

**CORPORATION BOARD
FINANCE & GENERAL PURPOSES COMMITTEE**



Minutes of a virtual meeting held on Monday 15 June 2020 at 6pm

<p>Present Di Batchelor, Principal Howard Dodd Roger File Nick Handy, Chair Tony Petruso John Revis Sean Wellington</p>	<p>Governors in attendance Fay Croft</p>	<p>In attendance Mark Lay, Finance Director Jenny Craig, Vice Principal, Curriculum & Quality Ros Caffyn, Head of Finance Kelly Haddrell, Head of HR Ruth Reavley, Clerk Fiona Gay, PA to the Senior Management Team, work-shadowing</p>
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Governor questions are represented with bullet points, and management responses are italicized.

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

The Chair welcomed all present. No apologies had been received. Michael Chiyasa, Head of Estates and Capital Development, was unable to attend, and his papers would be covered by the Finance Director. There were no new declarations of interest.

2. Minutes of the meeting held on 9 March, 2020

Public Minutes: Subject to amendment that an action point was missing on page 11 related to the purchase of new remote data capture software for utility consumption, the minutes were approved for signature.

- Could the minutes be signed electronically? *The record in the minutes that they were approved for signature was acceptable, with wet-signature when face to face meetings resumed.*

Action	By Whom	Deadline
Amend page 11 of minutes as stated	Clerk	Prior to signature

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

The action tracker was noted.

4. Finance: key issues and concerns

The Management Accounts to April 2020 and 2019/20 full year forecast were discussed. The year-end figures were relatively unchanged from the position in April. The Chair drew attention to two particular features: that the covenant breach had already been discussed, and that the ESFA health grade will be “Requires Improvement”, on current figures. The Finance Director agreed, but pointed out the potential that May, June and July actuals could yield a £50-£60k better year end than was being indicated, which would close the covenant gap, in which case the bank covenant might not be breached. Noting the possibility, the Chair re-stated that the Board ‘s preference would be that the Bank issued a covenant waiver letter.

The Budget for 2020/21 was discussed. The Chair, referring to the conversations held on 19 May 2020 between members of the Senior Management Team, himself, the Board Chair and one other F&GP member, reiterated those members’ confidence in the budget process and the figures being presented.

The Finance Director drew governors' attention to key features of the budget. Due to the Covid-19 pandemic, returning a surplus for investment is not viable. (The strategic objective is working within our means)

Total income is forecast at £23,393k; total pay costs at £15,147k, and total non-pay costs at £8,259k, generating a breakeven budget before LGPS liability adjustments, with an operating surplus of -0.1%. Senior Managers believed this was a cautious budget, taking into account the risks and opportunities facing the College. The financial health grade would be "Requires Improvement" and all bank covenants would be met.

- What provision is being made for the Teachers' Pension Scheme? *Pension provision for Teachers Pensions is made in the balance sheet. Following actuarial re-valuation of the LGPS pension scheme completed in early 2020 based on the value at 31 March 2019, the College had negotiated with OCC and the actuary for a stepped increase in employer contributions. The impact in 2020/21 is a £25k increase, rising to £100k in 2021/22. This was a cash cost, not an accounting cost.*
- With 75% of the income guaranteed, how much risk is there in the remaining 25%? *Senior Managers have been cautious in presenting variable income figures. The three key areas are apprenticeships, HE and full-cost provision. Some information was certain – the carry-in for some apprentices, and Year 2 HE students.*
- Some Higher Education Institutions have halted all recruitment and promotions, and excluded provision for a staff pay rise. *Earlier plans for reorganisation/restructuring involving the creation of new roles had been deemed unaffordable so were excluded. The Senior Management Team were only authorising posts that were absolutely needed. Only 80% of the budget would be allocated in August, with a review toward the end of the Autumn Term. In 2019/20 that December review noted that not all projected income had been achieved, so the College moved to an "emergency spend only" basis. Where possible, the College would defer spending. Cash was king.*
- HEIs were in a slightly different position to Colleges, in that they had no idea how many students would arrive in September 2020. The national conversation currently highlighted school leavers proposing to defer entry as the prospect of blended or distance learning was not desirable, but options for travel or short-term employment would be limited by Covid-19 travel restrictions and the collapse in employment and the economy. For HEIs with larger proportions of students who, as school pupils, had been eligible for free school meals, may experience higher student numbers in September 2020 than the worst-case scenarios. *FE institutions were different in a number of ways:*
 - *The main student body are 16-18 year olds, who are required to be in education or training until they reach their 18th birthday.*
 - *Funding is lagged, and the amount is known; any changes in recruitment trend related to Covid-19 will have impact on funding in the following year 20/21.*
 - *The College anticipates some students faced with the current uncertainties, may opt to remain at school when previously they might have joined the College*
 - *The sector anticipated some young people will not be able to secure an apprenticeship or employment, so will turn to Further Education when in other circumstances they might not have done.*
- HEIs were planning for two student intakes, September 2020 and January 2021, anticipating the latter might attract international students unable to travel in September.

The Finance Director advised that, not included in the Budget, the College was in the process of bidding for capital funding related to T levels, aiming for a 100% grant, though

75% was currently the expectation from DfE; the College was not in a position to make a 25% contribution. T level income would begin in 2021/22.

A governor involved in the 19 May 2020 meeting thanked the Finance Director and the Senior Management Team (SMT) for the detailed work which had been undertaken and commended that approach to the budgeting process.

Governors noted the Management Accounts and full-year forecast, and recommended the 2020/21 Budget for approval by the Board.

The revised ESFA College Accounts Direction was noted. Slight changes were required to disclosures on pay in the annual Financial Statements.

The ESFA Financial Health Grade letter for 2018/19 was noted. The Chair recommended that the Audit Committee's attention be drawn to the letter, particularly to the matter of corporation tax review. Governors noted that the methodology for calculating Financial Health Grade was being reviewed by the ESFA, with a change expected maybe in the summer of 2020.

The transfer of the accounting system from Symmetry Bluqube to Sage L200 was noted. The Finance Director assured members that, though purchase order processing had been slow, financial controls had not been breached. The Committee Chair recommended the Finance Director's paper and comments be shared with the Audit Committee.

Action	By Whom	Deadline
Add ESFA Financial Health letter (29 May 2020) to Audit Committee Agenda, re: corporation tax review. A response to the ESFA is required by 31 July 2020.	Clerk to circulate to Audit Committee members.	Immediate
	Principal to supply MHA MacIntyre Hudson report to ESFA by deadline	Before 31 July 2020
Clerk to check that the Board Chair has received a copy of this letter	Clerk	immediate
Share detail on transfer of accounting system with Audit Committee	Clerk/Finance Director	For next Audit Committee agenda.
Add 2020/21 Budget to Board agenda	Clerk	For July meeting

5. Estates Management and Capital Projects

Governors noted the work being undertaken by the Estates team to plan and implement the partial re-opening of College sites in June 2020. Little preventive and reactive maintenance has been possible during the Covid-19 lockdown period. The team are involved in two major capital projects: the Bicester Construction Skills Centre, and the T-level capital bid.

In an update on the paper, the Finance Director advised that a bid for Avenue One of £325k had been received; the bidding company would remove the mezzanine floor, so had not applied value to it. He had sought advice from agents Carter Jonas and the SMT, and the bid had been rejected. The Agents were confident that a higher value could be achieved.

- What would the T-level Capital works involve, if the bid was successful? *Creation of specialist classroom capacity at Witney, through demolition of an existing mothballed building between Weavers and Buttercross, and new build (£1.6m), and re-configuring of some classrooms at Abingdon (£0.2m)*

- Had the College considered renting Avenue One? Selling with a tenant in situ could be advantageous. Were there any restrictions? *The Finance Director would follow up with the Agents.*
- With respect to air conditioning provision, is government advice that units which re-circulate air are turned off being followed? *The Head of Health & Safety, John Revis, responded that those recirculating air have been switched off, whilst those drawing in fresh air are enabled. Only a few buildings would be in use during Summer Term 2020 and the holiday period.*

The report was noted

Action	By Whom	Deadline
Pursue possibility of tenancy in Avenue One with Agent	Finance Director	immediate

6. HR Termly Staff Report, 1 January – 30 April 2020

The team had seen an increase in wellbeing support work for staff and in supporting the furlough process.

- Was the increase in leavers in Access to Learning a concern? *Turnover in Learning Support Assistants (LSA) is usual. Fixed term contracts are typical for LSAs. The faculty structure has changed, so there is no comparator with the previous year. Most were in the Foundation Faculty in 2018/19. The number reflects some casework in the Faculty, and raised management standards and expectations. The management team is happy that the turnover is consistent with current actions and past experience.*
- What were the business reasons, and the numbers, for fixed term contracts across the College? *Most fixed term contract are for one year and most contract-holders are LSAs. The need for LSAs correlates to the number of students and their needs, both of which vary year on year. Their work across Faculties is reviewed regularly. Fixed term contracts are also used where projects are grant-funded. They rarely extend beyond one year, so employment rights are not accumulated. Some LSAs are appointed to permanent posts at the end of the one-year fixed term contract. On 1 April 2020 there were 25 fixed term contract holders on the payroll, excepting Hourly Paid Lecturers.*

The report was noted.

7. Policies

The Committee had two policies to approve, the remaining six were to recommend to the Board.

Staff Recruitment

- Which HR roles were involved in job evaluation? Could the policy be revised to make that clear? *That update would be made.*
- Would paid staff and volunteers be permitted to work before the outcome of an Enhanced Disclosure and Barring Check is known? *The job offer is subject to satisfactory Enhanced DBS check. The College undertakes a Barred List check and workers are supervised until the Enhanced DBS check has been received.*

Subject to the amendment discussed, the policy was approved.

Social Media The policy was approved.

Staff Grievance

- Had there been evidence of covert recordings being made? *None had been proven, though there had been suspicions in the past.*

- What would be the process if the grievance was against the Principal? *The Senior Post Holder Grievance Policy would apply in that instance. This would be signposted in the document.*

Subject to amendment, the Policy was recommended to the Board.

Treasury Management

- As the ESFA amends and alters its processes and thresholds often, could clause 5.1.1 in particular be future-proofed by the inclusion of additional working “or other ESFA requirement” to supplement reference to the Integrated Finance Model for Colleges? *That would be done*

Subject to amendment, the Policy was recommended to the Board.

The following policies, revision to which had not changed matters of substance, were recommended to the Board:

Crisis Management
 Health & Safety
 Subcontractor Fees & Charging 2020/21
 Financial Regulations

Action	By Whom	Deadline
Amend Staff Recruitment policy as discussed	Head of HR	Immediate
Publish Staff Recruitment and Social Media policies to O365 for staff	Clerk	immediate
Amend Staff Grievance policy as discussed	Head of HR	immediate
Amend Treasury Management Policy as discussed	Finance Director	immediate
Add Staff Grievance, Treasury Management, Crisis Management, Health & Safety, Subcontractor Fees & Charging 2020/21 Policies and Financial Regulations to Board agenda	Clerk	July Board

8. Freedom of Information request update

The report was noted.

9. Any other business

None had been raised with the Chair

10. Business Plan 2020/21 and Reflection

The Spring Term meeting would be timed for the end of Finance reporting period RO5, and might take place in late February or early March. The Board’s meeting dates schedule would include provision for a budget discussion in May, as one-off working group.

The papers was approved as a “living document” subject to update as circumstances required.

Members agreed that, though virtual meeting was not ideal, it was preferable to telephone conferencing. No criticism of the quality of papers or conduct of the meeting was offered.

The Vice Chair, in attendance for the meeting, observed that being able to sit in was valuable, and that doing so remotely was straightforward.

The meeting closed at 7.15pm

Date approved for signatureThursday 1 October 2020.....

Signature Date