted in realised pay savings to date;
• There has been significant investment in new resources to date, with total capital expenditure of £379k and a further £111k on costs connected to the new build;
• Cash reserves remained high and the level of bad and doubtful debts low.

It was noted in discussion that:
• Income was favourable to budget by £44k:
• Skills Funding Agency (SFA) grant income would be repaid at the end of the year following an over allocation of grant funds by the SFA for FE adult learners, with the majority of adult FE students funded by loans rather than grants;
• Following the award of Taught Degree Awarding Powers (TDAP) in Sept. 2016, the College would not be liable for the full costs of the Open University (OU) validation service in 2016/17 and the forecast had been reduced to reflect this.

The Board of Governors received the management accounts for the period ending 31st October 2016.

10.0 New building update. The Director of Finance, Ms Bailey, presented the new build update. Governors noted that:
• The remediation work was continuing in line with programme, with no major problems identified to date;
• With reference to the specialist contract, Studio People had submitted tenders for both the construction and fit out of the auditorium, film studios, and music rooms, with contracts in the process of being agreed;
• With reference to main construction contract, the tender for the main construction contract had been issued on 3rd Oct. 2016, with tenders having been received and a finalised tender review report from Rex Proctor Partners expected by 23rd Dec. 2016;
• Solicitors were working on the facility agreement with HSBC.

The Director of Finance proposed that the Board of Governors should hold an extraordinary meeting on Thursday 5th January 2017, 11.00am-1.00pm, to approve the appointment of the preferred tenderer and to approve the facility agreement.

The Board of Governors received an update on the building project, agreeing that the Clerk should consult with Governors on the proposal to hold an extraordinary Board of Governors meeting on Thurs. 5th Jan. 2017 at 11.00am.

Action: Clerk

11.0 HEFCE: report on financial health of the HE sector (Nov. 2016). The Board of Governors received the executive summary report from the Higher Education Funding Council’s (HEFCE’s) Financial health of the HE sector (Nov. 2016, 2016/34), which provided an overview of the forecast financial health of the HEFCE-funded higher education (HE)
sector in England. Governors noted that the report included a continuation of the themes raised in previous analysis, with the latest forecasts, for the period 2015-16 to 2018-19, showing a widening gap between the lowest-performing and highest-performing institutions and increasing volatility of forecasts in the sector. It was noted that the full report was available at: http://www.hefce.ac.uk/pubs/year/2016/201634/

It was noted in response to Governors’ questions that:

- The report noted that sector pension liabilities were expected to increase from £4.9 billion at 31 July 15 to £7.2 billion at 31 July 2016 due to FRS102 which required liabilities relating to the deficit recovery plans for multi-employer pension schemes to be reflected in institutional balance sheets, with the latest estimated valuation of the sector’s largest pension scheme, the Universities Superannuation Scheme (USS), indicating a significant worsening of the deficit and implying further increases in liabilities were likely;
- The pension schemes applicable to the College's teaching staff was, however, the Teachers' Pension Scheme (TPS) rather than the USS.

The Board of Governors received the executive summary report from HEFCE’s Financial health of the HE sector (Nov. 2016, 2016/34), for information.

### PART VI - finance & assurance matters: items for approval

**12.0 Audit Committee annual report.** John Finnigan presented the Audit Committee annual report, including the following appendices: internal audit report, external audit management letter, College’s risk register & value for money report).

Governors noted that:

- The Higher Education Funding Council for England's (HEFCE’s) Audit Code of Practice required HEIs to have an Audit Committee which was required to produce an annual report for the governing body and the accountable officer covering the financial year and including any significant issues up to the date of signing the report, and including the Committee’s opinion on the adequacy and effectiveness of the HEI’s arrangements for: risk management, control and governance; economy, efficiency and effectiveness (VFM); management and quality assurance of data submitted to the Higher Education Statistics Agency, the Student Loans Company, HEFCE and other bodies;
- The Audit Committee’s Annual Report 2015/16 included a positive overall opinion.

Mr Finnigan presented a review of the work of the internal auditors, TIAA Ltd, during 2015/16, noting that they had conducted an audit of 24 days which had resulted in the following opinion “TIAA is satisfied that for the areas reviewed during the year that Leeds College of Art has reasonable and effective risk management, control and governance processes in place. Also, there was evidence to support the College’s achievement of value for money with regard to economy, efficiency or effectiveness of the systems reviewed”. It was noted that all reviews undertaken during the year had resulted in a substantial assurance opinion, with one exception which had received a reasonable assurance opinion. The Committee’s performance review of TIAA during its first year as internal auditors was positive.

Mr Finnigan presented a review of the work of the external auditors, KPMG LLP UK, during 2015/16, noting that the management letter arising from the external audit for the year ended 31st July 2016 indicated that KPMG anticipated issuing an unqualified audit opinion in the standard format on the financial statements, with 2 recommendations graded as
medium priority arising from a system error impacting on invoice authorisation level, both of which had been agreed with management. The following areas of particular note in the management letter were highlighted: the summary of financial performance which noted that the College’s balance sheet over the past five years reflected a growth in the cash and investments and an increase in LGPS pension liabilities. The Audit Committee had noted when reviewing the management letter that the actuarial assumptions applicable to the College’s WYPF members were affected by the life expectancy assumptions applicable to the College’s female support staff. The Committee’s annual performance review undertaken during 2015/16 of KPMG had been positive, noting that services provided included sector benchmarking reports.

The Audit Committee had held an annual meeting with the auditors without senior managers being present, with the auditors noting a positive working relationship with senior managers.

(Mr Reid left the meeting).

It was noted that the Audit Committee considered the College’s 2015/16 data quality report at its November 2016 meeting, noting that the report had concluded that there were no material concerns relating to the contents of the data return schedule or the contents of the self-assessment questionnaires that the senior management team (SMT) wished to draw to the attention of the Audit Committee. The Oct. 2016 meeting of the Committee had considered the College’s 2015/16 Value For Money (VFM) reports, noting that the College’s senior management team had reviewed relevant actions, projects and measures and had concluded that there was a commitment to VFM in the College and that good value for money was being achieved.

The Audit Committee’s overall opinion as stated in its annual report was 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 Chair thanked John Finnigan for his report.

The Board of Governors received and considered the Audit Committee’s Annual Report for 2015/16 and approved it for submission to HEFCE.

Action: Clerk/Director of Finance

13.0 Members’ report & annual financial statements for the year ended 31.7.16. Mr Finnigan, as Chair of the Audit Committee, presented the Members’ report & annual financial statements for the year ended 31.7.16.

It was noted that:

- Under its terms of reference the Audit Committee’s remit included considering elements of the annual financial statements in the presence of the external auditors, including the auditors’ formal opinion, the statement of members’ responsibilities and the statement of internal control, in accordance with the funding councils’ accounts directions and recommending the annual financial statements to the Board of Governors for approval;
- The Audit Committee had considered the draft Members Report and Financial Statements for the financial year ended 31st July 2016 at its Nov. 2016 meeting,
with minor textual amendments recommended by the Committee being made to the final draft;

- The Audit Committee had noted, at its Nov. 2016 meeting, that the College’s external auditors anticipated issuing an unqualified audit opinion in the standard format on the financial statements;
- The Audit Committee were recommending the Members Report and Financial Statements to the Board of Governors for approval.

Governors noted, in particular, when reviewing the financial statements that:

- The financial statements had been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standard (FRS) 102;
- The surplus for the year before other gains/losses was £2.4 million, as stated in the Statement of Comprehensive Income Year Ended 31 July 2016, which was a strong financial result;
- The College had Net Assets as at 31st July 2016 of £20 million, including its West Yorkshire Pension Fund pension liability of £4.8M which had increased by £2.1M in 2015/16.

The Board of Governors approved the Members’ Report and the Annual Financial Statements on the recommendation of the Audit Committee: proposed Mr Bagley, seconded Mr Flathers.

It was noted that the approved 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: Director of Finance

14.0 Letter of representation to the external auditors. Mr Finnigan, as Chair of the Audit Committee, reported that the Audit Committee had considered the letter of representation to the external auditors at its Nov. 2016 meeting.

Governors noted that:

- The letter of representation confirmed that, to the best of Governors’ knowledge and belief, relevant disclosures had been made to the external auditors, following relevant enquiries e.g. the Oct. 2016 meeting of the Audit Committee had received management representations from the Principal and Director of Finance on breaches of laws and regulations, actual or suspected frauds, and the existence of related party transactions, noting that both had declared that they were not aware of any issues which should be brought to the Board of Governors’ attention;
- Individual Governors had also provided year end declarations on related party transactions.

The Board of Governors approved the letter of representation to the external auditors, on the recommendation of the Audit Committee: proposed Mr Bates, seconded Ms Handa.

Action: Director of Finance

15.0 Updated financial forecasts - Nov. 2016. The Director of Finance presented, for approval & submission to HEFCE, financial results tables for 2015-16.

Governors noted that:
• HEFCE’s annual accountability schedule required higher education institutions (HEIs) to submit by 1 Dec. 2016, a financial commentary which explained any significant variances between the audited financial statements submitted in Dec. 2016 and the forecasts previously submitted in the July 2015 annual accountability return process;
• The College’s audited operating surplus for 2015/16 was £2.4 million including FRS 17 adjustments;
• The above result was favourable to that submitted in July 2014 by £207k, mainly due to lower than expected salary costs due to vacancy rates and lower operating costs offset by higher interest charges due to FRS102 pension adjustments;
• No material changes to the 2016-17 data previously submitted was expected at this stage.

The Board of Governors approved, for submission to HEFCE, the financial commentary: proposed Mr Ramshaw, seconded Mr Bates.

Action: Director of Finance

16.0 Annual assurance return to HEFCE. Governors noted that HE institutions were required to submit a 3-part Annual Assurance return to the Higher Education Funding Council for England (HEFCE), with:
• Part 1 of the return confirming that the College had met its obligations under the Memorandum of Assurance and Accountability with HEFCE;
• Part 3 confirming that the College was complying with its duties as a charity, thus enabling HEFCE to fulfil its responsibility as the College’s principal regulator;
• Part 2, which had been introduced by HEFCE from 2015/16, requiring the Board of Governors to provide assurances concerning the student academic experience, student outcomes, and academic awards.

It was noted that the review by the Board of Governors of the College’s annual report on the student academic experience, student outcomes and degree standards, at agenda item 8 earlier on the agenda, had been designed to contribute towards the assurance required as in Part 2 of the annual assurance return to HEFCE.

The Board of Governors approved the annual assurance return signed by the Principal as Accountable Officer and on behalf of the Governors as trustees, for submission to HEFCE.

Action: Principal/Director of Finance

17.0 Transparent Approach to Costing (TRAC): Statement of Requirements. Mr Finnigan, as Chair of the Audit Committee, presented a recommendation from the Audit Committee on the arrangements for submission of the TRAC return Statement of Requirements to HEFCE in Jan. 2017.

Governors noted that:
• HE institutions (HEIs) reported to HEFCE on the costs of their activities under the Transparent Approach to Costing (TRAC) system, with HEFCE requiring the TRAC process and results to be subject to review and approval by a committee of the Board of Governors to confirm compliance with TRAC requirements (i.e. the Audit Committee) or, where the Audit Committee would not normally meet before 31st Jan. 2017 submission deadline, approval under Chair’s action before 31st Jan. 2017, with the Statement of Requirements presented to the Mar. 2017 meeting of the Audit Committee;
• The Audit Committee had considered the above options at its Nov. 2016 meeting
and was recommending the second option.

The Board of Governors approved, on the recommendation of the Audit Committee, confirmation of compliance with TRAC requirements under Chair’s action by the Chair of the Audit Committee with reference to the 2015/16 TRAC return to be made to HEFCE by 31st Jan. 2017: proposed Mr Bagley, seconded Mrs Wright.

18.0 Students’ Union annual report & accounts. It was noted that, under the Education Act 1994, the Board of Governors is responsible for ensuring that the Students’ Union is accountable for its finances, including presenting financial reports to the Corporation annually.

Mr Russell (Director of Studies, Progression and Student Support) and Mr Boardman (Students’ Union President & Student Governor) presented the report and accounts for the year ended 31.7.16. It was noted that the report had been prepared by Emma Cook, Student Liaison officer.

Governors noted the range of activities undertaken by the Students’ Union during 2015/16, noting with reference to the 2015/16 accounts, a deficit of £1,054 compared to a surplus of £1,624 in 2014/15. Overspends on freshers’ marketing and entertainment in 2015/16 were noted, together with reported action taken when setting the current budget to avoid this in 2016/17.

The Board of Governors received the Students’ Union annual report and approved the Students’ Union accounts for the year ended 31st July 2016: proposed Mrs Wright, seconded Mr Bagley.

19.0 Internal audit strategic & annual plan. Mr Finnigan, as the Chair of the Audit Committee, reported that the Audit Committee had considered the internal audit strategy and plan for 2016/15 at its Oct. 2016 meeting, noting that the plan provided appropriate coverage on a rolling basis and requesting that areas included in the rolling strategic plan at Annex B be cross-referenced to the College’s risk register, with the requested change/s incorporated into the final draft.

The Board of Governors approved the internal audit strategic and annual plan 2016/17, on the recommendation of the Audit Committee, proposed Mr Ramshaw, seconded Mr Bates.

20.0 Recommendation on Lead Governor Finance. Mr Flathers, as Chair of the Search & Nominations Committee, reported that:

- The HEFCE assurance visit to the College in Apr. 2012 had recommended that the Board of Governors should appoint a lead Governor for finance, with the Board of Governors appointing Mr Yendell to this role in a personal capacity (i.e. it was not linked to his role of Chair of the Board of Governors);
- The Oct. 2016 meeting of the Search & Nominations Committee had noted that there had been a vacancy for a lead Governor for finance since 17th July 2016 i.e. following the ending of Mr Yendell’s final term of office on 16th July 2016;
- The Committee agreed to recommend to the Board of Governors that Mr Clements should be appointed to this role, with Mr Clements having indicated that he was willing to accept the appointment.

The Board of Governors approved the appointment of Mr Clements as Lead Governor for
Finance, on the recommendation of the Search & Nominations Committee: proposed Ms Handa, seconded Mr Bates.

**21.0 HSBC bank mandate.** The Director of Finance reported that the College needed to open a bank account with HSBC in connection with the loan facility for the College building project, with the proposed listed signatories for the account being the members of the College’s senior management team i.e. Professor Wonnacott, Ms Bailey, Mr Russell, Mr Thorpe and Professor Whittaker.

Governors considered the draft resolution, which used HSBC’s standard wording, to enable the College to open a bank account with HSBC, noting that the mandate would be signed by the Chair of the Board of Governors and the Principal as a Governor. The Director of Finance confirmed, in response to Governors’ questions, that the requirement at section (iii) of the resolution below was in line with the College’s Financial Regulations.

The Board of Governors approved the resolution below (proposed Mrs Wright, seconded Mr Ramshaw):

(i) That a bank account or accounts be opened with HSBC Bank plc (the ‘Bank’) and the Bank is authorised to:

   a) pay all cheques and act on any instructions for payment signed on behalf of the College by any two of those listed overleaf (the signatory), whether any account of the College is in debit or credit;

   b) deliver any item held on behalf of the College by the Bank in safe keeping against the written receipt or instructions of the signatory; and

   c) accept the signatory as fully empowered to act on behalf of the College in any other transaction with the Bank.

(ii) That any debt incurred to the Bank shall, in absence of written agreement with the Bank to the contrary, be repayable on demand.

(iii) That the Director of Finance is authorised to supply the Bank as and when necessary with lists of persons who are authorised to sign, give receipts and act on behalf of the College, and that the Bank may rely upon such lists.

(iv) That these resolutions be communicated to the Bank and remain in force until changed by a resolution passed by the governing body of the College and a copy, certified by the Chairman and one other member of the governing body of the College, is received by the Bank.
22.0 Financial Regulations: revised counterparty list. The Director of Finance reported that revisions to the College’s Financial Regulations had last been approved by the Governors in July 2016. It was noted that the Nov. 2016 meeting of the Audit Committee had considered monies on deposit and had agreed that the Director of Finance should increase the counterparty deposit limit in the Financial Regulations for approval by the Board of Governors, noting that, due to the construction of the new build at Blenheim Walk, the College expected to have no monies on deposit by the end of 2018.

The Board of Governors approved a revision of the Financial Regulations to increase the amount of money to be invested with the approved counterparty list from £3 million to £4 million; proposed Mr Bagley, seconded Ms Handa.

PART VII - policies & reports: items for approval

23.0 Revised Children/Young People & Vulnerable Adults Protection Policy. It was noted that, under the Board of Governors’ schedule of delegation, the Board of Governors is responsible for approving the College’s safeguarding policy i.e. the Children/Young People & Vulnerable Adults Protection Policy (approved Oct. 2015, revised Nov. 2015).

Mr Russell (Director of Studies, Progression and Student Support) reported that:
• The statutory guidance ‘Keeping Children Safe in Education’ published by the Department for Education (DfE) set out what schools and colleges must do to safeguard and promote the welfare of children and young people under the age of 18 and that, following the Government’s consultation on proposed changes to the guidance in December 2015, an updated version, which revised and replaced the 2015 version, came into force on 5th Sept. 2016;
• Whilst the guidance was explicit that ‘college’ meant “further education colleges and sixth-form colleges as established under the Further and Higher Education Act 1992, and relates to their responsibilities towards children under the age of 18” (Keeping children safe in education, Statutory guidance for schools and colleges, September 2016), it was nevertheless prudent for the College to apply the guidance to 16 and 17 year old students in FE provision (currently limited to the Extended Diploma in Art and Design) and outreach provision;
• The College Safeguarding Policy had therefore been amended to take into consideration the key changes outlined in the guidance.

Governors noted revisions in relation to: ensuring that all staff who work with students under 18 had read and understood Part 1 of the DfE’s guidance; early help; staff training; awareness of the NSPCC whistleblowing helpline; online safety for students; training for Safeguarding Leads; teaching safeguarding; safer recruitment.

It was noted in response to Governors’ questions that:
• With reference to teaching safeguarding, that the DfE guidance stipulated that governing bodies have a duty to ensure that children were taught about safeguarding as part of a broad and balanced curriculum e.g. in relation to safeguarding awareness, online grooming, the Prevent Duty;
• Disclosure and Barring Service (DBS) checks and teaching barred list checks were carried out on staff working with children under 18.

The Board of Governors approved the College’s amended and updated Children/ Young People & Vulnerable Adults Protection Policy: proposed Mrs Wright, seconded Mr Bates

24.0 Meeting the Prevent Duty - monitoring report 2015/16. Mr D Russell (Director of
Studies, Progression and Student Support), who was the College’s Prevent lead, presented the report.

Governors noted that:

- Since Sept. 2015, higher education institutions (HEIs) had been subject to a statutory duty to have ‘due regard to the need to prevent people from being drawn into terrorism’ (referred to as the Prevent duty);
- The Higher Education Funding Council for England (HEFCE) was responsible for monitoring this duty in the HE sector in England and had published The Prevent duty: Monitoring framework for the higher education sector (Nov. 2015, revised Sept. 2016) outlining its approach to the above responsibility, which was available at: http://www.hefce.ac.uk/reg/prevent/framework/ and on the Board of Governors’ section of eStudio under the Key Documents heading.

It was noted that the above document stated that to be assessed as ‘having due regard’ for the Prevent duty, HEIs “must have robust policies and processes in place which respond to the Prevent statutory guidance, and must demonstrate that they are actively implementing these policies” and “will need to submit a short annual report every year, summarising any relevant evidence which demonstrates their continuing active and effective implementation of the Prevent duty” and that the report must include the following 3 declarations from the Board of Governors: ‘Throughout the academic year and up to the date of approval, [organisation name]:
- has had due regard to the need to prevent people being drawn into terrorism (the Prevent duty)
- has provided to HEFCE all required information about its implementation of the Prevent duty
- has reported to HEFCE all serious issues related to the Prevent duty, or now attaches any reports that should have been made, with an explanation of why they were not submitted’.

Governors noted that the College was presenting the Prevent Duty monitoring report 2015/16 to the Board of Governors to enable them to fulfil the above requirement. The report included sections on external speakers and events (including reference to the College’s a Code of Practice on the Freedom of Speech and Expression), partnership and leadership, staff training (with data presented to HEFCE in spreadsheet format), welfare and pastoral care/chaplaincy support, prayer facility, IT policies, students’ unions and societies.

It was noted in discussion that:
- HEFCE did not require HE institutions to submit the report in a set format but the 2015/16 report updated the report submitted to HEFCE in 2015 and included areas discussed with HEFCE following submission of that report;
- Mr Russell was a member of the local Prevent Silver group (which linked the College into relevant partnerships across the city to share information, good practice and to promote dialogue) and was also responsible for student engagement, including meeting regularly with the student liaison officer and the Student Union President;
- The College also had a Prevent Working Group chaired by Mr Russell, which met at least 3 times a year and reviewed the College’s Prevent risk register and action plan.

It was noted, in response to Governors’ questions concerning staff training, that the
College’s 4 designated safeguarding staff had received Workshop for Raising Awareness of Prevent 3 (WRAP3) training.

The Board of Governors received and considered the College’s Prevent Duty monitoring report 2015/16, agreeing that the Chair should sign the 3 Prevent Duty declarations on behalf of the Board of Governors and that the report should be submitted to HEFCE by 1 Dec. 2016: proposed Ms K Watson, seconded Mrs Wright

### PART IX - reports for information

#### 25.0 Code of Governance & Statement of Primary Responsibilities report.
The Clerk reported that:

- The June 2015 meeting of Board of Governors had agreed to adopt the Committee of University Chairs (CUC) *Higher Education Code of Governance* (2014) (the *Code*) from 1.8.15, replacing the previous CUC Code which had been adopted by the Board of Governors in Aug. 2011;
- The *Code* was premised on an ‘*apply or explain*’ basis i.e. a governing body must explain where it considered a whole primary element or a supporting ‘*must*’ statement inappropriate;
- Interim reports on performance against the new *Code* and the accompanying *Statement of Primary Responsibilities* (the *Statement*) had been presented to the Audit Committee’s Apr. and June 2016 meetings;
- A year-end report against the *Code* and against the *Statement* for 2015/16 had been approved at the Audit Committee’s Nov. 2016 meeting and had concluded that the primary elements in the *Code* and the responsibilities in the *Statement* have been applied;
- A summary version of the year-end report was being presented to the Board of Governors, for information, with the detailed 48 page report against the Code & Statement published on the College website at: [http://www.leeds-art.ac.uk/about-us/governance/](http://www.leeds-art.ac.uk/about-us/governance/)

It was noted that, since the *Code* had been issued in Nov. 2014, the CUC had also issued 2 supporting Illustrative Practice Notes: Note 1 (Remuneration Committees), which had been issued in Mar. 2015 and which had been considered at the Jan. 2016 Remuneration Committee meeting; Note 2 (Prevent Strategy), which had been issued in May 2016 and revised in Nov. 2016. It was noted, in relation to the latter, that it summarised governing bodies’ responsibilities in relation to Prevent (with reference to the primary elements of the *Code* relating to institutional reputation, legislative and regulatory requirements, and academic freedom) and included a section on HEFCE’s revised monitoring framework (which had been considered earlier on the agenda at agenda item 24). The Code and Illustrative Practice Notes were available at: [http://www.universitychairs.ac.uk/publications/](http://www.universitychairs.ac.uk/publications/) and under the Key Documents heading on the Board of Governors’ section of eStudio.

The Committee received, for information, the 2015/16 summary report against the Code of Governance & Statement of Primary Responsibilities.

#### 26.0 Use of the seal.
The Board of Governors noted that the following document had been signed under seal since the Oct. 2016 meeting of the Board of Governors: a contract relating to the building project at the College’s Blenheim Walk site i.e. a contract relating to the appointment of WYG Environment Planning Transport Limited as Ground Remediation and Enabling Works Consultant.
27.0 **Report on Chair’s action since the Oct. 2016 meeting.** The Board of Governors noted that, at the Board of Governors meeting held on 12th October 2016, the Board had delegated the approval to appoint the remediation contractor to the Chair of the Board of Governors and that, based on the tender submissions, interviews from 7th October 2016, White Young Green’s report and the College’s recommendation, the Chair had approved subject to contract, the appointment of Sanctus Limited as remediation contractor.

28.0 **HEFCE Annual Accountability Returns.** The Board of Governors noted that Higher Education Funding Council for England (HEFCE) took assurance from a suite of annual accountability returns which must be submitted by higher education institutions (HEIs) annually under the terms of HEFCE’s Memorandum of Assurance and Accountability. It was noted that, with the exception of the optional Annual Sustainability Assessment (which the College did not submit), all relevant reports due to be submitted to HEFCE by 1st Dec. 2016 had been included on the Nov. 2016 Board of Governors agenda (i.e. at agenda items 112, 13, 15 & 16), with the Transparent Approach to Costing (TRAC) return due to be submitted to HEFCE by 31st Jan. 2017 (agenda at item 17).

The Board of Governors received, for information, a report on HEFCE Annual Accountability Returns.

**PART X - committee reports & minutes: for receipt**

29.0 **Board of Governors: committee minutes & reports.** The following minutes and reports were received.

29.1 **Search & Nominations Committee.** Mr Flathers, as Chair of the Committee, presented the unconfirmed minutes of the Search & Nominations Committee meeting held on 12th Oct. 2016, highlighting the following areas which were reviewed: a fall in Governor attendance at Board meetings and training events below 80%; Governor succession planning; the current vacancy on the Audit Committee; Governor appraisals.

29.2 and 29.3 **Audit Committee.** Mr Finnigan, as Chair of the Audit Committee, presented the confirmed minutes of the meeting held on 12th Oct. 2016 and the unconfirmed minutes of the meeting held on 9th Nov. 2016, noting that reports and recommendations arising from the minutes had been considered earlier on the agenda.

It was noted that the Oct. 2016 meeting of the Audit Committee had noted that Risk 16 (Organisation) of the College’s strategic risk register had been amended following a review of controls, with reference to the fall in Governor attendance in 2015/16 noted above. It had been noted in discussion that, while the Board of Governors remained strong with a good skills mix, the fall in overall Governor attendance was considered to constitute a potential risk e.g. that a fall in attendance at in-house training events designed to help Governors increase their understanding of College and sector developments could affect Governors’ ability to fulfil key duties. The risk had therefore been shown as a medium (Amber) in the updated register.

**PART XI - final matters**

30.0 **Any other business: University title.** It was noted in response to Governors’ questions concerning the College’s application for university title that Privy Council approval would be required both for the grant of university title and consequent amendments to the
College's Instrument and Articles of Government.

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

32.0 Date of next meetings. It was noted that the Board of Governors was next due to meet on:
- Thurs. 5th Jan. 2017 at 11.00am (Extraordinary Board meeting - to be confirmed)
- Wed. 25th Jan. 2017 at 1.30pm (scheduled Board meeting)

PART XII - Reserved Matters *

33.0 Exclusions. The following staff and student members withdrew before consideration of items on the confidential Reserved Matters agenda: Mr A Allsuch Boardman (Students’ Union President/Student Governor), Mr F Bates (Governor nominated by the Academic Board), Mr R Hudson-Miles (elected and co-opted Staff 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).

34.0 Confidential Reserved Matters minutes of the previous meeting. The confidential Reserved Matters minutes of the meeting of the Board of Governors held on 12th October 2016 were approved: proposed Ms Handa, seconded Mrs Wright.

35.0 Action plan update & matters arising. It was noted that the action arising from the meeting had been completed. There were no other matters arising from the minutes.

36.0 Any other business. There was no other business not already included on the agenda.

37.0 Risk Management. There were no new items of risk associated with the Reserved Matters agenda identified at the meeting.
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, Chair of the Board Governors), Dr S Cottrell (Independent Governor & Deputy Chair of the Board of Governors), Mr J Finnigan (Independent Governor), Mr J Flathers (Independent Governor), Ms A Handa (Independent Governor), Mr R Hudson-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)

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 the following members of the Board of Governors: Kimberley Burrows (elected Student Governor), Professor S Congdon (Co-opted member with experience in the provision of education), Mr N Ramshaw (Independent Governor), 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 Allsuch Boardman (Students’ Union President), Mr Bagley (Council member, University of Sheffield, Gradcore Limited), Mr Bates (employee, Leeds College of Art), Mr Clements (partner, Deloitte), Professor S Congdon (employee, University of Bradford), Dr Cottrell (employee, University of East London), Mr Flathers (partner, Irwin Mitchell), Mr Hudson-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), 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 Nov 2016 meeting. The minutes of the meeting of the Board of Governors held on 23rd November 2016 were approved with the following amendment - a reference to the ‘Audit Committee’ rather than the ‘Oct. Committee’ on page 25: proposed Mr Bagley, seconded Ms Handa.
**ACTION: Clerk**

4.0 **Action plan update & matters arising.** Governors considered the action plan attached to the above minutes, noting that all actions had been completed, were on the agenda or has a future completion date. There were no matters arising from the minutes.

5.0 **Minutes of the extraordinary meeting held on 5th Jan. 2017.** The minutes of the extraordinary meeting held on 5th Jan. 2017 were approved: proposed Mr Reid, seconded Mr Bagley.

6.0 **Action plan update & matters arising.** Governors considered the action plan attached to the above minutes, noting that all actions had been completed. There were no matters arising from the minutes.

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

7.0 **Chief Executive’s report.** The Principal presented her Chief Executive’s report for Jan. 2017.

(i) **Teaching Excellence Framework (TEF)**
Governors noted that the College had submitted its TEF Year 2 provider submission. It was noted that the results of the TEF would be announced at the end of May 2017.

(ii) **Applications: HE & FE**
Governors noted that:
- The deadline for HE undergraduate student applications had been 15th Jan. 2017, with the Universities & Colleges Admissions Service (UCAS) report showing that the College had maintained its application rates compared to competitors (which had seen an 11% decline) and the national application rate (which had seen a 4.75% decline);
- HE applications per place (Home and EU) were, at 5.8, close to the College’s target of 6 applications per place (stretch targets had been given for some courses), with the possibility of some Home and EU applications yet to arrive, and with international applications having increased by 10%.

It was noted in response to Governors’ questions that:
- Due to changes in the UCAS Tariff system which was developed to allow for broad comparisons to be made about a wide range of qualifications, the College’s tariff had been amended for 2017 entry to ensure parity across different qualifications, but, once applicants had met the admissions threshold which was broadly in line with comparators, decisions on offers were made with reference to the applicant’s portfolio, as would be expected in a specialist institution;
- The national decline in applications to HE could have been affected, in part, by the introduction of higher level apprenticeships;
- The College’s application rate appeared to have benefited from the fact that it was a specialist institution with a good and rising reputation, with a website which showcased student work and successes, and that it was located in Leeds, which had a reputation as a vibrant place to study;
- The College was not, however, complacent and continued to monitor application trends, with the emphasis now on converting applications to acceptances for 2017 entry.

Governors noted that:
With reference to FE applications, the rate for the Extended Diploma continued to be generally sustained, the Foundation Diploma remained popular, with applications for the Access and Level 2 Diploma received later in the cycle, and international FE applications having decreased slightly since 2016.

(iii) Retention: HE & FE
Governors noted, with reference to the number of HE students who left their studies during a single year having increased, that this was receiving concerted focus and scrutiny from the College's senior management team (SMT) and through the College's deliberative structure.

It was also noted that the improvements in FE retention noted throughout 2015/16 had continued to be maintained, with the Access to HE, Level 2 Diploma and Extended Diploma first year currently at 100%, the Foundation Diploma at 99.3% and the Extended Diploma second year at 91.8% (a 10% increase on the 2015/16 outcome).

Governors congratulated the FE department for having achieved a sustained improvement in its student retention rate.

It was noted in response to Governors’ questions that, while the reasons for the fall in HE retention in 2015/16 were not necessarily similar to the reasons for falls in FE retention in the recent past, much could be usefully shared across the College as part of collective efforts to improve retention in both HE and FE e.g. a presentation by the FE Course Leader for the Extended Diploma on the work to improve retention and presentations from undergraduate courses on developing a sense of belonging amongst students had been well received by all staff at the last staff briefing day. The importance, in this context, of analysis undertaken in relation to transition points (e.g. FE to HE) and retention was noted.

(iv) Taught Degree Awarding Powers (TDAP)
Governors noted:
- With reference to TDAP, that all HE students had transferred to the College's own HE awards and the College's TDAP group had been disbanded, as TDAP actions had been progressed and any outstanding matters would now be taken through the College's deliberative structure;
- With reference to the College's application for University status, that no objections had been received to the proposed name of Leeds Arts University and the College's application for university status would be sent to HEFCE shortly.

It was noted in discussion, with reference to the College's application for university status and proposed name change, that in the event of a successful application, future students would be made aware that the institution remained the same although the name had changed.

(v) Research
Governors noted:
- The 4 UK higher education funding bodies were consulting on detailed arrangements for research assessment in a second Research Excellence Framework (REF) and Professor R Whittaker would attend the HEFCE consultation events;
- The list of the College's recent research outputs.

(vi) Estates
Governors noted that:

- As agreed, ISG Construction Limited had been appointed as the main contractor for the new build;
- The groundworks were progressing well

(vii) Health & Safety & the Prevent Duty
Governors noted that there had been no RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013) incidents and no reportable matters or events related to the Prevent Duty during 2016/17 to date.

(viii) Successes
Governors considered the report on student and staff successes, noting in particular the successful collaboration between the College and the School of Earth and Environment at the University of Leeds which had resulted in the award of the Outstanding Digital Innovation in Teaching or Research category at the Times Higher Education Awards 2016.

The current Re/Western series exhibition which offered a feminist interrogation of the western genre featuring portraits of female cowboys by Felice House, an American painter and Assistant Professor at Texas A&M University, which had attracted media attention, was also noted in discussion.

The Board of Governors received the CEO's report for Jan. 2017.

8.0 Key performance indicator (KPI) report. The Director of Finance, Ms Bailey, presented the KPI report for January 2017.

Governors noted that the KPI table had been updated for the following information, which had also been considered in the CEO's report:

- HE applications per place (Home and EU) were currently 5.8 compared to a benchmark of 6 per place, which had been based on an ambitious stretched target for Home and EU students;
- The College's HE application rate demonstrated that the College was continuing to recruit well in a highly competitive market.

Governors reviewed the following KPIs which had a Red RAG-rating, which had previously been considered as part of 2015/16 review of the Strategic KPIs and actions which had been undertaken at the Board of Governors' Oct. 2016 meeting:

- 8.3% of students had left their studies during 2015/16, which was above the benchmark target of less than 7.2% i.e. the benchmark for the creative arts and design subject group for young, full-time, first degree entrants;
- The above benchmark was based on the provisional 2015/16 Higher Education Statistics Agency (HESA) student record, with the final metric expected to be available later in 2017;
- The percentage of entrants to HE from widening participation (WP) postcodes was 9.3% against a Polar 3 benchmark of 11%, noting that 2015/16 had seen a significant increase in new entrants to the College, who had been mainly from non Polar 3 postcodes;
- The percentage of new entrants from low income households was 30.4% against a benchmark of 40%, noting the increase in new entrants had been from households with income above £25,000.

Governors noted that the College took WP issues seriously, noting the College's long-term
approach to WP was through outreach work with schools based on WP criteria. It was noted that the College was a member of Go Higher West Yorkshire (formerly Higher Education Access Rewarding Transforming (HEART)) and that Mr Russell (Director of Studies, Progression and Student Support) would be attending a Go Higher meeting in Mar. 2017. The changing profile of applicants since the College had moved from the FE sector to become an HEI with FE provision was considered and it was noted that WP targets would be reviewed as part of the development in 2017 of the new Strategic Plan and the agreement of the College’s 2018/19 Access Agreement with the Office for Fair Access (OFFA). The requirement for TEF participants to have a current Access Agreement or equivalent was noted.

It was noted in response to Governors’ questions, concerning the target for international student recruitment having been met 2 years early, that the target for international student recruitment had been considered through the budgets and forecasting and would be reviewed as part of the Strategic Plan review.

The Board of Governors received the College's Jan. 2017 KPI report.

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

9.0 **Academic Board report.** The Principal presented the confirmed draft Academic Board minutes of 30th November 2016 and the accompanying report which highlighted the following items of note considered at the meeting: a discussion of a top-level summary of the annual monitoring returns to the OU; approval of the Further Education (FE) Self-Assessment report (SAR); approval of a proposal to change the academic calendar from 2017/18; a presentation on the undergraduate assessment and workload project; a discussion of the summary of the Final Examinations and Progression Board minutes; review of the annual summary of complaints and appeals.

Governors also noted the report on the standardisation of feedback to students which was recorded in the minutes.

The Board of Governors received the Academic Board minutes of 30th November 2016.

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

10.0 **Financial matters: management accounts.** The Director of Finance presented the management accounts for the period ending 31st December 2016, including a review of financial KPIs.

Governors noted that the operating surplus at £1.68m was £645k ahead of budget, savings had been made in both pay and non-pay costs, with slightly increased income at this stage in the financial year compared to budget.

Governors noted that the financial forecast assumed a non-collection rate for HE fees of 5%, with the actual rate of non collection in the past being around 2.4%-2.5% and the final fee position for 2016/17 being dependent upon the student retention profile. It was noted in response to Governors’ questions that student fees were paid in instalments of 25%, 25% and 50% by the Student Loans Company (SLC), with the final 50% only being received if the student returned after the Easter vacation.

The Board of Governors received the management accounts for Dec. 2016.
**PART V - Financial & regulatory matters: items for approval**

11.0 **Facility Agreement.** The Director of Finance reported that the initial draft of the bank facility agreement with HSBC had been presented to the Board of Governors' meeting on 5th Jan. 2017, had been reviewed by the College's solicitors and a subsequent revision sent to Audit Committee members by e-mail for comment, with the final draft of the bank facility agreement being presented to the Board of Governors for approval. The Chair of the Board of Governors, Mr Clements, thanked the Chair and Vice-Chair of the Audit Committee, Mr Finnigan and Mr Reid, for their detailed review of the draft agreement.

It was noted that the draft was a standard facility agreement but some changes had been agreed with the Bank e.g. in relation to less onerous reporting requirements by the College. The Clerk distributed the model minute for approval of the draft facility.

After due consideration of all the circumstances and on being satisfied that it is for the benefit of the Higher Education Corporation of Leeds College of Art (the "College") and in the interests of the College for the purpose of furthering its charitable objects, education mission and carrying on its activities to enter into the draft £8 million revolving facility agreement between the College as Borrower and HSBC Bank plc as Lender (the "Facility Agreement").

It was NOTED that following its entry into the Facility Agreement the College’s total financial commitment will rise to £8 million and, thus, remains under the HEFCE consent threshold of £13.2 million so that the consent of HEFCE is not required prior to the College entering into the Facility Agreement; and

it was RESOLVED by the Board of Governors of the College that:

1. the terms of, and the transactions contemplated by, the draft Facility Agreement were approved;

2. the terms of all draft ancillary or supporting documents (including any other Finance Document or Utilisation Request, both terms as defined in the Facility Agreement) as considered in the Facility Agreement were approved;

3. the College’s entry into the Facility Agreement was approved;

4. any two of the authorised signatories listed below (each an “Authorised Signatory”) be authorised to negotiate, finalise and approve the final version of the Facility Agreement with the Lender and to sign the Facility Agreement and any other ancillary or supplemental documents [confidential minute]

The above resolution was proposed by Mr Reid and seconded by Mr Finnigan.

The Board of Governors agreed that the Chair of the Board of Governors, should sign the borrower’s certificate: proposed Mr Reid, seconded Mr Finnigan.

**ACTION: Chair**

12.0 **Transparent Approach to Costing (TRAC) report.** The Director of Finance reported that HE institutions (HEIs) reported to the Higher Education Funding Council for England
HEFCE annually on the costs of their activities under the Transparent Approach to Costing (TRAC) system. Governors noted that 2017 was the fourth year that the College had submitted a TRAC return, noting also that the process had been reviewed as part of the 2015/16 internal audit plan; with the auditors concluding that the College had a robust series of suitably designed internal controls in place.

In November 2016 the Board of Governors delegated responsibility for the review of the Statement of Requirements Compliance to Mr Finnigan under Chair's action as the Chair of the Audit Committee, as permitted under HEFCE guidance. Mr Finnigan had reviewed the Statement of Requirements and a discussion of the results, drivers of costs and research had taken place with the Director of Finance. It was noted that Mr Finnigan had confirmed that the requirements had been met. Mr Clements, as Chair of the Board of Governors, thanked Mr Finnigan for undertaking this duty. Mr Finnigan thanked the Director of Finance for the information and response to queries received during the course of the review.

It was noted that TRAC was the standard method used for costing within the Higher Education sector and that, as a public accountability process, its main purpose was to obtain full economic costs for Teaching, Research and Other institutional activity through attributing Income and Expenditure from the audited Financial Statements and the resulting surplus/deficit across the different areas.

The Director of Finance confirmed that:

- The structure of the College’s management accounts enabled a large proportion of costs to be directly attributed and, where costs were not directly attributable, these had been 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, which was a change from prior years, with the costs based on the total number of research days allocated to those with published research;
- 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);
- In order to calculate the full economic cost, the College was required to add two adjustments to the annual expenditure per the financial statements i.e. an Infrastructure Adjustment and a Return for Financing and Investment Adjustment;

It was noted that the process for understanding cost drivers was improving annually. Governors noted that the College was recovering 95.5% of full economic costs on Non - Publicly Funded Teaching (NPFT), which was an improvement on the prior year recovery figure of 72.1%, as a result of an improved recovery of costs on international students due to an increase in cohort size. It was noted that, overall the College recovered 107.8% of costs after adjustments, as a result of tight cost control exercised and a focus on value for money.

In response to Governors' questions as to whether there was any sector benchmarking information relating to TRAC, that benchmarking analyses arising from the TRAC (T) return (a separate return covering the costs of subject specific teaching to be made in Feb. 2017), would be presented to the Board of Governors' June 2017 meeting.

**ACTION: Director of Finance.**
The Board of Governors approved the TRAC return: proposed Mr Reid, seconded Mrs Wright.

13.0 Tuition fees

13.1 For approval: FE fees 2017/18. The Director of Finance reported that, under the College's Financial Regulations, the Board of Governors approved the level of tuition fees to be charged to students aged 19+ annually

It was noted that the FE funding body, the Skills Funding Agency (SFA), allowed colleges to set fees at any level provided the fees were not above the listed funded grant level set out in the SFA funding matrix. It was noted that the funding matrix for 2017/8 had yet to be published. The Director of Finance was therefore proposing that the 2017/18 fee charged to 19+ students should be the grant funding per the funding body matrix and that 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, on this basis, irrespective of student age or funding, the same funds would be received by the College for each student, which would ensure that the treatment of learners was fair and equitable. It was noted that, since December 2015, loans had been available to anyone aged over 19 starting a level 3 or level 4 course.

As the final fee matrix for 2017/18 had not yet been provided by the Skills Funding Agency (SFA), the Board of Governors agreed that the basis on which the 2017/18 FE tuition fees for students aged 19+ would be calculated should be as proposed by the Director of Finance above, noting that final fees would be calculated when the final fee matrix was released and the Governors would be informed of the fees: proposed Ms Handa, seconded Mrs Wright.

ACTION: Director of Finance

13.2 For information: other fees report 2017/18. The Director of Finance reported that the College's Financial Regulations required the Board of Governors to approve the FE fees for Home students but that all other fees were determined by the Director of Finance, with fees for relevant undergraduate courses determined within the scope of the Access Agreement approved by the Board of Governors and other fees with reference to the budget setting process.

Governors considered the level of undergraduate fees for Home students charged by HE institutions (HEIs) generally and the College in particular, discussing, in response to Governors' questions, the possible effect on recruitment of HEIs charging tuition fees lower than the maximum permitted and the possible effect of the introduction of a wider range of funded higher-level apprenticeships on students' future willingness to apply for university courses which charged fees.

It was noted in discussion that: HEIs which had initially introduced lower fees had not found that they increased recruitment, as students identified higher fees with higher quality; FE colleges which charged lower fees did not appear to have had an impact on the application rates of HEIs which charged full fees; specialist arts institutions had higher costs associated with the provision of high level facilities and higher staff to student ratios due to the additional resources, which necessitated the charging of higher tuition fees; HEFCE required HEIs to demonstrate financial sustainability through the generation of surpluses which permitted future capital investment; the NUS was arranging a boycott of the 2017 National Student Survey (NSS) in response to the link between the Teaching Excellence Framework (TEF) and higher tuition fees; academic reputation, achieved through appropriate investment in staff and good facilities, rather than fees, appeared to be the
primary factors in applicants choosing institutions.

Governors noted, in discussion, that the replacement of the maintenance grant with a maintenance loan appeared to be more of an issue for students than tuition fees levels and that financial support for students was available through the College’s Access Agreement scholarships, bursaries and hardship funds. The Director of Studies, Progression and Student Support, Mr Russell, noted with reference to the College’s Access Agreement, that consultation with students had indicated that help with course costs was more important to students than fee waivers.

The Board of Governors received, for information, the tuition fees schedule for 2017/18 for international students (undergraduate, postgraduate and FE), Home postgraduate, and full cost Equivalent Level Qualification (ELQ) Home students.

**PART VI - items for ratification or approval**

14.0 Annual FE self-assessment report. Mr D Russell (Director of Studies, Progression and Student Support) presented the College’s 2015/16 FE self-assessment report, which had been validated at a dedicated FE Committee meeting held on 21st Oct. 2016 and approved by the Academic Board on the 30th Nov. 2016. It was noted that the Grade for overall effectiveness of provision was Grade 2 (Good), which was in line with the outcome of the 2016 Ofsted inspection.

Governors noted that:

- The self-assessment process was an ongoing systematic process that required staff and Governors to critically evaluate performance, measure progress and identify areas for improvement;
- Following feedback from the Ofsted inspection in March 2016, the template for the Self-Assessment Report (SAR) and Quality Improvement Plan (QIP) had been revised to secure a stronger focus on the measuring of impact;
- All judgments and actions continued to be referenced to Ofsted’s Common Inspection Framework (CIF);
- Individual course Self-Assessment Reports made judgements on course strengths and identified areas for improvement, which resulted in the production of Quality Improvement Plans (QIPs);
- Each course self-assessment was reviewed and collated into the College Self-Assessment Report;
- In response to feedback received during the Ofsted inspection in March 2016, comparisons to national rates within the Course and College Self-Assessment Reports, had been made against ‘All institutions’ instead of the provider group, ‘Other Public Funded’.

Governors also noted that, in addition to addressing the requirements of the Ofsted’s CIF, a section ‘Safeguarding in the Curriculum’ had been added following changes to the statutory guidance for schools and colleges and provided a summary of how safeguarding was delivered as part of the curriculum.

Governors commended the revised, clearer format of the report. It was noted that the report highlighted some significant achievements, including improvements in retention.

Governors discussed the comment at Part C (Personal behaviour, development and welfare) that ‘Student commitment to learning is good and attendance rates across the
majority of courses have remained broadly in line with targets' with reference to attendance being 86% on the Extended Diploma (Year 2) against a target of 90% and the retention being 81% on the Access to HE course against a target of 92%. Actions being taken to improve attendance were noted.

Governors queried the 2016/17 retention target of 86% for the Diploma in Visual Arts, given that retention in 2015/16 had been 100%, noting that the lower target had been set due to there being fewer students on the second year of the course. It was noted that setting the 2016/17 attendance targets at 85% (2015/16: 86%) for the Diploma in Visual Arts and Access to HE was realistic, given that outcomes in 2015/16 had been 84% and 83% respectively.

It was noted that there was an error on page 194, where the final target for pass rate for Access to HE should have been 100% rather than 99%.

The Board of Governors ratified the College’s approved 2015/16 FE self-assessment report, with the amendment of the error noted above: proposed Mrs Wright, seconded Mr Flathers.

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

15.0 **Safeguarding annual report.** It was noted that this report would be presented to the next scheduled meeting of the Board of Governors.

16.0 **Equality, diversity and inclusion annual report.** It was noted that this report would be presented to the next scheduled meeting of the Board of Governors.

17.0 **Human Resources annual report.** The Principal presented the annual report on Human Resource (HR) activity, which had been prepared by the Head of HR and provided an overview of HR activity within the College in relation to the 2015/16 academic year and summarised policy changes, training activity, recruitment activity and absence levels and KPIs relating to these areas.

KPIs were reviewed, noting most had been met or exceeded. Governors noted that the College’s KPI for voluntary turnover was lower than target for academic staff and slightly above target for business support staff, noting also that progression for business support staff within a small institution was necessarily limited. A higher rate of sickness absence for FE academic staff and workshop staff was noted, with the Principal reporting that reasons had been analysed and included long-term sickness absence.

It was noted that the College’s annual report on EDI would be presented to the next scheduled meeting of the Board of Governors. It was noted, in this context, that the diversity of the College’s senior management team was better than the HE sector average.

Governors emphasised the importance of continuing to ensure that FE staff felt valued by the College as it moved to university status.

The Board of Governors received the College’s 2015/16 HR report.

18.0 **Health & safety (H&S) annual report.** Mr D Russell (Director of Studies, Progression and Student Support) presented the College’s 2015/16 H&S report, which provided an
overview of Health and Safety (H&S) issues and included 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, evacuation chair training. It was noted that, as requested at the Board of Governors’ Jan. 2016 meeting, a statement from the H&S Committee on whether there was an appropriate level of resourcing for H&S during the year has been included in the report, with a positive report being provided.

Governors noted that there had been no reportable RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) incidents in 2015/16. There had, however, been a slight increase in non-RIDDOR incidents involving students and staff, with no apparent trends or particular areas or courses identified. Good health and safety guidance and practices would continue to be communicated to students and staff to ensure that accidents were kept to a minimum.

Governors sought and received assurances in relation to accessibility, fire evacuation procedures, and the handling and monitoring of dangerous substances. It was agreed that a report on the number of fire evacuations in 2015/16 would be made to the Board of Governors.

**ACTION: Mr Russell**

The Board of Governors received the College’s 2015/16 H&S report.

19.0 **Freedom of information annual report.** The Clerk reported on the processing of Freedom of Information (FOI) requests received during the period January 2016 to December 2016. It was noted that 23 FOI requests had been received during this period plus 1 Publication Scheme request (2015: 20 FOI requests and 1 Publication Scheme request, 2014: 25 FOI requests; 2013: 10 FOI requests and 1 Publication Scheme request).

The Board of Governors received the 2016 FOI annual report.

20.0 **CUC Code of Governance: Illustrative Practice Note on Academic Governance.** The Clerk reported that the Board of Governors had adopted the Committee of University Chairs (CUC) *Higher Education Code of Governance* (2014 and a summary report against the Code, had been presented to the Nov. 20126 meeting of the Board of Governors, concluding that the primary elements in the Code and the responsibilities in the *Statement of Primary Responsibilities* had been applied by the College. Since issuing the Code in 2014, the CUC has issued 3 supporting Illustrative Practice Notes i.e. Note 1 (Remuneration Committees, Mar. 2015), Note 2 (Prevent Strategy, May 2015, revised Nov. 2016), Note 3 (Academic Governance, Jan. 2017). The Code and Illustrative Practice Notes were available for reference at: [http://www.universitychairs.ac.uk/publications/](http://www.universitychairs.ac.uk/publications/) and under the Key Documents heading on the Board of Governors’ section of eStudio.

The Board of Governors considered the CUC’s Illustrative Practice Note 3 (Academic Governance, Jan. 2017), noting that the College was cited in the institutional practice examples listed on the right-hand column of the document.

It was noted that the Note arose from HEFCE’s requirement that HE institutions (HEIs) should provide, as part of their annual assurance return, assurances concerning the student academic experience, student outcomes, and academic awards. To enable the Board of Governors to provide the above assurances with reference to 2015/16, the College had produced a report on the student academic experience, student outcomes &
degree standards which had been considered at the Board’s Nov. 2016 meeting.

It was noted that the Academic Board was responsible for the stewardship of academic standards, research, scholarship, learning and teaching (including the quality of the student learning experience) and courses subject to the overall responsibility of the Board of Governors including the Principal. The relationship between the Board of Governors and the Academic Board at the College was facilitated by the fact that the Principal was both Chair of the Academic Board and a member of the Board of Governors, Mr Bates was nominated to the Board of Governors by the Academic Board, and Mr Boardman was a member of the Academic Board and the Board of Governors and that Academic Board minutes were presented to the Board of Governors, with a summary highlighting key issues. It was also noted with reference to the Board’s knowledge of the College’s academic offer generally, that briefings from curriculum areas were included on a periodic basis as part of the Governor training schedule.

It was noted, with reference to the examples cited in the Note, that areas for future consideration and development could include periodic internal audit reviews relating to academic quality and standards (with a review on student retention and interventions included in the 2016/17 plan) and the effectiveness of academic governance.

The Board of Governors received, for information, the Committee of University Chairs’ Illustrative Practice Note 3 (Academic Governance, Jan. 2017).

21.0 **Use of the seal.** The Clerk reported that the following document had been signed under seal since the meeting of the Board of Governors on 5th Jan. 2017: a Guarantee (Other party: Sanctus (Holdings) Limited).

22.0 **Board of Governors: committee minutes & reports.** There were no Committee minutes or reports.

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

24.0 **Risk Management.** No new items of risk had been identified at the meeting.

25.0 **Date of next meetings.** It was noted that the Board of Governors was next due to meet on:
- Wed. 1st Mar. 2017 at 1.30pm (training event)
- Wed. 29th Mar. 2017 at 1.30pm (scheduled meeting) but the Clerk was consulting with Governors on moving this meeting to Wed. 5th Apr. 2017 at 1.30pm

   **ACTION: Clerk**

26.0 **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 27-29: Mr A Allsuch Boardman (Students’ Union President/Student Governor), Mr F Bates (Governor nominated by the Academic Board), Mr R Hudson-Miles
27.0  **Reserved Matters minutes of the Nov 2016 meeting.** It was noted that, as the Reserved Matters minutes were non-confidential and in the public domain, they had been considered for approval at agenda item 3 above.

28.0  **Reserved matters: Remuneration Committee meeting of 25th Jan. 2017.** Mr Flathers, as Chair of the Remuneration Committee, gave a verbal report on senior post-holder remuneration which had been determined at the Committee's Jan. 2017 meeting, noting that a written report would be provided in the minutes of the Committee to be presented at the Board of Governors' Mar. /Apr. 2017 meeting. The Principal and the Clerk each withdrew from the meeting during Mr Flathers' report on their own remuneration.

29.0  **Risk Management.** No new items of risk arising from the Reserved matters agenda had been identified at the meeting.
BOARD OF GOVERNORS OF THE HE CORPORATION
MINUTES OF THE EXTRAORDINARY MEETING HELD ON WEDNESDAY 1st MARCH 2017

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, Chair of
the Board Governors), Dr S Cottrell (Independent Governor & Deputy
Chair of the Board of Governors), Mr J Finnigan (Independent Governor),
Dr D Reid (Independent Governor), Professor S Wonnacott Principal/CEO
& Governor ex officio), Mrs C Wright (Independent 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), Mr S Thorpe (Director of Studies, Professional and External
Development)

1.0 Apologies for absence. Apologies were received from the following members of the Board
of Governors: Kimberley Burrows (elected Student Governor), Professor S Congdon (Co-
opted member with experience in the provision of education), Mr J Flathers (Independent
Governor), Ms A Handa (Independent Governor), Mr N Ramshaw (Independent Governor), Ms
K Watson (Independent Governor).

Apologies were also received from the following member of the College’s senior
management team (SMT): Professor R Whittaker (Director of Studies, HE Enhancement &
Research).

2.0 Declaration of interests & code of conduct report. The following standing declarations of
interest were received under this agenda item: Mr Allsuch Boardman (Students’ Union
President), Mr Bagley (Council member, University of Sheffield, Gradcore Limited ), Mr
Bates (employee, 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), Professor Wonnacott (employee, Leeds College of Art,
and Universities & Colleges’ Employers’ Association Board member).

Dr Cottrell reported that she was no longer an employee of the University of East London.

3.0 Minutes of the previous meeting. It was noted that, as the meeting was an Extraordinary
meeting, the minutes of the previous meeting of the Board of Governors did not fall to be
considered.
PART I - Financial matters: for approval

4.0 Waste tender. The Director of Finance, Ms Bailey, reported that, from Sept. 2018, all costs associated with waste management were projected to rise with the increase in student intake and occupation of the new building and that a number of local, regional and national waste management contractors were contacted to provide notice of the waste tender. It was noted that 6 responses to the request to tender had been received and submissions had been reviewed for consistency against collection frequencies and College requirements, with anomalies adjusted and clarified with the service providers to ensure like for like costs were evaluated.

[Confidential minute].

The Board of Governors noted the tender scoring and approved the appointment of Premier Waste Recycling as the College’s waste collection providers for a period of 3 years: proposed Mr Bagley, seconded Mr Finnigan.
ACTION: Director of Finance

[Confidential minute].

5.0 Network tender. The Director of Finance reported that the College currently used NSL Data Limited for its networking needs but with the construction of the new College extension, it was anticipated that the College would need to spend between £50,000 - £90,000 to provide new network points and cabling and that any subsequent re-modelling of the existing Blenheim Walk building would incur further costs. It was noted that a request for tender had therefore been issued for the networking contract and the tender had been advertised on the Government’s Contracts Finder website, with interest from 4 suppliers received.

Governors noted that the College was recommending the appointment of NSL Data Limited based on the tender scoring for an initial contract period of two years with an optional third year, which should cover the construction of the new teaching block wing and also any subsequent work required in the reconfiguration of the existing Blenheim Walk building.

The Board of Governors noted the tender scoring and approved the appointment of NSL Data Limited as networking suppliers for an initial contract period of 2 years with an optional third year: proposed Mr Reid, seconded Dr Cottrell.
ACTION: Director of Finance

PART II - Reports: for information

6.0 Use of the seal. The Board of Governors noted that the following document had been signed under seal since the meeting of the Board of Governors held on 25th Jan. 2017: a Facility Agreement relating to an £8,000,000 revolving facility.

The Board received the Clerk's report on the use of the seal.

7.0 Staff Governor election. The Clerk confirmed, with reference to the vacancy for a Staff Governor, that 2 nominations had been received by the deadline and that an election would therefore be held. Governors noted that it was anticipated that a formal recommendation on appointment of the successful candidate was expected to be made by the Search & Nominations Committee at the Board of Governors' meeting to be held on 5th Apr. 2017.

The Clerk's report on the Staff Governor election was received.
### PART III - Final matters

**8.0 Any other business.**

**BBC news report on new build**

The Principal presented a BBC news report on the new build and the College’s plans to become the only specialist arts university in the North of England.

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

**10.0 Dates of next meetings.** It was noted that the Board of Governors was next due to meet on:

- Wed. 5\(^{th}\) Apr. 2017 at 1.30pm, Board of Governors’ meeting (re-arranged from Wed. 29 Mar. 2017);
- Wed. 26\(^{th}\) Apr. 2017 at 1.30pm, Annual Governors & Executive meeting at 1.30pm.

The earlier start time for the meeting to be held on Wed. 26\(^{th}\) Apr. 2017 was drawn to Governors’ attention.
BOARD OF GOVERNORS OF THE HE CORPORATION
MINUTES OF THE MEETING HELD ON WEDNESDAY 5TH APRIL 2017

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, Chair of
the Board of Governors), Professor S Congdon (co-opted Governor with experience of
education), Dr S Cottrell (Independent Governor & Deputy
Chair of the Board of Governors), Ms G Edge (elected & co-opted Staff Governor),
Mr J Finnigan (Independent Governor), Mr J Flathers (Independent Governor),
Ms A Handa (Independent Governor), Mr N Ramshaw (Independent Governor),
Dr D Reid (Independent Governor), Professor S Wonnacott
(Principal/CEO & Governor ex officio), Mrs C Wright (Independent 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), 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 Ms K Burrows (elected Student
Governor) and Ms K Watson (Independent Governor).

It was noted that Professor S Congdon would join the meeting by telephone.

2.0 Declaration of interests & code of conduct report. The following standing declarations
of interest were received under this agenda item: Mr Allsuch Boardman (Students’ Union
President), Mr Bagley (Council member, University of Sheffield, Gradcore Limited ), Mr
Bates (employee, Leeds College of Art), Mr Clements (partner, Deloitte), Professor S
Congdon (employee, University of Bradford), Mr Flathers (partner, Irwin Mitchell), 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).

PART I - Membership matters: item for approval

3.0 Appointment of elected & co-opted Staff Governor. It was noted that, following the
ending of Mr R Hudson-Miles’ term of office as an elected & co-opted Staff Governor on
29th Jan. 2017, an election had been held and Ms G Edge (the College’s Strategic Planning
Analyst) had been elected and was eligible for appointment. It was noted that, under the
Instrument of Government, a Staff Governor other than a nominee of the Academic
Board, must be appointed as a co-opted member of the Board of Governors.

The Board of Governors appointed, on the recommendation of the Search & Nominations Committee, Ms G Edge as the elected and co-opted Staff Governor for a period of 4 years: proposed Dr Cottrell, seconded Dr Reid

ACTION: Clerk

(Ms Edge joined the meeting).

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

4.0 Minutes of the previous meeting (25th Jan. 2017). The minutes of the meeting of the Board of Governors held on 25th Jan. 2017 were approved: proposed Mr Bates seconded Mrs Wright.

5.0 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. The Clerk reported that she would remind Governors, who had yet to do so, to complete the online Governance effectiveness questionnaire and to update (as necessary) the online Audit of skills form.

6.0 Minutes of the previous meeting (1th Mar. 2017). The minutes of the extraordinary meeting of the Board of Governors held on 1th Mar. 2017 were approved: proposed Mr Bagley, seconded Mrs Wright.

7.0 Action plan update & matters arising. It was noted that all actions arising from the above minutes had been completed.

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

8.0 Chief Executive’s report. The Principal presented her Chief Executive’s report for Apr. 2017.

(i) HE and FE applications
Governors noted that:
- It was likely that the College would meet its overall undergraduate recruitment target, with a few courses slightly below or above target;
- As the College approached the end of the 16-18 FE application cycle, overall applications were broadly similar to 2016, with slightly more applications for the Foundation Diploma and slightly fewer for the Extended Diploma.

(ii) University title
Governors noted that:
- It was anticipated that it could be the start of the 2017/18 academic year before the College was formally informed of the outcome of its application for university title.

(iii) Research
Governors noted the report on research outputs included in the CEO’s report.

(iv) Adult Short courses
Governors noted that:
- The College’s core undergraduate and postgraduate provision was placing additional demands on the College’s estate, which had resulted in timetabling
being extended into the evenings and increasing demand for access to studios and resource areas during the evenings;
• There would also be some disruption to the College's estate whilst the new build and the re-modelling of the current building at Blenheim Walk was taking place
• It had therefore been decided that, while all of the College's existing adult short courses promoted on the College website would run as normal to the end of the 2016/17 academic year (subject to student numbers), full cost adult short course provision would be put on hold and reviewed again once the building project and other estates works had been completed.

It was noted in response to Governors’ questions concerning the impact of the above decision on the College's relationship with the city, in relation to widening participation, that:

• The College continued to be committed to maintaining contacts with the city e.g. through Creative Network events and through exhibitions;
• The adult short courses in question were full-cost courses;
• The College was continuing to pursue its widening participation strategy through outreach work with schools and provision for mature students e.g. through the Access to HE Diploma (Art & Design), the Level 2 Diploma in Visual Arts, and summer schools;

(Professor Congdon, who had been attending remotely, left the meeting due to problems with the telephone connection).

(v) Estates
Governors noted that:
• The groundworks remediation had been completed and the main contractors had started on site;
• Although there had been some delay, caused by problems securing a piling rig, one was now on site and the contractors were still working to the original completion deadlines.

It was noted, in response to Governors’ questions, that there had been no complaints to date from neighbouring properties concerning the building work noted above.

(vi) Successes
Governors considered College and student successes, noting in particular that:
• The College had been shortlisted in 5 categories for the WhatUni Student Choice Awards 2017, having previously won the UK university with the best facilities award in 2014 and 2016;
• Ria Sharma, who studied BA (Hons) Fashion and graduated from the College in 2014, had been awarded the India Today Woman of the Year Award for Public Service in Mar. 2017, having become interested in the survivors of acid attacks as part of her final year project leading her to become the founder of Make Love Not Scars;
• Access to HE Diploma (Art & Design) student, Suman Kaur, had won BBC One’s TV painting competition ‘The Big Painting Challenge’.

Governors congratulated Ria Sharma and Suman Kaur on the achievements noted above.

The Board of Governors received the CEO's report for Apr. 2017.
Key performance indicator (KPI) report. The Director of Finance, Ms Bailey, presented the KPI report for Mar. 2017, which had been updated with reference to KPIs relating to FE Student Satisfaction, non-continuation rates and HE application rates.

Governors noted that:
- The indicative results from the FE Learner Satisfaction Survey 2015/16 had been released;
- Although an overall Learner Satisfaction score for the FE Learner Satisfaction Survey 2015/16 would not be determined and made public on the FE Choices website until final data checks had been completed, the College average for the individual question responses was 8.6, which was an improvement on the previous survey results;
- The Higher Education Statistics Agency (HESA) had released the non-continuation rates of full time entrants after the first year of study, with the College's performance indicator (for young entrants) of 5.8% being lower than the benchmark of 6.7%, lower than the sector average of 6.2%, and significantly below the Creative Arts and Design subject area average of 7.3%;
- Whilst the College's non-continuation rates were better than benchmark and the sector averages, course leaders and Directors would continue to focus on this area as the 2015/16 metric was slightly higher than the previous metric of 5.5%;
- With reference to the HE overall applications to places ratio, current application rates were 5.8 based on stretched targets, which was positive in a highly competitive market.

It was noted in response to Governors’ questions that applications were determined on the applicant's portfolio (for which it was difficult to set a measure) but that staff considered that the quality of applicants was good, with many applicants to the College through UCAS also applying to other high performing art and design institutions, noting in this context the correlation of brand and reputation.

The Board of Governors received the College’s Mar. 2017 KPI report.

Part IV - Academic Board report: for information

Academic Board report. It was noted that the minutes of the Academic Board's Mar. 2017 meeting would be presented to the June 2017 meeting of the Board of Governors.

PART V - Financial & regulatory matters: items for consideration & information

Financial matters: management accounts & building project update. The Director of Finance presented the management accounts for the period ending 28th February 2016/17 including a review of financial KPIs, together with an update on the building project.

Governors noted that:
- The operating surplus at nearly £2.6m to date was £835k ahead of budget, with savings having been made in both pay and non-pay costs and income being higher than budgeted;
- Better than forecast income and lower costs had resulted in an improved forecast cash position;
- With reference to the undergraduate tuition fee position, the withdrawal rate was currently in line with prior years and lower than budget and as a result the year-end forecast has been updated;
- The forecast assumed a non collection of fees rate of around 2.5%, with the final
50% of fees payable when students returned from the Easter vacation;  
- Cash reserves remained high at £16.1 million and the level of bad and doubtful debts was low at around £7k.

Governors considered the report on the current status of the building project, noting that:  
- Project costs were shown as Green in the RAG-rated table;  
- Contract issues were shown as Amber as the building contract had not yet been signed between the main contractor, ISG, and the College, with the contract for the specialist areas due to be signed later on 5th April 2017 and there being a letter of intent between the College and ISG that covered the period to 6th April 2017;  
- The Completion date was shown as Amber as a result of the delay due to piling issues noted above, with the original completion date for the building project remaining unchanged i.e. July 2018.

With reference to project costs, it was noted that costs to date totalled £2.11 million, including professional fees and fees relating to the remediation work. It was noted that the cost of the remediation work had been under-budget. Details of insurance taken out were noted.

It was noted in response to Governors' questions that:  
- The College would continue to need to invest in buildings and resources and needed to ensure a healthy surplus to fund this, with very little capital grant available from HEFCE;  
- With reference to the KPMG 2015/16 HE financial benchmarking report, which would be considered at the Audit Committee meeting later on 5th Apr. 2017, the College's operating surplus as a percentage of income was ranked significantly above the sector average shown in the report i.e. the average operating surplus as a percentage of income was shown as 3.6% for pre-1992 HEIs and as 4.8% for post-1992 HEIs;  
- The College had been achieving an operating surplus as a percentage of income of 15% and would in future target 10%, as recommended by HEFCE.

The Board of Governors received the management accounts for Feb. 2017, noting the College's positive financial position, and also received a report on the College's building project.

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<th>PART VI - Annual reports: for information &amp; review</th>
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<tr>
<td><strong>12.0</strong> HEFCE: annual provider review (APR) preliminary assessment. Governors received HEFCE's annual provider review (APR) preliminary assessment letter dated 8th Feb. 2017, noting that it confirmed that HEFCE's APR Group had identified no concerns in relation to quality and standards, financial sustainability, management and governance.</td>
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<td><strong>13.0</strong> HEFCE: Prevent Duty annual reporting: monitoring outcome. Mr Russell (Director of Studies, Progression and Student Support) presented a letter dated 1st Feb. 2017 from HEFCE's Chief Executive, advising the College of a positive outcome to its Prevent Duty return for 2015/16. It was noted that the return, which had comprehensively detailed the College's approach to meeting the duty, had been reviewed by the Board of Governors at its meeting in Nov. 2016 before it was submitted to HEFCE in Dec. 2016.</td>
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Governors noted that, following receipt of the above letter, Mr Russell had been
contacted by the College's HEFCE Prevent advisor regarding elements of good and effective practice and had been asked to speak at a HEFCE workshop in London in Apr. 2017 e.g. on the College's approach to working with key external partners, students and staff to promote positive working relationships.

The Board of Governors received HEFCE's letter on the outcome of the College's Prevent Duty return.

14.0 College annual reports: Child & Vulnerable Adult Protection report. Mr Russell presented the report, which outlined child and vulnerable adult protection matters for the academic year 2015/16.

It was noted in response to Governors' questions that:
- Child protection related to students up to the age of 18;
- While there had been a small increase in recorded causes for concern and social services referrals in 2015/2016 compared to 2014/15, the overall numbers were very small and it was therefore not possible to say whether this represented a trend of any sort;
- The role of staff in responding to child protection cases was noted, noting also that the report detailed staff training undertaken during the year.

The Board of Governors received the Child & Vulnerable Adult Protection report 2015/16.

15.0 College annual reports: Equality, Diversity & Inclusion (EDI) report. Mr Russell presented the report, which summarised staff and student data and activity for 2015/16 according to protected characteristics, noting that the report was being presented to enable Governors to receive assurance that their legal duties in relation to equality matters were being met.

Governors noted that the College's EDI Committee had considered the data provided in the report. It was noted that, in addition to College data, the EDI Committee also considered national data relating to HEIs (e.g. staff and undergraduate data from the Equality Challenge Unit (ECU) and Higher Education Statistics Agency (HESA) data) where possible, although FE data was more difficult to compare as benchmarks for creative subjects were not published, with the comparators in the College's FE Self-assessment Report (SAR) relating to the same courses nationally for all institutions i.e. schools, colleges and HEIs. Governors noted that the report recorded that the College had more female than male staff and students, with mostly White ethnicity.

Governors noted in discussion that comparators for creative subjects at undergraduate level indicated that the College was generally in line with the creative sector although it had a larger proportion of female students, as noted above. It was noted that this data, together with course level data, had been considered by the EDI Committee, which had noted that the larger courses such as BA (Hons) Printed Textiles and Surface Pattern and BA (Hons) Fashion continued to reflect strong historical gender preference and, although there was greater gender balance on courses such as BA (Hons) Graphic Design and smaller courses such as BA (Hons) Animation and BA (Hons) Creative Advertising, these made up a smaller proportion of the student population overall. It was noted in response to Governors' questions that HEIs which offered more digital courses appeared to attract more male students and staff. The possible impact on the recruitment of male students of new courses such as BMus (Hons) Popular Music Performance and BA (Hons) Film-making was considered.

It was noted that the College currently had data that showed the number of student
applications, the number of offers, the number of acceptances and the number of enrolments by protected characteristics, with no concerns arising, but a significant number of applicants did not attend interview and the EDI Committee had therefore asked for this data to be provided for future reports.

Governors welcomed the high number of declarations from applicants for employment in relation to some protected characteristics (e.g. gender, disability) and discussed how the number of ‘unknowns’ in relation to other protected characteristics (e.g. ethnicity, sexual orientation) could be decreased. It was noted that, since applicants completing equality forms did so anonymously, the College approached this issue by regularly reviewing the forms to try to ensure that their format and wording encouraged those applying to have the confidence to make such declarations.

It was noted in response to Governors’ questions concerning staffing that the College employed just under 60% female staff and just over 40% male staff in 2015/16 and 2014/15, with the ECU figures for 2014/15 being 54% and 46% respectively; at course level, the proportion of female and male staff tended to follow the historic gender preferences noted above in relation to student course choice.

It was noted, in response to Governors’ questions, that the EDI Committee was satisfied that staff appointments and interview decisions according to profile were consistent with the proportions of applications. Governors noted that the College already had a number of controls in place to prevent unconscious bias in relation to the short-listing of applications, with further training for staff planned.

Governors noted that the section in the EDI report on student achievement according to characteristics showed a positive picture against national performance, with BAME, female, mature and disabled students performing above the average at undergraduate level.

Actions being taken by other HEIs to encourage BAME achievement and confidence (e.g. BAME focus groups and access to dedicated BAME staff), together with the possibility of BAME students feeling isolated in a small institution, were discussed. It was noted with reference to support for the College's BAME students that as a small HEI: all students had access to a personal tutor who provided individual support; student groups were constantly being re-formed dependent on the work being undertaken in studios; the EDI Committee was able to review student achievement data at a more detailed level than was provided in the report; students were able to raise concerns at College meetings and also had access to SMT members (which would not be the case in a larger institution). It was noted, in this context, that the College's SMT was more diverse than the sector average.

Governors noted, with reference to the College's 2016 HE National Student Survey results, that BAME students' overall satisfaction score was 96%, which was higher than for students with other protected characteristics, with the College's total overall satisfaction score for 2016 being 88%. Governors discussed the lower NSS overall satisfaction score of 76% for mature students. With reference to FE, it was noted that the overall satisfaction results in the 2015-16 FE Learner Survey were consistent over all protected characteristics and BAME student achievement in FE was slightly higher than for White students i.e. 92.1% compared to 91.4%.

The variability of data where student cohorts were small (e.g. in relation to postgraduate courses) was noted.
The Board of Governors received the 2015/16 EDI report.

**PART VII - Annual review of policies & procedures: for approval**

16.0 Revised Equality, Diversity & Inclusion Policy. Mr Russell presented the revised policy, which had been reviewed by the College's Equality, Diversity and Inclusion Committee and was being recommended to Governors by the College's senior management team (SMT).

It was noted that the policy had been revised to improve the clarity and brevity of the document as well as to recommend the two new equality and diversity objectives listed in para. 12, which were required as part of the College's duties under the Equality Act 2010. Governors noted that the policy would be reviewed 3-yearly and, with accompanying documentation, would be published on the College website. It was noted in discussion that the objectives had been developed by a working group, with review by the SMT, following an Equality Challenge Unit (ECU) workshop day.

The follow amendments to the policy were agreed:
- The contents page should be re-numbered;
- At para.s 4.3 and 4.5, the Acts being referred to should be clarified;
- The descriptions of forms of assessment should be omitted (para. 8.5);
- At para. 13.2 the reference should be to the policy being reviewed every 3 years;
- Grammatical amendments to be notified by Dr Reid should be incorporated into the final document.

The Board of Governors approved the revised EDI policy and the revised equality and diversity objectives, subject to the amendments noted above: proposed Mrs Wright, seconded Ms Handa.

*ACTION: DOSPSS (Mr Russell)*

**PART VIII - Academic & quality matters: items for information & review**

17.0 Access Agreement 2018/19. Mr Russell presented the 2018/19 Access Agreement principles report.

It was noted that it was a requirement for HEIs to have in place an Access Agreement, approved by the Office of Fair Access (OFFA), outlining how the institution would support the participation, achievement and onward progression of under-represented groups, in order to charge an undergraduate tuition fee greater than £6k p.a.

Governors noted that the report being presented outlined the key features and costs of the College's proposed Access Agreement for 2018/19 that would apply to the cohort over the course of their studies. While the first part of the paper dealt with financial support, the second part listed the activities, approaches and partnerships by which the College would continue to promote potential applicants' decisions to enter HE, ranging from outreach work in primary schools to activities that supported progression to employment or postgraduate study. Forms of financial support included in the agreement included the internal progression from FE to HE cash scholarship, the travel to interview/audition contribution, the College's hardship fund, the bursary to support the cost of creative practice, and the final project contribution, with the cornerstone of the agreement being financial support towards the cost of materials through all 3 years of the students' course. It was noted that the overall expenditure involved in delivering the Access Agreement would amount to around 17% of income over the life of the agreement, a figure previously
agreed with OFFA as consistent with the College profile.

With reference to the development of the strategies underlying the Access Agreement, it was noted that these included a sustained cross-college approach, including working with the Students' Union. Mr Russell thanked the Students' Union President, Mr Allsuch Boardman, for his help in this respect.

Mr Russell reported that while, OFFA had suggested that targets in existing agreements should be sufficient to move the sector forward, they were also encouraging HEIs to raise attainment in schools and to sponsor schools/academies. It was noted that Mr Russell had raised questions relating to this policy at a meeting of small and specialist institutions with the Director of OFFA on the 21st March 2017 and had been reassured that the College's FE provision would mean that it would not be expected to sponsor a school and that raising attainment in an HEI offering provision in art/design/performance could be achieved by raising the standard of applicants' portfolios to enable success at interview/audition rather than by helping students' achieve higher tariff points.

It was noted in response to Governors' questions that students had indicated that they valued the contribution to the costs of study, with the Students' Union President/Student Governor, Mr Allsuch Boardman, confirming the value of the contribution towards the final project costs.

It was noted in response to Governors’ questions that: with reference to provision for mature students that the College offered the Access to HE Diploma (Art & Design) and Level 2 Diploma in Visual Arts and also provided summer schools; the College would continue to offer a cash scholarship to all students who progressed from the College’s own FE to HE provision; for 2018-19, the hardship fund would be maintained at £145,875 in recognition of the positive impact reported by previous beneficiaries.

Governors noted that the 2018/19 Access Agreement had to be submitted to OFFA by 26th Apr. 2017 and would be advised of the outcome of the College's submission at the July 2017 Board of Governors' meeting, and the final version of the Access Agreement would be placed on the Governors’ section of eStudio.

The Board of Governors approved the 2018/19 Access Agreement principles: proposed Mr Bagley, seconded Mrs Wright.

**ACTION: DOSPSS (Mr Russell)**

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

18.0 **Standing report on use of the College seal.** It was noted that the seal had not been used since the last report was made on 1st Mar. 2017.

19.0 **Report from the Chair of the Audit Committee on a KPMG Audit Institute seminar attended in Nov. 2016.** Mr Finnigan, Chair of the Audit Committee, presented a report. on a KPMG Audit Committee Institute Higher Education Seminar held in London on 6th November 2016, which he had attended and which was entitled “New Directions for Quality Assurance”. It was noted that the seminar had focused on the new Annual Provider Review (APR) and its implications for role of Audit Committees.

It was noted that those attending had included Governors from a variety of HEIs, including small, specialist and art and design institutions. The Higher Education Funding Council for England (HEFCE) requirement, from Nov. 2016, for the Board of Governors to
provide assurances concerning the student academic experience, student outcomes, and academic awards as part of its annual assurance return had been discussed, with a variety of involvement in academic monitoring matters across the HEIs participating in the event noted and it being suggested that even if the prime responsibility for considering the new assurance report remained with the Board of Governors, Audit Committees would need to consider inclusion of APR verification reviews within their internal audit plans.

The Chair thanked Mr Finnigan for his report, which was received.

20.0 Report from the Clerk on the use of home e-mail addresses. Following receipt of general advice from Eversheds on data protection and the use of home e-mail addresses for governance business, it was agreed that the Clerk would seek advice from the College’s IT department on whether separate College e-mail addresses could be provided for Governors, in principle, and, if so, whether e-mails from such addresses could be automatically forwarded to Governors’ personal e-mail addresses.

ACTION: Clerk

It was noted, in discussion, that other possible options to ensure the secure receipt of data included encryption and making greater use of the Governance section of eStudio.

The Board of Governors received the Clerk’s report on the use of home e-mail addresses.

21.0 Verbal update on Governors’ periodic effectiveness review. It was noted that the Clerk would remind Governors, who had yet to do so, to complete the online Governance effectiveness questionnaire by the end of May 2017 to enable a report to be made to the June 2017 Search & Nominations Committee meeting.

22.0 University status: initial report from the Clerk on revisions to the Instrument & Articles of Government. Governors received the Instrument and Articles of Government approved by the Privy Council and adopted by the Board of Governors on 1st August 2011, with sections highlighted which referred to current usage (i.e. ‘Principal’ for the head of institution, ‘College’ with reference to the institution, ‘Leeds College of Art’ with reference to the institution’s legal name), noting that these would need to be changed if the College’s application for university title was successful. It was noted in discussion that the word ‘Secretary’ was missing from existing section 2.1 of the Articles.

Governors also considered the addition of a reference in the Articles to the appointment of a Chancellor who would undertake ceremonial duties (e.g. presentation of awards at the graduation ceremony), agreeing that the draft wording of the relevant section should be amended to refer to both the appointment and removal of the Chancellor by the Board of Governors.

It was noted that greater detail could be included in regulations to be agreed separately by the Board of Governors on the appointment, role and responsibilities of the Chancellor, noting that such regulations would not require Privy Council approval.

The Board of Governors agreed that an application should be made to the Privy Council to allow relevant references in the Instrument & Articles of Government to be updated should university title be granted, including the addition of a section allowing for the appointment and removal of a Chancellor in the Articles and the amendment of section 2.1 of the Articles, as noted above: proposed Dr Reid, Ms Handa.

ACTION: Clerk


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

23.0 **Schedule of business for 2017/18.** The Board of Governors draft schedule of business for 2017/18 was approved.

24.0 **Remuneration Committee terms of reference** The Board of Governors approved updating revisions to the Remuneration Committee’s terms of reference, on the recommendation of the Remuneration Committee: proposed Dr Cottrell, seconded Ms Handa.

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

25.0 **Board of Governors: committee minutes & reports.** It was noted that there were no Committee minutes to receive.

**PART XII - Final matters**

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

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

28.0 **Date of next meetings.** It was noted that the Board of Governors was next due to meet on:

- Wed. 26th Apr. 2017 at 1.30pm (Governors & Executive meeting) followed by dinner at 6.30pm (leaving the College at 6.00pm)
- Wed. 7th June 2017 (Board of Governors’ meeting)
- Wed. 5th July 2017 (Board of Governors’ meeting)

**PART XIII - Reserved Matters**

29.0 **Exclusions.** The following staff and student members left the meeting before the Board considered the Reserved Matters agenda: Mr A Allsuch Boardman (Students’ Union President/Student Governor), Mr F Bates (Governor nominated by the Academic Board), Ms G Edge (elected & co-opted Staff 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).

30.0 **Reserved matters: confidential Remuneration Committee minutes of 25th Jan. 2017.** The minutes were received, for information.

31.0 **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.

32.0 **Reserved Matters: annual review of confidential minutes.** It was noted that the annual review would take place the Board of Governors’ June 2017 meeting.

33.0 **Any other business.** There was no other Reserved Matters business not already on the agenda.

34.0 **Risk Management.** It was noted that no new items of risk had been identified at the meeting under the Reserved Matters heading.
CONFIRMED

BOARD OF GOVERNORS OF THE HE CORPORATION

MINUTES OF THE MEETING HELD ON WEDNESDAY 7TH JUNE 2017

Present: Mr A Allsuch Boardman (Students’ Union President/Student Governor), Mr F Bates (Governor nominated by the Academic Board), Mr C Clements (Independent Governor, Chair of the Board of Governors), Dr S Cottrell (Independent Governor & Deputy Chair of the Board of Governors), Ms G Edge (elected & co-opted Staff Governor), Mr J Finnigan (Independent Governor), Ms A Handa (Independent Governor), Dr D Reid (Independent Governor), Ms K Watson (Independent Governor), Professor S Wonnacott (Principal/CEO & Governor ex officio), Mrs C Wright (Independent 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), 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 D Bagley (Independent Governor), Ms K Burrows (elected Student Governor), Professor S Congdon (co-opted member with experience in the provision of education), Mr J Flathers (Independent Governor), and Mr N Ramshaw (Independent Governor).

2.0 Declaration of interests & code of conduct report. There were no declarations of interest.

PART I - Procedural matters: items for approval

3.0 Minutes of the previous meeting. The minutes of the meeting of the Board of Governors’ meeting held on 5th Apr. 2017 were approved: proposed: Mr Bates, seconded Ms Handa.

4.0 Action plan update & matters arising. It was noted that all actions arising from the above minutes were shown as having been completed in the action table, with the exceptions noted below, where an update was due to be given at the current meeting.

Members noted that:
- The 2017/18 fees for the level 2 Diploma in Visual Arts would remain unchanged from 2016/17, as they would be funded on the same basis;
- It had been agreed at the Search & Nominations Committee meeting held earlier on 7th June 2017 that Governors should be asked to complete the on-line governance effectiveness questionnaire before the Board of Governors’ meeting on 5th July 2017;
- Following discussion with the College’s Web Services & Support Technician, the Clerk would make changes to the forms and surveys section of the Board of
PART II - CEO's report: items for consideration and monitoring

5.0 Chief Executive's report. The Principal, Prof. Wonnacott, presented her Chief Executive Officer's (CEO's) report for June 2017.

(i) The Guardian University League Tables 2018
Governors noted that:
- The College had been very successful in some categories in the Guardian University League Tables e.g. being the highest ranked specialist higher education arts institution in Design & Crafts, ranking fifth out of 74 UK institutions;
- Review of the data which made up the rankings indicated, however, that the College's ranking had fallen in 2 areas due to its value added score being reduced i.e. due to awards of 2.1 and above degrees in Photography and Fine Art which were lower than benchmark;
- The league tables and rankings would be considered through the deliberative committee structure.

(ii) Applications and retention in HE and FE
Governors noted that: information on application rates continued to be generally positive e.g. the College had met its overall HE stretch recruitment target, with application rates also positive in FE; HE retention continued to be above the creative arts and design sector benchmark. Governors congratulated the College on FE retention being at or above target for all courses.

(iii) FE academic quality
It was noted in response to Governors' questions on FE lesson observations that:
- 93% of observations had been judged good or better at the first attempt in 2016/17, which was comparable to previous years;
- In addition to peer observers, the College used an Ofsted qualified external observer, which went beyond general sector practice;
- In line with changes to Ofsted's common inspection framework (CIF), the College would change from a graded to a more discursive and developmental process for lesson observations in 2017/18.

(iv) University title
Governors noted that consideration of the College's application for university title by the Department for Education (DfE) had been delayed by the announcement of the General Election but was still currently expected to be known by Sept. 2017.

(v) DLHE
It was noted that a report on the College's performance in the Higher Education Statistics Agency (HESA) Destinations of Leavers from Higher Education (DLHE) survey would be considered in the key performance indicator (KPI) report to be considered later on the agenda.

(vi) Estates matters
Governors noted that the contractors were still working to the completion deadlines originally agreed for the new build, although this was being kept under review due to an
existing 6 week delay.

(vii) Prevent Duty
Mr Russell (Director of Studies, Progression and Student Support) reported that Leeds City Council had held a meeting of its Prevent group, of which the College was a member, on 26th May 2017, which had considered Prevent and security matters, following a recent terrorist event in Manchester.

(viii) Research
It was noted in response to Governors’ questions on the research activities report that the current assumption was that all of the College’s researchers were working towards outcomes which could be submitted under the Research Excellence Framework (REF).

(ix) Student successes
Governors noted the report on student successes.

The Board of Governors received the CEO’s report for June 2017.

6.0 Key performance indicator (KPI) report. The Director of Finance, Ms Bailey, presented the KPI report for June 2017.

Governors noted that data on the following KPIs had been updated:

- KPI 9 (Achieve above HESA benchmark of 92.5% in employability) had seen a reduction in the Higher Education Statistics Agency (HESA) Destinations of Leavers from Higher Education (DLHE) indicator for graduates in employment or in further study to 89.3% but, as the new sector benchmark was currently unavailable, it was not known whether this reduction was sector-wide;
- With reference to KPI 8, the students to staff ratio was 18.2 against a peer group and prior year ratio of 17.4, noting the increase was partly due to changes in FE staffing as a result of funding reductions;
- With reference to KPI 10, HE application rates (Maintain a ratio of at least 6 applications to each HE place), current application rates were 5.9 based on stretched targets;
- With reference to KPI 20, there had been a significant reduction in the College’s carbon emissions which had fallen by 12% and were now below the target of 893 tonnes.

The College’s performance in the 2015/16 DHLE survey was discussed in detail. Governors noted that Printed Textiles, Photography, Illustration and Fashion were either at or above the benchmark, with a small increase in the number of unemployed graduates in Fine Art and Visual Communications. It was noted that there had been an increase in the number of the College’s graduates in full-time and professional and managerial jobs and in self-employment.

Governors noted that the College was working to further improve student employability activities and employability on a course by course basis would also be considered through the College’s deliberative committee structure. The DHLE survey being conducted centrally in future rather than by institutions, and the effect this might have on outcomes for specialist institutions, was discussed, and it was noted that HMRC would in future provide information on what graduates were being paid.

The Board of Governors received the June 2017 KPI report.
Part III - Academic Board report: for information

7.0 Academic Board report. The Principal presented the Academic Board minutes of 15th Mar. 2017 and her accompanying report, which highlighted key issues discussed at the meeting.

It was noted in response to Governors' questions that:

- The Mar. 2017 Academic Board meeting had approved the Research Concordat Gap Analysis and Action Plan, which was a tool to help adapt the College's existing HR infrastructure to support the research requirements of academic staff;
- The gaps identified in the above plan had not been many and progress against the Action Plan would be reviewed annually by the Research Committee;
- With reference to student complaints, the new HE complaint referred to in the minutes had been investigated by the Open University (OU), as the validating body, which had not upheld the complaint.

Governors congratulated the College on improvement on the international student visa refusal rate, which was low.

The Board of Governors received the Academic Board minutes of 15th Mar. 2017 and the Principal's accompanying report.

Part IV - Items for approval: for approval

8.0 Strategic plan for 2017-2023 and associated KPIs. The Principal presented the draft Strategic Plan for 2017-2023. Governors received the College Mission and considered the revised Aims, Enablers and associated KPIs, which had been developed reflecting discussions held at the Board of Governors' meetings on 1st Mar. and 26th April 2017. It was noted that the draft document being presented included tracked changes to show revisions made following the Apr. 2017 discussion. Governors noted that it was proposed that the KPIs accompanying the plan should be reviewed at each Board of Governors' meeting and the Strategic Plan aims would be reviewed annually at the Board of Governors' early autumn meeting.

Amendments to some of the words in the Aims section of the Strategic Plan were proposed for consideration in the final version of the document:

- Considering an alternative to 'ensure that we continue to' from the 1st bullet-point of Aim 1;
- Adding a full stop at the end of bullet-point 5 in Aim 1;
- Considering whether the word 'existing' in Aim 2 should remain

Action: Principal

Governors noted that the current suite of KPIs reviewed at each Board of Governors' meeting included KPIs for widening participation (WP) derived from the Office for Fair Access (OFFA) targets, which had not been achieved, and discussed whether the new suite of KPIs should also include WP KPIs. The applicability of OFFA targets to the College's mission was discussed and it was noted that, while WP KPIs had not been included in the new KPI suite, it was intended that qualitative and quantitative reports on WP would in future be made to Governors as part of annual reporting against the College's Access Agreement approved by OFFA.

Governors noted that the current suite of KPIs reviewed at each Board of Governors' meeting included a KPI for staff turnover and discussed whether the new suite of KPIs should also include this, but it was noted that reporting on staff turnover is reviewed as part of the annual HR report presented to the Board of Governors and discussed in detail.
Reporting against Aims and KPIs was discussed, including: whether some KPIs related to periodic rather than annual targets (e.g. the percentage of REF submission graded 2 and above by 2022/23) and, where this was the case, how Governors could determine whether sufficient progress had been made in the intervening years; whether annual reporting was sufficient in some cases to enable trends to be discerned; whether some KPIs should be regarded as being more mission critical than others. Governors noted in discussion that it should be easier to discern trends once the College had at least 2 years' data on new KPIs and that the qualitative reporting in the annual strategic plan progress report was intended to supplement the quantitative information which would be provided in the KPI report presented to each Board meeting.

It was noted in discussion that increasing overseas postgraduate enrolment from 2 students to a minimum of 4 by 2022/23 would be challenging, given that the College's current MA offer was particularly attractive to part-time students but international postgraduate students had to follow full-time courses in order to meet visa requirements. The College had therefore aimed to set a realistic target. Following a robust discussion of whether the KPIs relating to Aim 2 should include a KPI for total postgraduate overseas enrolments increasing from 2 to a minimum of 4 by 2022/23 (i.e. whether the KPI was sufficiently mission critical to include in the new suite of KPIs), it was agreed by a vote of 10 for and 1 against that the proposed KPI should be retained.

The need for annual reporting against student numbers targets (with tolerance bands) was discussed, noting, however, that the College’s approved 5-year financial plan already set out the College’s plans for enrolment over the period of the plan.

The Board of Governors approved the strategic plan for 2017-2023 and the associated KPIs.

9.0 External audit: annual planning memorandum for the financial year ending 31.7.17.
Mr Finnigan, as Chair of the Audit Committee, reported that the external audit planning memorandum had been considered at the Committee’s Apr. 2017 meeting.

Mr Finnigan summarised the content of the memorandum, noting that:
- The main purpose of the audit was the issuing of a report which expressed the opinion of the external auditors, KPMG, on whether the financial statements gave a true and fair view of the state of the affairs of the College as at 31st July 2017;
- The memorandum described KPMG’s overall audit strategy, including their approach to materiality, and identified the significant risks and areas of focus to be addressed by the audit;
- Materiality had been set at £300k, which was the same as in the previous year although income had risen, and KPMG would also report on all individual errors in excess of £15k;
- The timetable for the review was similar to previous years i.e. with a single audit visit in September;
- Proposed fees for the external audit and the Teacher’s Pension Scheme (TPS) certificate return included an inflationary increase.

Governors thanked Mr Finnigan for the clarity of his presentation, with the format of KPMG’s planning memorandum also being commended.

The Board of Governors approved KPMG’s annual planning memorandum for the external audit for financial year ending 31.7.17, including fees, on the recommendation of the Audit Committee: proposed Dr Cottrell, seconded Mrs Wright.
10.0 Revised Risk Management Policy. The Board of Governors approved the College’s revised Risk Management Policy, on the recommendation of the Audit Committee: proposed Ms Watson, seconded Mrs Wright.

Action Director of Finance

11.0 Revised Policy on Fraud, Bribery, Corruption and Irregularities. The Board of Governors approved the revised Policy on Fraud, Bribery, Corruption and Irregularities, on the recommendation of the Audit Committee: proposed Mr Reid, seconded Ms Handa.

Action Director of Finance

(Ms Watson left the meeting).

12.0 Board of Governors’ standing agenda item list for 2017/18. Governors considered its revised standing agenda list for 2017/18, discussing reporting on widening participation (WP) matters and noting existing reports in the College’s annual Equality & Diversity report and in reports on the College’s Access Agreement.

The Board of Governors approved its revised standing agenda list for 2017/18: proposed Ms Handa, seconded Mrs Wright.

Action: Clerk

PART V - Financial matters: items for consideration

13.0 Financial matters: management accounts. The Director of Finance presented the management accounts for 30th Apr. 2017, including a progress report on the building project.

Members noted, with reference to the Apr. 2017 management accounts, that:

- The operating surplus, at over £3.4 million, was £1.1m ahead of budget, with savings having been made in both pay and non-pay costs and with higher income than budgeted;
- Forecast income was £293k higher than budget, primarily due to fee income following generally steady student recruitment and strong retention figures;
- With reference to pay costs, vacancies and delays in staff recruitment had resulted in a favourable variance;
- Savings in non-pay costs were the result of changed circumstances since the budget was produced and also as a result of efficiencies and procurement outcomes;
- Better than forecast income and lower costs had resulted in an improved forecast cash position which was better than budgeted, with cash reserves remaining high;
- There had been significant investment in new resources, with total capital equipment expenditure of £510k and a further £1.75m of costs connected to the new build.

It was noted in response to Governors’ questions that lower than expected recruitment for HE students had been offset by higher than budgeted student retention.

Governors noted with reference to the building update that: the building contract and the parent company guarantee has been signed by ISG; sub-contractor warranties were currently being negotiated; costs by mid-May 2017 had totaled £2.8million, including remediation work and professional fees; the completion date was shown as red in the status table due to the current delay of 6 weeks, although the contractors were still showing completion as being 6th July 2018 in their programme.

It was noted in response to Governors’ questions concerning financial and reputational issues, should the building not be completed on time, that: the building was due to be
fully fitted out after completion by the contractors, although a specialist contractor was fitting out the specialist areas whilst the main contractor's work was still in progress; liquidated damages provision had been included in the contract; the College had contingency plans for non-completion by the due date and the Director of Finance would provide a report on the progress of the project at each meeting.

The Board of Governors received the management accounts to 30th Apr. 2017 and a progress report on the building project.

14.0 Budget assumptions presentation. The Director of Finance presented the 2017/18 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 and the forecasted 2016/17 outturn also provided.

Governors noted, with reference to the external environment and strategic planning, that most of the issues in the presentation had already been discussed during the current year. The following were noted in particular:

- With reference to the external environment, there were currently minimal funding changes but there would be some uncertainty until the outcome of the forthcoming General Election was known, with home and international student recruitment continuing to take place in a highly competitive environment;
- Strategic Plans included the new build on the car park, development of new courses and expansion in existing provision with increased home and international student recruitment and additional staffing, provision for new quality assurance requirements post-TDAP, a focus on the student experience including investment in resources and improved employability initiatives, support for the College’s research agenda, and the outcome of the College’s application for University Title.

Governors reviewed the financial strategy section, noting that all of the College’s strategic financial objectives would be met or exceeded i.e.

- The financial objective for operating surpluses to be within the range of 3%-10% of income would be exceeded by the budgeted operating surplus for 2017/18 of just over 11% and long-term surpluses of approximately 9%, which was above the 2015/16 sector average of 5.8%;
- The financial objective for a planned 5 year rolling EBITDA (Earnings before interest, tax, depreciation and amortisation) average of £1.5 million would be exceeded by the financial plan average of around £3 million;
- The financial objective for payroll, as a percentage of income, not to exceed 55%-56% on an ongoing basis would be met i.e. it was budgeted in the latest version of the 2017/18 budget at 55% (an increase on the 53% shown in the version of the budget which had been sent out with the papers for the meeting), excluding pension accounting;
- The financial objective for expenditure of at least 3%-5% of income on routine and long term maintenance would be met with a budgeted spend of 4.8%;
- The financial objective of at least 5% of the insurance value of non-property assets spent on capital equipment each year would be exceeded with a budgeted spend of £1.7m i.e. approximately 30% of the insurance value of non-property assets,

Governors considered key assumptions and contingencies, noting that these included:

- An increase in new Home and EU undergraduate students in Sept 2017;
- £9,250 fee for all HE Home students for 2017-18 and a small inflationary increase in each year from 2018;
• The HE fee collection rate was assumed to be 95% across all 3 years, compared to an actual collection rate of 97.5%;
• An increase in HE overseas students to a total cohort of 99;
• FE Home students numbers stable and a small decrease in overseas FE student numbers;
• Capital expenditure of £15.2 million spent on the car park build in 2017/8 and £1.7 million on new equipment, including £731k on specialist equipment;
• A £780k increase in staffing costs as a result of new posts, increments, changes in the pay spine due to living wage increases, inflation and increases in pension costs;
• The outturn for 2017/18 would depend when the new build was completed.

Governors noted in discussion of staffing costs that:
• Total pay costs did not include any vacancy rate and were therefore at the prudent end of expectations;
• The College carefully controlled pay costs using the Higher Education Role Analysis (HERA);
• The College's staff costs were currently below the sector benchmark and the proposed increase for 2017/18 was in line with the College's financial objectives.

Governors noted, in discussion, an anecdotal report that pay increases for higher paid staff in other institutions had sometimes resulted in reduced staffing overall and an increased student: staff ratio, receiving assurance from the Principal that this would not be the outcome of the planned increase in staffing costs noted in the proposed budget.

Governors noted, with reference to the College's revolving credit facility of £8 million, that it was intended that this should be crystallised into a £3 million new term loan with an expected 4-year repayment period, and that the Director of Finance was confident that the loan covenants would easily be met.

Governors noted, with reference to the 5 year perspective included in the presentation that: the number of 18 years olds was expected to decrease by 11% by 2020 and would not return to 2015 levels until 2024; student recruitment would continue to be very competitive; there was uncertainty arising from the Higher Education & Research Act 2017; the effect of the outcome of the General Election and Brexit on the UK economy was currently unknown.

The Chair of the Board of Governors thanked the Director of Finance, Ms Bailey, for her presentation.

The Board of Governors received the 2017/18 budget assumptions presentation.

**PART VI - Reports: items for information & consideration**

15.0 **Transparent Approach to Costing (TRAC) & TRAC (T) benchmark analyses.** The Director of Finance presented the TRAC & TRAC (T) benchmark analyses report for 2015/16, noting that, after submission of the TRAC and TRAC T returns, HEFCE provided benchmarking information to institutions.

(i) TRAC Benchmarking
Governors noted that: the TRAC benchmarking report provided an analysis of TRAC data, including charts showing the College data and the averages and quartiles for the TRAC peer groups; the charts showed that the College was generally in line with its peer group average, although the College’s publically funded teaching provision was significantly
higher due to a lower level of international students.

(ii) TRAC T Benchmarking
Governors noted that the TRAC T Benchmarking report provided analysis of TRAC T data, including an individualised Excel workbook showing analysis of the College’s data, together with summary figures (averages and quartiles) for the relevant TRAC peer group and the sector.

It was noted, in discussion, that the College had a significant level of non-Funding Council-fundable publically funded teaching i.e. it had further education (FE) provision which was funded by a public funding body other than HEFCE. It was also noted that the estimated cost of teaching each of the College’s students was lower than the average for its peer group, partly because the peer group included institutions which received institutional specific funding from HEFCE to supplement the student tuition fee and partly due to the College’s mixed HE and FE provision, which meant that some of its central overhead was allocated to FE provision, and also to an efficient operating model with minimum layers of management and a focus on institutional sustainability.

The Board of Governors received the TRAC and TRAC T benchmark report.

16.0 HEFCE Annual Provider Review (APR) letter: final assessment. The Board of Governors received HEFCE's Annual Provider Review (APR) final assessment for 2016/17, noting a positive outcome i.e. with reference to financial sustainability, good management and governance matters, HEFCE considered that the College was 'not at higher risk' and, with reference to quality and standard matters, that the College 'meets requirements'.

17.0 Annual election of the Chair & Deputy Chair of the Board of Governors for 2017/18. The Board of Governors received a verbal report from the Clerk, noting that nominations forms would be e-mailed to Governors relating to consideration of the re-appointment of the Chair for the second year of a 4-year term and the election of a Deputy Chair for a new 4-year term, with nominations being considered at the Board of Governors' July 2017 meeting.

18.0 Standing report on use of the College seal. The Board of Governors noted that the following documents had been signed under seal since the meeting of the Board of Governors on 1st Mar. 2017: an agreement under the provisions of section 278 of the Highways Act 1980 relating to a new vehicular entrance and the closure of an existing vehicular entrance with associated footway works on Blenheim Walk, Woodhouse, Leeds; Guarantee (ISG Central Services Limited).

PART VII - Committee reports & minutes: for receipt

19.0 Board of Governors: committee minutes & reports.

(i) Audit Committee minutes of 5th Apr. 2017
Mr Finnigan, as Chair of the Audit Committee, presented the draft Audit Committee minutes of 5th Apr. 2017, noting that the reference at minute 19 should be to Mr Reid rather than Mr Bagley and that this would be corrected when the minutes were approved by the Audit Committee at its June 2017 meeting.

Action: Clerk

(ii) Search & Nominations Committee minutes of 5th Apr. 2017
Dr Cottrell, as Vice-Chair of the Search & Nominations Committee, presented the draft Search & Nominations Committee minutes of 5th Apr. 2017, noting that they related to the Committee's recommendation on the appointment of Ms Edge as the co-opted and
elected Staff Governor, which had been approved at the Apr. 2017 meeting of the Board of Governors.

(Ms Handa left the meeting).

**PART VIII - Final matters**

20.0 Any other business.

(i) Governor development session & Governors & Executive meeting, 25 April 2018
The Chair drew Governors' attention to the longer Governor development session and Governors and Executive meeting to be held on 25th April 2018 i.e. 1.30pm to 6.00pm, followed by dinner at 6.30pm. The importance of attending was emphasised.

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

21.0 Risk Management. To note any new items of risk identified at the meeting.

22.0 Date of next meetings. It was noted that the Committee was next due to meet on Wed. 5th July. 2017 at 1.30pm.

**PART X - Reserved Matters**

23.0 Exclusions. The following staff and student members left the meeting before the Board considered the Reserved Matters agenda: Mr A Allsuch Boardman (Students’ Union President/ Student Governor), Mr F Bates (Governor nominated by the Academic Board), Ms G Edge (elected & co-opted Staff 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).

24.0 Reserved Matters: Annual review of confidential minutes. The Board of Governors undertook its annual review of confidential minutes approved by the Board of Governors and its committees and agreed that the sections recommended by the Clerk should be released from confidentiality.

Action: Clerk

25.0 Any other business. There was no other business.

26.0 Risk Management. It was noted that no new items of risk had been identified at the meeting.
PART I – Procedural matters: items for approval

The Board of Governors congratulated Mr Russell on his recent appointment as a Professor.

1.0 Apologies for absence. Apologies were received from Ms K Burrows (elected Student Governor), Professor S Congdon (co-opted member with experience in the provision of education), Dr S Cottrell (Independent Governor, Deputy Chair of the Board of Governors), and Ms A Handa (Independent Governor).

2.0 Declaration of interests & code of conduct report. The following standing declarations of interest were received under this agenda item: Mr Allsuch Boardman (Leeds College of Art Students’ Union President); Mr Bagley (Council member, University of Sheffield, Gradcore Limited); Mr Bates (employee, Leeds College of Art); Mr Clements (partner, Deloitte); Mr Flathers (partner, Irwin Mitchell); 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).

It was noted later on the agenda that Mr Ramshaw and Mrs Wright had an interest in agenda item 19 (Search & Nominations Committee recommendations: Governor appointments & re-appointments).
3.0 **Minutes of the previous meeting.** The minutes of the meeting of the Board of Governors held on 7th June 2017 were approved: proposed Mr Flathers, seconded Mrs Wright.

4.0 **Action plan update & matters arising.** The action plan arising from the above minutes was considered and it was noted that (with the exception of the actions relating to the completion of the governance effectiveness questionnaire and the updating of the skills audit) all actions had been completed or had a future completion date.

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

5.0 **Chief Executive Officer’s (CEO's) report.** The Principal, Professor Wonnacott, presented the CEO’s report for July 2017. Governors noted, in particular, the following areas covered by the report.

(i) **Teaching Excellence Framework (TEF)**
The Principal reported that the College had received a TEF Silver Award, which was a good outcome, and which was valid for up to three years. It was noted that, of the 295 institutions which had taken part in the TEF, 59 providers had achieved a Gold, 116 had achieved a Silver, and 56 had achieved a Bronze award, with 64 receiving a 'provisional' award due to lack of data.

Governors noted, with reference to employability, that a one year marginal negative flag in the highly skilled metric had led to an initial Silver judgment being confirmed by the assessors. In response to Governors’ questions, it was noted that the College was already working towards improving this area, both in and outside the curriculum, but did not intend to ask for an early re-assessment although some other metrics had improved.

It was noted in response to members’ questions that: self-employment was not counted towards the TEF employability metric; with reference to how employability statistics were captured, that there were issues with how students represented multiple career paths and/or how data on live projects and work placements undertaken by students during the summer were captured; employability skills were embedded in the curriculum, including advice on pricing work, licencing and intellectual property issues.

(ii) **Student recruitment**
Governors noted that the College had met its overall stretch recruitment target for undergraduate applications and that FE recruitment also appeared to be positive.

(iii) **Student retention**
Governors noted that HE student retention at 5.8% compared favorably with the creative arts and design sector benchmark of 7.3%, while the overall FE retention rate was high at 95.7%. Governors congratulated the FE team, in particular, which had continued to build on previous significant improvements in the FE retention rate.

(iv) **University title**
Governors noted that the outcome of the College's application for university title was still awaited.

(v) **Access Agreement**
Governors noted that confirmation by the Office for Fair Access (OFFA) that the College's Access Agreement had been accepted was expected by 31st July 2017.

**ACTION: Mr Russell (DOSPSS)**

(V) **HR Excellence in Research Award**
Governors noted that the College had been successful in gaining the HR Excellence in
Research Award, becoming one of 98 UK institutions to do so, which was a significant achievement. It was noted that the award demonstrated the College’s commitment to supporting research whilst remaining a teaching and practice led institution.

(vi) Estates
Governors noted that it was still anticipated the project would be completed on time, despite a current 6-week delay to the schedule.

It was noted in response Governors’ questions that the Higher Education Funding Council for England (HEFCE) and the Education & Skills Funding Agency (ESFA) had asked institutions to review and report on buildings and fire safety, following the recent Grenfell Tower fire. With reference to College buildings, no issues were anticipated although clarification of the type of cladding used in the courtyard was currently awaited. A report from an external company, with which the College had a nomination agreement for student accommodation, was also awaited.

ACTION: Mr Russell (DOSPSS)

(vii) Successes
Governors considered the section in the report on student successes, noting, in particular, that it included a reference to the work of Students’ Union President, Student Governor and BA (Hons) Illustration alumnus, Mr Allsuch Boardman which was on display at ‘Wonderlab’, a new feature of the National Science and Media Museum, Bradford.

Governors congratulated the College on the success of this year’s ‘Extra-ordinary’ shows, which had been attended by almost 5,000 visitors, with students also selling work at The Art Market. Governor noted that marketing for the shows also helped to raise the profile of the College.

The Board of Governors received the CEO’s report for July 2017.

6.0 Key performance indicator (KPI) report. It was noted that the KPI report presented on 7th June 2017 was unchanged and was therefore not being re-presented.

| Part III - Academic Board report: for information |

7.0 Academic Board report. It was noted that the minutes of the Academic Board meeting held on 28th June 2017 would be presented to the October 2017 meeting of the Board of Governors.

| Part IV - Academic Board report: for approval |

8.0 Academic Board revised membership. It was noted that section 3.3 of the College’s Articles of Government 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’. The terms of reference and membership for the Academic Board had been discussed and amended at the Academic Board meeting held on 28th June 2017, with the proposed membership changes, which reflected changes to the staffing structure, being recommended to the Board of Governors for approval.

The Board of Governors approved the proposed changes to the membership of the Academic Board: proposed Mr Bagley, seconded Mr Ramshaw.
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 31st May 2017, including a review of financial KPIs, which were considered.

Governors noted that:
- The operating surplus at nearly £3.7m to date was £1.3m ahead of budget;
- Savings had been made in both pay and non-pay costs;
- Income had been higher than budgeted;
- A 15% year end operating surplus was forecast;
- The year end surplus would be affected by whether long-term maintenance was carried out in July or August 2017, in addition to the effect of any pensions adjustment during the autumn term;
- Cash reserves remained high at over £18 million and the provision for bad and doubtful debts was low at around £8k.

It was noted in response to Governors’ questions that:
- £8 million of the £10 million in the current account would be put on deposit shortly;
- Expenditure on the new build was lower than expected, due to the 6 week delay, but should increase significantly from August 2017;
- Both routine and long-term maintenance budget lines were currently under profile, with routine maintenance expected to be a timing difference and the full budget expected to be spent, while the forecast for long-term maintenance had been reduced by £150k due to the focus being on the new build project;
- With reference to the reduction in long-term maintenance expenditure, that the College’s estate was in good condition (i.e. graded A or B) and that the College was currently taking a prudent approach to maintenance work which might be written off in 12 months’ time as a result of the new build;
- Home student debt at 3 months was low at £5.5k and was as a result of individual cases (e.g. uncertainty as to whether a student was continuing) rather than being indicative of a trend.

The Board of Governors received the May 2017 management accounts.

PART VI - Financial matters: items for approval

10.0  Budget 2017-18 & financial plan 2018-20. The Director of Finance presented the final version of the draft budget and financial plan in management accounts, which was discussed.

Governors noted that:
- The key financial objective was to ensure that the College remained independent and financially viable in order to provide sufficient quality resources to enable fulfillment of the aims set out in the College’s Strategic Plan 2017-23, which had been approved by the Board of Governors at its June 2017 meeting;
- Specific financial objectives supporting the vision, which were based on HEFCE guidelines, were highlighted in the budget commentary;
- Central to the above objectives was the completion of the new build, refurbishment of the Blenheim Walk site.

It was noted that: the overall financial health and position depicted in the financial plan confirmed that the College’s strategic objectives were being achieved; the proposed financial plan demonstrated that the College was sustainable and there were no issues with going concern; the execution of the College’s strategic plan underpinned by the financial
strategy should ensure the sustainability of the institution e.g. the EBITDA (Earnings Before interest, Taxes, Depreciation and Amortisation) measure demonstrated that the College had sufficient financial means to invest in student equipment and resources and in ensuring the estate and infrastructure was fit for purpose.

Governors noted that the main drivers of the financial plan were: increased student numbers; the expansion of the course portfolio; the achievement of university title; investment with a focus on employability and enterprise, international and research in preparation for the Research Excellence Framework (REF) submission; staffing cost more in line with the sector average; the new build programme; continuing high capital investment; commitment to the OFFA Access Agreement, including support for students in financial hardship and help with study costs; promotion of value for money through procurement initiatives. With reference to staffing costs, it was noted that there would be additional staffing costs in 2017/18 relating to the development of new courses, with the relevant student fee income not available until 2018/19.

With reference to the sensitivity analysis, the Director of Finance reported that the financial plan took a cautious approach to those items which constituted the biggest risk i.e. student recruitment, cost of the new build and payroll. Governors noted that the budget had been prepared on the usual prudent basis e.g. a 5% non-collection rate for HE fees (against an historic 2.5% non-collection rate); a favorable variance in relation to staffing costs as there was no vacancy rate; £1 million (including VAT) contingency on the new build; contingencies in teaching consumables and professional fees. This was combined with careful monitoring of variances from budget which allowed corrective action to be taken in a timely way.

It was noted that completing the new build on time was key to achievement of the plan but the sensitivity analysis had modelled the impact of and mitigation for key risks e.g. delay in completion of the new build by 2 or 12 months, reduction in student numbers, a significant increase in HE student withdrawal rates. The Director of Finance confirmed that a number of the risks have been mitigated by careful and prudent budgeting e.g. the College had been prudent over the assumptions on recruitment and there was sufficient capacity within the budget (particularly given the College’s prudent staffing budgets and contingencies) to absorb the impact of the risks and still deliver a good surplus, any significant impact from a delay in the new build could be managed within the borrowing facility and strong cash balances accumulated to date. The Director of Finance was confident that loan covenants would be met, even after sensitivity analysis modelling was taken into account.

The Director of Finance reported that the College would not need to draw down its agreed revolving credit facility until the end of 2018, due to high cash reserves, and that it would term out at £8 million. It was noted that cashflow had been modelled to 2024 and that the Director of Finance considered that it should be possible to repay the loan early with no penalty.

It was noted in response to Governors’ questions that:

- With reference the proposed percentage increase in pay and non pay costs compared to the percentage increase in student numbers and the fact that this had not led to a reduction in unit cost, that costs would continue to be carefully monitored and that the financial plan was reviewed annually as part of budget-setting;
- The College was aware of the risk arising from increased sector-wide competition for international students but that the planned increase involved relatively low numbers;
- The College had seen a decrease in EU student applications but an increase in international applications and the increase in the marketing budget was designed to help achieve the planned increase in student numbers;
- The College considered that proposed staffing numbers were realistic and that its
approach to in-year staff vacancies did not affect performance e.g. where teaching staff left in-year, lower level teaching duties were immediately covered, with the post advertised normally at a higher level;

- The College’s prudent approach to contingencies did not prevent departmental expenditure where resources were needed e.g. departments were encouraged to spend up to their budgets and, once the level of unused HE fee contingency was confirmed after the Easter vacation, the College would consider additional expenditure on equipment etc;
- The College ran a centralised budget system i.e. departments did not keep departmental budget surpluses;
- The Director of Finance was comfortable with the 2% wage inflation allowed for 2017/18, with the corresponding figures for the later years of the plan reviewed annually;
- Fees for undergraduate Home and EU students in 2017/18 would be £9,250 and the budget assumed that these fees would increase by inflation in subsequent years, as the College would meet the expectations of the TEF.

The Board of Governors approved the budget and financial plan, noting the financial commentary and financial tables would be submitted to HEFCE by the 31st July 2017 deadline: proposed Mr Bagley, seconded Mrs Wright.

11.0 Students’ Union Budget 2017-18 proposal. Mr Russell (Director of Studies, Progression and Support) reported that, under the Education Act 1994, the Board of Governors was responsible for approving the Students’ Union’s budget. Governors noted that the budget proposal provided a comparison between expenditure for 2016/17 against that proposed in the budget for 2017/18 and that the latter had been prepared by the Students’ Union Liaison Officer in consultation with the Students’ Union President and the Students’ Union Executive.

Governors noted the College was proposing an increase in the Students’ Union grant allocation from the College from £27,000 in 2016/17 to £30,000 in 2017/18. The increase was designed 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, the student representative scheme, support and training, fitness classes, sports teams, student leadership training and society support, the student magazine, staff appreciation awards, conference and initiatives in partnership with the College’s CEE department, supporting student exhibitions, activities and collaborative initiatives, alongside a calendar of events and entertainment throughout the year including Fresher’s events.

Governors discussed whether the proposed Students’ Union grant was sufficient and whether an increased budget would enhance the student experience and TEF scores.

It was noted in response to Governors’ questions that: student satisfaction with the Students’ Union was already high compared to the specialist sector and the sector generally; in addition to the proposed budget, the College funded 2 full-time staff to support the Students’ Union i.e. the Students’ Union President and the Students’ Union Liaison Officer; the College Students’ Union did not try to emulate the Students Unions of larger institutions but tried to provide what its students wanted, including supporting students with their creative activities and events and focusing on student interests e.g. Work Weeks to help students identify career routes.

The Students’ Union President, Mr Allsuch Boardman, confirmed that he had been able to carry out Union’s planned activities within the 2016/17 budget, with Governors’ noting that his predecessor had also confirmed that the Students’ Union budget allocation had been sufficient. It was noted that, should the Students’ Union propose an activity which could not be carried out within their budget, they could discuss this with the College management.
The Board of Governors approved the Students' Union budget for 2017/18: proposed Dr Reid, seconded Mrs Wright.

12.0 **Financial Regulations.** The Director of Finance reported that the Financial Regulations had last been approved by the Board of Governors in July 2016 and that minor updating changes were now being proposed e.g. to take account of changes in purchasing card limits, changes in funding body title, increase in level of bad debt write off following the increase in fees for 2017, an update to wording following the change in short courses, changes in job titles.

It was noted in discussion that para. 2.6 stated that ‘The Director of Finance is responsible to the Principal for the production of full Management Accounts for distribution to all Governors and members of the Senior Management Team within twenty working days of the month end’, agreeing that, where the Board of Governors was not due to meet in any particular month, this should be through placing the monthly management accounts on the Board of Governors’ section of eStudio and alerting Governors to this by e-mail.

*ACTION: Director of Finance/Clerk*

Governors proposed the following additional amendments:

- That the reference to internal audit at 2.12 should be removed;
- That para. 5.9 (Receipt of gifts or hospitality) should include a cross-reference to the College's Ethical Fundraising Policy;
- Para. 9.9 (Bad debts write off) should include the phrase ‘in aggregate’ after the phrase ‘The authority for writing off bad debts’.

The Board of Governors approved the revised Financial Regulations with the above amendments: proposed Dr Reid, seconded Mr Finnigan.

*ACTION: Director of Finance*

13.0 **Health & Safety Policy review.** Mr Russell (Director of Studies, Progression and Support) reported that: under the Board of Governors’ schedule of delegation, the College’s Health & Safety Policy was approved by the Board of Governors; the current Health & Safety Policy had last been approved by the Board of Governors on 10th June 2015; there had been no changes in applicable legislation since that time and, following annual review, the College’s senior management team (SMT) had again accepted the Health and Safety Committee’s recommendation that no amendments should be made to the current policy.

The Board of Governors received Mr Russell’s report, for information, noting that the College’s Health & safety Policy was available to Governors on the Board of Governors’ section of eStudio.

14.0 **External audit: revised engagement letter.** Members noted that the revised letter had been sent to Audit Committee members and that Mr Finnigan, as Chair of the Audit Committee, was content for it to be signed. The Board of Governors agreed that KPMG’s revised external audit letter of engagement should be signed: proposed: Mr Finnigan, seconded Mr Clements.

*ACTION: Chair*

15.0 **Use of the College seal.** The Clerk reported that the seal had not been used since the Board of Governors’ meeting held on 7th June 2017.

16.0 **Progress report on completion of governance effectiveness questionnaire by Governors.** The Clerk reported that just under 63% of Governors had completed the questionnaire to
date and that those still to complete it would be reminded of the need to do so.

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

17.0 **Chancellor role description.** The Clerk reported that the Board of Governors had approved, at its meeting on 5th Apr. 2017, draft amendments to the Instrument and Articles of Government, including the addition of a section in the Articles on the appointment of a Chancellor, for submission to the Privy Council for approval. Governors noted that the proposed new draft Article stated that ‘The Board of Governors shall appoint a Chancellor of the University, and shall determine the Chancellor’s terms of appointment and removal and functions’. It had also been noted at the meeting that greater detail could be included in regulations to be agreed separately by the Board of Governors on the appointment, role and responsibilities of the Chancellor, noting that such regulations would not require Privy Council approval.

Governors considered a draft document on the Chancellor appointment process and role description, with it being noted that practice at other higher education institutions had been reviewed as part of the process of formulating the draft. Governors noted that the Chancellor would have a ceremonial and ambassadorial role which would be exercised on behalf of the institution, including presiding at the institution’s conferral ceremony.

It was noted in response to Governors’ questions that: it was not proposed that the role of Chancellor should be remunerated but that the Chancellor should be able to claim reasonable expenses incurred in undertaking the role; should the College’s application for university title be successful in time for the start of the 2017/18 academic year, it was not anticipated that a Chancellor could be appointed before the autumn 2017 degree ceremony.

The Board of Governors approved the draft Chancellor appointment process and role description, with the addition of a reference to the Chancellor being able to claim reasonable expenses incurred in undertaking the role: proposed Mr Bates; seconded Dr Reid.

ACTION: Clerk

The Board of Governors discussed the process for submitting the draft revised Instrument and Articles of Government to the Privy Council should the Department for Education (DfE) confirm that the College met the criteria for university title, noting that the DfE/Privy Council’s education advisors would provide comments on the draft and agreeing that any proposed amendments should be incorporated in the final draft to be submitted to the Privy Council for approval.

ACTION: Clerk

18.0 **Search & Nominations Committee recommendations: application for university title & updating of governance documents.** The Clerk reported that a review of the Governor Recruitment & appointment procedure (including Governor person specification/information for Governors and Governor role description) was an annual standing agenda item for the Search & Nominations Committee, together with a review of the role descriptions for the Chair and Deputy Chair of the Board of Governors, the sections in the Board of Governors’ Standing Orders which relate to Governor appointments, and the Governor eligibility statement form.

The Search & Nominations Committee had reviewed the above documents at its meeting on 7th June 2017 and had agreed that no change was required to the above documents for 2017/18 but that ‘College’ should be replaced with ‘University’ and ‘Principal’ with ‘Vice-Chancellor’ throughout all relevant governance documents, with the change to be effective from the date of a successful outcome to the College’s application for university title.
The Board of Governors agreed, on the recommendation of the Search & Nominations Committee that 'College' should be replaced by 'University' and 'Principal' by 'Vice-Chancellor' throughout all relevant governance documents, with the change to be effective from the date of a successful outcome to the College's application for university title: proposed Mr Bagley, seconded Mr Finnigan.

ACTION: Clerk

19.0 Search & Nominations Committee recommendations: Governor appointments & re-appointments. The Board of Governors considered the Committee's recommendations Governor appointments and re-appointments, agreeing that Mr Ramshaw and Mrs Wright could remain in attendance for this item.

Governor noted that the Search & Nominations Committee meeting held on 7th June 2017 had considered Governor vacancies arising between July and October 2017, noting:

- Mrs Carolyn Wright (second and final term as an Independent Governor of the FE/HE corporation would end on 10th July 2017);
- Professor Shirley Congdon (first term as a Co-opted Governor with experience in the provision of education) would end on 10th July 2017 and she was not seeking re-appointment;
- The terms of office of Adam Allsuch-Boardman (elected Students' Union President & Student Governor) and Kimberley Burrows (elected Student Governor) would end on 31st August 2017;
- Mr Ramshaw's first term of office as an Independent Governor would end on 15th October 2017; Partners and he was willing to be considered for re-appointment;
- Mr Bates' first term of office as Academic Board nominee would end on 15th October 2017, with appointment being via nomination by the Academic Board.

It was noted that the Board’s of Governors' policy on re-appointment was that Governors should normally serve two consecutive terms of 4 years, subject to satisfactory attendance, with an extension beyond this considered exceptionally e.g. where it had not been possible to replace skills or expertise. It was noted that the Board of Governors currently had a good skills mix but that the ending of Mrs Wright’s and Prof. Congdon’s terms of office on 10th July 2017 would reduce educational expertise from that date.

The Committee had noted that:

- Mr Ramshaw, as Managing Director of Thompson Brand Partners, had creative industry expertise which remained valuable to the Board of Governors;
- As the Committee was still seeking a replacement for Mrs Wright and Prof. Congdon, a recommendation on the extension of Mrs Wright's current term of office by 6 months, subject to her being willing to accept re-appointment, would enable her educational expertise to be retained while new Governors with educational expertise were sought;
- If Mrs Wright's membership of the Board of Governors were to be extended, she would also retain her membership of the Audit Committee and as the Board of Governors' lead Governor for FE and for Safeguarding and the Prevent Duty.

Governors noted that Mrs Wright had subsequently confirmed that she would be willing to be considered for an extension to her term of office and that the Academic Board had met on 18th June 2017 and had agreed to nominate Mr Bates as the Academic Board’s nominee to the Board of Governors for a second term of office from 16th October 2017.

The Board of Governors approved the following recommendations from the Search & Nominations Committee:

- The extension of Mrs Wright’s current term of office by 6 months from 11th July 2017 i.e.
to 10th January 2018;
• The appointment of Mr J Cox and Ms M Ojari as, respectively, the ex officio Students’ Union President & Student Governor and the Elected Student Governor from 1st Sept. 2017 for a 4-year term or until their elected term of office ends, whichever was the sooner;
• The re-appointment of Mr Ramshaw for a second 4-year term of office as an Independent Governor from 16th October 2017;
• The re-appointment of Mr F Bates as the Academic Board's nominee for a second 4-year term of office from 16th Oct 2017: proposed Dr Reid, seconded Mr Bagley.

**ACTION:** Clerk

20.0 Annual re-appointment of the Chair of the Board of Governors. The Clerk reported that the Chair of the Board of Governors was elected for a 4-year period, subject to annual re-nomination and re-appointment.

Governors noted that Mr Clements had been elected, at the June 2016 Board of Governors’ meeting, as Chair of the Board of Governors for a full 4-year term of office from 17th July 2016, subject to annual re-appointment. Consideration was therefore due to be given to the re-appointment of Mr Clements for the second year of a 4-year term of office. One nomination had been received by the closing date i.e. a nomination for Mr C Clements.

The Board of Governors agreed that Mr Clements should be re-appointed as Chair of the Board of Governors for 2017/18: nominated Prof. Wonnacott, seconded Ms Edge

21.0 Election of the Deputy Chair of the Board of Governors. The Clerk reported that the Deputy Chair of the Board of Governors was elected for a 4-year period, subject to annual re-nomination and re-appointment.

Governors noted that Dr Cottrell had been elected as Deputy Chair of the Board of Governors for a full 4-year term of office from 1st August 2013 and had been re-appointed for the final year of that 4 year term on 6th July 2016 i.e. Dr Cottrell would complete her current 4-year term of office on 31st July 2017 and had informed the Clerk that this would be her final term of office in this role. Mr Clements thanked Dr Cottrell, in her absence, for her work for the College as Deputy Chair of the Board of Governors. The Clerk reported that one nomination had been received by the closing date i.e. for Mr J Finnigan.

The Board of Governors approved the appointment, from 1st August 2017, of Mr Finnigan for a 4-year term of office as Deputy Chair of the Board of Governors, subject to annual re-appointment: nominated Mrs Wright, seconded Mr Clements.

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

22.0 Board of Governors: committee minutes & reports

(i) The draft Search & Nominations Committee minutes of 7th June 2017 approved by the Vice-Chair of the Committee, were received.

(ii) The draft Audit Committee minutes of 7th June 2017 approved by the Chair of the Committee, were received.

**PART X - Final matters**

23.0 Any other business. The Chair of the Board of Governors, Mr Clements, thanked Student Governors Mr Allsuch Boardman and Ms Burrows who were retiring from the Board of
Governors, Professor Congdon who was retiring as a Co-opted Governor, and Mr Thorpe who was retiring as Director of Studies, Professional and External Development.

24.0  **Risk Management.** No new items of risk had been identified at the meeting.

25.0  **Date of next meeting.** It was noted that the Board of Governors was next due to meet on Wed. 11th October 2017 at 1.30pm.