

**CORPORATION BOARD
FINANCE & GENERAL PURPOSES COMMITTEE**



Minutes of a meeting held on Monday 9 March, 2020 at Abingdon Campus at 6pm

Present

Di Batchelor (Principal)
Howard Dodd
Roger File
Nick Handy (Chair)
John Revis
Tony Petruso

In attendance

Mark Lay, Finance Director
Jacqui Canton, Deputy Principal
Jenny Craig, Vice Principal
Michael Chiyasa, Head of Estates and Capital Projects
Kelly Haddrell, Head of HR
Ruth Reavley, Clerk
Fiona Gay, SMT PA

Governor questions are represented with bullet points, and management responses are italicized.

1. Opening comments, apologies for absence and new declarations of interest

Sean Wellington’s apologies had been accepted. An additional business item on College preparations for Covid-19 would be taken. The Committee Chair and Finance Director had considered the timings of meetings in relation to the Integrated Financial Model for Colleges (IFMC) timeline, and determined that the Spring Term meeting in 2021 would be held earlier in the term – governors supported the proposal. There were no new declarations of Interest. Fiona Gay was welcomed as part of her work-shadowing of the Clerk.

Action	By Whom	Deadline
Note altered timings in planning 2020/21 meetings schedule	Clerk	For Board, 6 July 2020

2. Minutes of the meetings held on 29 November 2019

Subject to the agreed re-phrasing of a sentence, the public minutes of 29 November 2019 were approved for signature.

3. Matters arising from the Minutes not covered elsewhere on the agenda, and Action tracker

The paper was noted.

4. Capital Projects and Estates update

The Head of Estates and Capital Development updated the meeting on recent developments with respect to the Bicester construction skills training centre. Planned preventive and reactive maintenance was subject to the same in-year expenditure controls as the rest of the College. The paper was discussed.

- When is the Planning Committee meeting? *The application is currently being processed under delegated powers, by the Planning Officer, and is not scheduled to be taken to the Planning Committee. The application is currently being reviewed by the Planning Officer. We will make contact with him shortly and review our options based on his feedback. This may include arranging for the application to be taken to the Planning Committee instead.*
- What does the “space temperature procedure” achieve? *The procedure addresses the relationship between energy consumption and holding all College rooms at consistent seasonal temperatures. The electricity used in raising the temperature of rooms with air conditioning above 21° in cold weather or below 24° in hot weather is significant. The procedure ensures the consumption of electricity is controlled. Where students or staff have medical conditions requiring higher or lower temperatures, exceptions are made.*

A detailed discussion was held on the disposal of Avenue One. An update on the current position was given. Options to expedite the sale were considered. Governors noted that the disposal had an important impact on the year-end position.

Governors noted anomalies in the utility consumption trend data for Abingdon and Witney Campuses. New remote data capture software had been purchased to improve diagnostic analysis. A governor offered to work with the Head of Estates and Capital on interpretation.

The paper was noted.

Action	By Whom	Deadline
Arrange for governor to work with Head of Estates & Capital Development on utility consumption trend data	Head of Estates and Capital Development	When trend data is available

A confidential paper was discussed.

6. Management Accounts to 31 January 2020

The paper was discussed.

- In appendix 1, why was total income RAG rated Amber? Is there realistic prospect that the budgeted figure will be achieved? *Progress continued to be made. A new tranche of ESFA money had been received, for instance.*
What was the prospect of the budgeted figure being achieved? *Unlikely.*
Governors should therefore expect a smaller negative variance at year end? *Yes*
So should the RAG rating be red? *The rating is purely for governors; the SMT continue to vigorously pursue additional income.*

Governors agreed that the RAG rating was helpful. It was agreed that Total income should be rated Red, as the prospect of full recovery is unlikely.

With respect to the Income and Expenditure Account Summary, governors noted that the Local Government Pension Scheme (LGPS) pension provision had not been accrued in the Exceptional Expenditure line, as there is continuing uncertainty about the scale of the actual movement.

Governors noted plans to achieve full use of the Adult Education income. The Apprenticeship income forecast and R06 and R05 data was considered. Governors noted the impact of the timing of disposal of Avenue One on the cash flow. The Bicester development would have neutral impact in 2019/20.

- When would the LGPS rate be known? *Information from Oxfordshire County Council was expected in April.*
- How had the “essential spend only” message been received? *It was broadly accepted. The Principal reported supportive comments received in a meeting with Union representatives.*
- Were there sector comparator benchmark figures available on, for instance, Staff costs as a percentage of income, or cash days? A governor in the past had presented some data. *There is data available, which is a year old. The sector hopes that benchmarks will be produced by the ESFA IFMC. Data entry guidance from the ESFA is such that there is greater prospect of good quality comparators based on a sector-wide standard approach. The sector understand that the ESFA will report back to Colleges within 6 months.*
Comparators were not going to be straightforward, as there are so many aspects of the College which are distinctively different: the land-based provision, the scale of provision for Special Education Need students, that catering is not outsourced.

- In the cash flow, the disposal of Avenue One falls in-year. Is that realistic now? *The paper reflects the position at 31 January. There have been subsequent developments and at the current time the timetable is challenging but could still be achieved.*

The paper was noted.

7. 2019-20 Financial Full Year Forecast Update

The forecast did not differ substantially from the February Board paper. The paper was discussed.

- Why was the increase in Microsoft licence fees unexpected? *Some increase was allowed in the Budget, but the increase notification post-dated the budget and were higher than anticipated.*
- If the Avenue One disposal does not take place in-year, the options are to amend covenants or to seek a waiver. *At present, the modelling indicates the covenants will not be breached, but that the margin is small. The model is continually updated. The Bank is kept briefed.*
- Noting a year-end adverse variance of £200,000 on Apprenticeship income, how confident is the Deputy Principal on delivering the “still to identify” £124,000? *Progress continues to be made. Since the January Management Accounts were closed, the “still to identify” figure has fallen to £100,000. The College assumes a 50% conversion rate on warm leads.*
Has the probability of achieving the revised budgeted figure increased? *It has.*

Governors were satisfied that the Management Team continues to review and focus on income and expenditure, and that contingencies are in place on covenants. The Bank has not advised that any action is necessary.

- Does the College have other under-used or unused assets which might be sold? Sale and lease back was not being advocated. *The Management would need to consider potential adverse effect on future and current students. A piece of engineering equipment had been identified for consideration. Further work would be done.*

It was agreed that the Budget paper would be amplified for the Board, to capture more detail on the contingencies and sensitivities of the Avenue One disposal.

The paper was noted.

Action	By Whom	Deadline
Amplify Forecast paper to capture more detail on the contingencies and sensitivities of the Avenue One disposal	Finance Director	For 23 March 2020 Board

8. Subcontracting Update 2019-20

The paper was discussed.

- How did devolution affect the AEB budget? *Devolved authorities were allocated a bigger share of the AEB budget, resulting in a reduction in funds available for FE Colleges not in devolved authority areas.*
- How is the validity of subcontracted work checked? *The College holds scheduled meetings with providers; enrolment paper work is audited, teaching is observed, both scheduled and spot-check; health & safety inspections take place; Independent Internal Audit work includes examination of risk management and financial system matters.*
- Is value for money a consideration in checks on subcontracting? *It is, and arrangements with one supplier will cease soon as a consequence.*

Governors had received guidance from the ESFA on how to oversee subcontracting. The Principal reported that the College had checked its internal processes when national problems had been highlighted in the media.

The paper was noted.

9. Human Resources Termly Staff Report, 1 September – 31 December 2019

The Head of HR apologised for missing data in section 3.3, paragraph 1. The figures were 62 teaching and 28 business support staff had breached the Bradford Factor in the report period.

- The staff turnover was impressively low. *There is some seasonality to staff departures. The best comparator is full-year data.*
- Are new staff starters a new increase to the headcount? *No, they are replacements.*
- Is 3.1% of the workforce involved in disciplinaries a high figure? *There is no sector benchmark. The figure is slightly higher than in the last report. In benchmarking, much depends on organisation culture.*
- Is the 3.1% a percentage of all staff? *No, it is staff excluding Hourly Paid Lecturers.*

The report was noted.

10. Staff Performance and Attendance Management Policy

Material changes to the policy were explained.

- Were the changes to the policy legal? *Yes, the College remained generous in its provision related to minimum standards, as is typical in the sector.*
- *A change in Employment Law underpinned the revision to provision on page 9 on formal procedure related to performance. It was now legally acceptable to take into consideration previous instances of similar performance concerns, which had expired.*
- Why have an expiry date then? *It is legally necessary.*

The revised policy was approved.

Action	By Whom	Deadline
Add revised policy to College intranet	Clerk	immediate

11. Freedom of Information request update

The report was noted.

12. Any Other Business: Covid-19 plan

The Principal outlined College actions:

- A Coronavirus group has been formed, including the Principal, Head of HR and Head of Occupational Safety and Health.
- The advice of the Department for Education (DfE) and of Public Health England (PHE) are being followed.
- Staff and students are being reminded about basic hygiene measures
- Information about advice for individuals is being collected in compliance with government's "Contain" stage guidelines.
- The College would close if it could not be staffed at adequate levels. It is likely that this would be theoretical, as students also would absent.

In discussion (the Principal's responses are italicised)

- What is the Department for Education advice? *Advice is being received daily. The DfE reserves the right to close institutions. Currently they talk of Schools and Higher Education establishments. There has been no explicit mention of FE. Mention has been made of people who are particularly vulnerable, and of arrangements for Trips. The Insurer would not pay out if trips were cancelled by the College without government requirement so to do. The Finance Director advised that the Insurers, Aviva, state that the College is not covered for Coronavirus because it is not a named disease in their paperwork. Had Ebola reached the UK, the College would have been covered. The AoC is taking this up on behalf of the sector.*
- Are any staff more exposed to the virus on account of their role? *No. The College has some Work-based learning students at Oxford University, where one case has been confirmed, and in local hospitals.*
- If a student or staff member were the primary carer for a vulnerable adult, what would be done? *Distance learning would be put in place; a staff risk assessment for working from home would be put in place.*
- Has the DfE differentiated between Landbased and other FE Colleges? *No. Were College instructed to close, work with animals at Common Leys Campus would have to continue.*
- *Though the Board is statutorily independent, were the College to be instructed to close as a Public Health requirement, it would be inadvisable to refuse.*
- What financial impacts have been identified?
If the government required closure, it would be grossly unfair if they did not then support the sector. Students on part-time courses could be offered a refund, or the end date of the course be extended, or sessions lengthened. There would be staff cost implications. The college is generally supportive of staff with caring responsibilities and would be of those who self-isolate. There would be some expectation of flexibility on return to work to compensate. Full-cost income would be the greatest challenge, as it is not covered by the DfE. Digital learning tools would be used where possible. Providing for practical work would be challenging. The College would follow national guidance on examination arrangements. At present Ofqual advises that educational establishments carry on planning for exams. Are there areas of expenditure which could be deferred for budget gain? Utility bills might vary, depending on whether closure coincided with College holidays.
- The Government has a 4-stage plan. This could lock-down the country. *It is difficult to plan for unknown unknowns. The College has a planning group, and a detailed plan, which is frequently updated and is responsive to government announcements. The College Leadership Team will be briefed on Wednesday.*

Governors noted the plans being put in place.

13. Future Business and Reflection

The business and conduct of the meeting had been satisfactory.

Proposed future business for June was noted. Financial Record benchmarking is unlikely to be available for June and would be deferred to September/October if necessary.

The meeting closed at 7.20pm.

Signature

Date