

LTE Group Board

Minutes of the meeting of the LTE Group Board held at 10:00am on Tuesday 14 December 2021 by Teams

Present: Rhona Bradley, Jenifer Burden MBE, Paula Cole, Anika Ephraim, Nicholas Garbett, John Hacking, Liz Jacques, Philip Johnson (Chair), Phil Lanigan, Barry Lynch, Tim Sargeant, Malcolm Sugden, John Thornhill (CEO), Pauline Waterhouse OBE and Adam White.

In Attendance: Peter Cox (MD Novus), Alison Close (Group Finance Director), Rob Cressey (Chief Finance Officer), Jennifer Foote MBE (Company Secretary & General Counsel), Angela Hunter (MD Group Operations), Lisa O' Loughlin (Principal, The Manchester College), Kate MacKenzie (Deputy Company Secretary & Solicitor) and Melanie Nicholson (MD Total People)

Claire Partridge, KMPG for Minute No. 59/21

Jane O'Connell (Head of Reward and Performance) for Minute No. 61/21

Edward Lack (Group Quality Director) for Minute No. 46/21

The Board reflected on the memorial service held for the former Chair, Cllr Sue Murphy CBE on 20 November and on the commitment and valued service given by her to the institution during her time as a governor.

Governors congratulated the Principal and staff of The Manchester College on the news of the award of the Queen's Anniversary Trust Prize to The Manchester College in recognition of its 'careers not courses' initiative. It was understood that this was a significant achievement that rightly reflected the outstanding commitment of the College in its efforts to educate its students for the world of work.

Part A

57/21	<p>Part A Minutes of the Meeting held on 19 October 2021.</p> <p>The part A minutes of the meeting held on 19 October were approved as an accurate record to be signed by the Chair in electronic form.</p>
58/21	<p>Minutes of the Meeting of the Audit & Risk Committee and Annual Report</p> <p>The minutes of the meeting of the Audit & Risk Committee held on 22 November were presented and considered, together with the annual report from the Committee. The Chair of the Audit & Risk Committee spoke to the report and gave assurance to the Board on the performance of the audit function during 2020/21.</p> <p>RESOLVED that the Annual Report of the Audit & Risk Committee be approved (A&R Minute No. 30/21 refers)</p>

59/21 Financial Statements 2020/21

Claire Partridge, KPMG attended for this item

With reference to the recommendation contained in Audit & Risk Committee Minute No. 28/21, the Board received the Financial Statements for the year 2020/21, the Regularity Audit and the External Auditors report. The Regularity report, which continued to be more complex with additional requirements in response to the Covid pandemic, provided an unqualified opinion that in all material aspects the statutory corporation had complied with regularity audit requirements.

A presentation identifying the main highlights and the full financial statements was given.

Main highlights:

- The total reported LTE Group deficit of £1.5m after minority interest in Novus Cambria was an improvement against the £3.7m deficit budgeted and compared to a surplus of £2.1m for the prior year (impacted positively by the sale of St Johns).
- Group Ebitda (as measured by the ESFA) was £13.2m (£1.5m and 13% better than prior year), and therefore delivered Funder Covenants & Financial Health Grade clearance. There were three unadjusted items in the KPMG report, but none would materially impact the ebitda.
- The ESFA financial health rating of “good” had been maintained for a ninth consecutive year and the four covenant measures for MCC & Santander were all cleared with good headroom.
- The cash balance at year end was maintained at a healthy level of £20.4m.
- The Group balance sheet total had been impacted by the increase in FRS 102 pension liability deficit. The increase was due to the movements in key assumptions on discount rate and CPI. It was noted that these assumptions would have affected all colleges. The pension deficit liability was negotiated to be adjusted for in the Group asset-based funding covenants.
- The Group had net current liabilities of £2.4m due to creditors for release of capital grants on 21/22 disposals and the large, fixed asset creditor due to the stage of the Estates Strategy project. There was an expectation that next year this would revert to net current assets.

Points for Noting:

- The consolidated Group accounts included Total People Limited, Novus Cambria, and LTE Professional Services Limited.
- There was a clean audit report, although there were four unadjusted items relating to:
 - the classification of the LGPS pension charge,
 - the classification of the deposit received on exchange of the Northenden campus as an asset and a liability,
 - the split of the year end income provision on the PEF contract between current and prior year, and
 - the treatment of a small credit balance in Novus Cambria.

	<p>None of these had been deemed material enough to impact ebitda for the purpose of covenants clearance or financial health grade.</p> <p>As a requirement of the Post 16 Audit Code of Practice a representative of the external auditors, KPMG (Claire Partridge) attended the meeting to present the external auditors report. It was explained that KPMG had taken a controls-based approach to the audit in that they were able to rely on the control environment as well as substantive testing year end balances. The Going Concern review undertaken confirmed a positive cash flow despite rigorous testing by KPMG. The Regularity Audit was more comprehensive than previous years and even with the additional Covid driven compliance narrative had resulted in an unqualified report again.</p> <p>The Chair of the Audit & Risk Committee gave assurance to the Board that the Committee had undertaken a rigorous testing and scrutiny of the draft financial statements. Whilst the Committee recognised that there had been some significant but plausible downsides during the year there remained sufficient headroom on the covenants and therefore the Committee had no issue with supporting the statement that the Group was a going concern.</p> <p>The Board raised the current issue of pensions within the HE sector and queried the exposure to risk that the FE sector had on the same issue. It was acknowledged that, whilst not presenting a similar risk at present, the issue would need to be considered in the medium term to understand the liabilities it might present.</p> <p>Having received the information pertinent to the performance of the statutory corporation for the year, the Board considered the issue of going concern. In light of the continued concern over the pandemic it had been confirmed that electronic signatures on the statements would be acceptable.</p> <p>RESOLVED that,</p> <ol style="list-style-type: none"> 1. having confirmed that so far as each individual member is or is able to be aware, all the steps that he or she ought to have taken to know of any relevant audit information and to inform the college auditors of such have been taken and that assurance being in place to evidence the operation of the institution as a going concern for the coming year, the Chair be authorised to sign the financial statements on behalf of the Board in electronic form; 2. the Group Chair be authorised to sign the letter of representation as required on receipt.
<p>60/21</p>	<p>Director, Governor and Co-optee Appointments</p> <p>The Board received an update on appointments. These were in response to the change in CFO from 1 January and to appoint to student governor and co-optee positions. It was noted that for subsidiary board appointments, the approval of directors remained a reserved matter for the Group Board.</p> <p>RESOLVED that the following appointments be approved:</p>

	<ol style="list-style-type: none"> 1. the appointment of Alison Close as a Director of Total People from 1 January 2022 2. the appointment of Alison Close as a Director of LTE Professional Services Ltd from 1 January 2022 3. the appointment of Leo Nicholas to the position of student co-optee on The Manchester College Divisional Board for the remainder of the academic year 4. the appointment of Jacqueline Dunn to the position of student governor (including membership of the UCEN Manchester Divisional Board) for the remainder of the academic year.
<p>61/21</p>	<p>Gender Pay Gap Report 2019/20</p> <p><i>Jane O'Connell in attendance</i></p> <p>As required under the Equality Act 2020 (Gender Pay Gap Information) Regulations 2017, the Board received the report on pay gap differentials for LTE. The Board welcomed the addition of ethnicity pay gap reporting but recognised that this was the first year of presenting this data and that this would be refined further as reporting systems developed.</p> <p>RESOLVED that the report be approved for publication.</p>
<p>62/21</p>	<p>Group SAR 2020/21</p> <p><i>Edward Lack in attendance</i></p> <p>The Board received the consolidated summary self-assessment report for 2020/21 for LTE Group. The SAR was commended to the Board as a concise overview of self-assessment outcomes across the Group which would form the basis for improvement planning at Group level. The Board affirmed the aspiration that all Group provision should be at least good (grade 2). Reference was made to the Group Quality Team and confirmation was sought on the impact the team was having on driving quality across the Group. It was explained that the central team worked closely with dedicated quality teams within each business unit to ensure that a business unit specialist focus together with a central pool of expertise gave the best possible impact. It was further confirmed that this 'hub and spoke model' would also be implemented within TMC by Summer 2022.</p> <p>Novus</p> <p>The Novus SAR remained at grade 3 'requires improvement' for a second year, but it was noted that some significant improvements had been made in this provision despite the challenges presented by the pandemic. The Novus team were following a quality improvement strategy, and impact evidenced in improved SAR and inspection outcomes had started to materialise. The recent restructuring, the creation of a training and development team (TED), refocusing the operational activities of quality managers across the Lots and the creation of a Deputy MD role responsible for leading on the education and training rather than the contract management side, had been designed to help embed responsibility and accountability and increase capacity for quality improvement within the business unit.</p>

	<p>Total People/MOL The Total People SAR had been scrutinised and approved by the Total People Board but had also been included in the Group SAR for a holistic pan-group assessment. The SAR reflected the progress made against the company's quality improvement plan (QIP) in the last year during difficult circumstances. It had self-assessed as grade 2 overall, whilst recognising the significant quality improvements yet to be made. A further Total People SAR mid-year once further improvements had been in place for sufficient time to allow for the evidence of impact would be produced.</p> <p>MOL's SAR continued to reflect the very high quality CIPD provision but also reflected a change in practice implemented during the year. For future assessments there would be a need to review how MOL was self-assessed post integration with Total People.</p> <p>The Manchester College The grade profile of 2 'good' in The Manchester College SAR remained in line with the outcomes of the 2019 Ofsted inspection. The extensive range of key strengths and areas for improvement had been scrutinised in depth by The Manchester College Board (TMC Minute No.25/21 refers).</p> <p>UCEN Manchester In keeping with assessing UCEN MCR under HE quality parameters, a self-evaluation document (SED), using the textual judgements of Annual Provider Review (APR) rather than grades had been produced. The judgements reflected improvement on prior year including very strong student outcomes, a positive shift in curriculum area grade profile, mostly very good assessment practice and very impressive teaching, learning and assessment evidence. The Board noted that the NSS survey outcome remained an area of concern even though it was acknowledged that this was conducted at the height of the third major lockdown in February 2021. It was explained that this was subject to a very robust action plan designed to address student concerns and increase participation rates across the provision.</p> <p>RESOLVED that the LTE Group consolidated SAR for 2020/21 be approved.</p>
63/21	<p>Group Quality Update</p> <p>The Board received the presentation of the Principal on a summary of the in-year 2021/22 position as it related to each business unit. Developments in the external quality environment were also presented by business unit together with details of support provided to each area of provision by the Group Quality Team. Governors accepted that detailed scrutiny of quality by business unit was undertaken at Divisional Boards but welcomed the assurance of an holistic summary across the Group.</p> <p>Novus Key Current Landscape</p> <ul style="list-style-type: none"> • Review into prison education to be undertaken led by Ofsted and HMIP • Ofsted full inspections had now resumed • An improvement plan in place to address dip in YOI SARs ahead of YOI contract retender

Key Long-Term Landscape

- Implementation of a business-wide quality improvement plan had now been completed. A period of embedding now required.
- Targeting of potential grade 2 sites was underway in a bid to get to 60% of establishment SARs to Good or better by April 2022, then 70% by April 2023 ahead of the PEF retender
- Gradual shift back to BAU teaching following the pandemic (though still subject to reversion)

Support

- A very positive visit to YOI Wetherby by Ofsted Chief Inspector, Amanda Spielman
- Positive connections had been built with Ofsted in readiness of the review of prison education
- Post-pandemic BAU quality assurance systems had now been implemented
- Coordinated inspection preparation had been undertaken with HMPPS (expected that 15+ full inspections would take place during 2021-22)
- Business level QIP monitoring had now been put in place to continue throughout 2021-22
- Investment in Novus quality infrastructure had been improved to match quality ambition ahead of PEF retender
- Period of embedding the quality improvement strategy was now required

Total People/MOL

Key Current Landscape

- Ofsted full inspections had resumed but no published reports yet for ITPs
- Temporary discretions to allow end-point assessments would continue to address some of the challenges of assessment faced due to the pandemic were expected to end on 31 December 2021
- MOL integration with Total People. A review had been undertaken of all processes, policies and procedures to ensure alignment where possible

Key Long-Term Landscape

- Quality assurance of End Point Assessment could potentially move to Ofqual or Office for Students
- New MOL Operations Director would commence in January 2022
- The move back to face-to-face learning for corporate clients following the pandemic was currently planned for January 2022
- The MOL Quality Improvement Plan would be monitored to ensure improvements were being implemented across all departments

Support

- Plan instigated to address the gaps noted in the recent IQR
- Additional external scrutiny had been planned for specific parts of the TP curriculum to drive quality
- Business level QIP monitoring was in place and would continue throughout 2021-22
- Group Quality Team would continue its support of the TP/MOL integration
- Business level QIP monitoring was now in place and would continue throughout 2021-22
- Plans were now in place to address the challenges on the calculation of Achievement Rates and potential impact on TP of Adult Learner Loans post integration

	<p><u>TMC</u></p> <p>Key Current Landscape</p> <ul style="list-style-type: none"> • Full Ofsted inspections had now resumed. Inspection evidence was now more rigorous with expectations of firmer embedding within the curriculum, and important additions such as an understanding and remedial action around 'peer on peer' abuse. Work remained ongoing to incorporate such changes into TMC improvement plans. • Strong evidence had been collated by TMC regarding the impactful use of Covid 'catch up' funds • TMC had been chosen to take part in a 2-year Ofsted T-level Thematic Survey. This would commence between Dec 21- April 22. <p>Key Long-Term Landscape</p> <ul style="list-style-type: none"> • Three-year improvement plans had been instigated to achieve Grade 1 at next inspection • T-levels would be incorporated into Ofsted inspections from 2023-24 • The significant impact of Covid-related loss of learning and Teacher Assessed Grades / College Assessed Grades, on data would be expected for the next 2-3 years <p>Support</p> <ul style="list-style-type: none"> • Full programme of IQRs had been planned across the academic year 2021/22 • T-Level reviews would be undertaken to support implementation of new curriculum • Specific improvement plan had been established to focus on adult, functional skills and specific skills gaps • Business level QIP monitoring had been put in place and would continue throughout 2021-22 • Focus on key AFIs as identified in the SAR would continue throughout the year • Leadership of Learning Programme was planned to be delivered to approximately 40 managers across TMC/UCEN Manchester • New focus on performance appraisal enhanced by project connect would be put in place <p>UCEN Manchester</p> <p>Key Current Landscape</p> <ul style="list-style-type: none"> • The implementation of a newly formed curriculum strategy in a challenging context would need to be assessed • Increasing student numbers at a time of decreasing student numbers in the sector would be analysed • Key focus would now be on improving NSS and student engagement scores, and raising participation rates • A further key focus on progression strategy would be implemented <p>Key Long-Term Landscape</p> <ul style="list-style-type: none"> • Degree Awarding Powers (DAPs) and TEF Gold would be achieved • OfS national review of quality for HE providers was planned to be undertaken • The need to embed the new UCEN Manchester curriculum structure focussed on improving quality further would be addressed • OfS/QAA on-site quality activity would be resumed
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	<p>Support</p> <ul style="list-style-type: none"> • The implementation of new curriculum strategy was aimed at further improving quality and increasing student numbers • Monitoring and evaluation of student engagement data would need to be improved in order to improve NSS scores • The integration of QA systems around the new UCEN Manchester curriculum strategy and structure was planned • Leadership of Learning Programme would be delivered to approximately 40 managers across TMC/UCEN Manchester • New HE IQRs would be implemented during this academic year • Business level QIP monitoring was in place and would continue throughout 2021-22
<p>64/21</p>	<p>TMC/UCEN Manchester Divisional Board Updates and Part A Minutes</p> <p>Part A minutes of the following Divisional Boards and Committees were presented for consideration:</p> <p>TMC Divisional Board held on 12 November 2021 UCEN Manchester Divisional Board 19 November 2021</p>
<p>64/21 a</p>	<p>Valediction - Chief Finance Officer</p> <p>The Chair informed the Board that this would be the last meeting attended by Rob Cressey in the capacity of Chief Finance Officer (though he would remain as a finance director for the estates strategy until the end of the current financial year). Governors reflected on his time as CFO (since 2015) and thanked him for the commitment and expert advice and guidance he had given to the Group during that time. The Board recognised the substantial contribution made by him, not only as a highly effective financial leader but also in playing a critical role in the delivery of the estates strategy. Governors wished him well in his revised role and eventual retirement.</p>
	<p>RESOLVED that as the items to be considered are deemed commercially sensitive, the Board move into confidential session.</p>
	<p>Chair</p> <p>Date</p>

The meeting closed at 4:10 pm