

**Minutes of the Finance Committee meeting held on Wednesday 18<sup>th</sup> March 2020 at 6pm**

**GOVERNORS** Nigel Ruff (Chair)  
**PRESENT:** Janet Pryke  
 Tracey Jackson  
 Jason Austin, Principal and CEO

**ALSO IN ATTENDANCE:** Maxine Bagshaw, interim Clerk to the Corporation  
 Tony De'Ath, Executive Director of Corporate Services  
 Kate Noble, Executive Director of Finance  
 Jane Hartog, HR Director  
 Monika Rodzos, observer for this meeting

ACTION by whom	DATE by when

**1      CORONAVIRUS UPDATE**

Before formal commencement of the planned agenda items the CEO provided an update following the government announcement at 5pm that all schools and colleges are to close with effect from the 20<sup>th</sup> March 2020. He explained that there were a number of students that would need continuing support including looked after children, those with high needs and those whose parents work in key professions, which are currently police, health service, delivery drivers etc. He explained that this would mean that the college has to offer a limited service and is currently working through the process of identifying exactly who these students are. He indicated that, given the geographical spread of college sites it was going to be a challenge and would not be possible to keep all sites open and therefore the college would need to look at any collaboration opportunities with other schools and colleges in the area. He confirmed that remaining open to provide a restricted service would be a logistical challenge and that what is needed, as a first step, is working out where the students are and what their needs are.

He explained that the key workers identified are quite a large group and this information is not currently held by the college, whereas for others i.e LAC and those with EHCP plans the college does already know this.

The CEO confirmed that he had also been on a conference call with the areas CEO's earlier and the police have indicated that the restrictions

Signed : \_\_\_\_\_Chair

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could be enforced until potentially September. It is expected that there will be increased isolation measures for the over 70 and also it has been confirmed that exams planned for May and June (GCSE's and A Levels) will not go ahead, however it is not clear at this stage how student achievement will then be measured. He confirmed that a message would be posted on the college website, either tonight or tomorrow, and that the college is moving in to its planned 'learning from home stage'.

The Executive Director Finance indicated that, from a financial perspective, the ESFA and the Government have confirmed that they will offer support to colleges. The exact nature of this is not yet clear but it will be important for the college to evidence that students are 'in learning'.

The Principal confirmed that OFQUAL would be issuing guidance on how student achievements, without exams, can be measured. This is likely to include information from the mocks, attendance, teacher assessment and the work undertaken between now and the summer.

The CEO advised that, whilst the college will be closed to most students, it is not necessarily the case that the sites have to be locked and empty and there will be opportunities for staff to come in and liaise with colleagues, obtain IT support etc. Whatever is required to maintain remote support for students.

AGREED: to note the content of the update provided.

**2**      **DECLARATION OF INTERESTS**

The Chair reminded everyone present to declare any interests in relation to matters to be discussed. The Chair restated his interest as a Dinnington resident.

**3**      **APOLOGIES FOR ABSENCE**

There were no apologies for absence with all Committee members and staff present.

**4**      **MINUTES OF THE MEETING HELD ON 19<sup>TH</sup> FEBRUARY 2020**

The minutes were reviewed and it was agreed that they were an accurate record of discussions.

AGREED: to approve the minutes of the meeting held on 19<sup>th</sup> February 2020.

There were no matters outstanding.

**5**      **ACTION PROGRESS REPORT**

Signed : \_\_\_\_\_ Chair

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The Committee were happy to note the update provided and all agreed that it provided a useful record and mechanism for ensuring actions requested are implemented.

AGREED: to note the content of the update provided.

## **6 PERIOD 7 MANAGEMENT ACCOUNTS**

The Executive Director Finance introduced this agenda item and confirmed that there had been no significant changes since the Period 6 accounts reviewed at the last meeting. The only matter that she wished to bring to the Committees attention is the issue of cash flow, and explained that it was simply not possible to now predict what will happen in the next 6 months.

The Executive Director Finance confirmed that she has spoken to the bank on the basis of an anticipated decline in income whilst staff costs remain the same. The view of the bank is that government departments need to support colleges initially but they have indicated verbally that, if necessary, they will support the college. Whilst verbal support has been offered it is going to be important to regularly manage this and it is not clear the manner of support that would be provided i.e. bridging loans, refinancing, overdraft etc.

The Committee were advised that Fluid Power and other commercial subsidiary companies may be able to access emergency support funding but that the college, because it is publicly funded, is likely to be prohibited from applying to this pot. She indicated that the key focus for the college and the Board needs to be on cash at this time and not the P&L.

Following a question from the Committee the Executive Director Finance confirmed that the financial position was 'as expected but was very tight'. She indicated that cutting services and lower delivery costs will help. She restated that the most challenging period is March and April 2020 and that it is going to be important to ensure that the colleges manages within its overdraft facility. The Executive Director Finance confirmed that she has agreed to remain at the college until the 9<sup>th</sup> April so as to provide some continuity and handover in these very challenging times.

The Executive Director Finance confirmed that payments to suppliers are being carefully managed. A challenge from the Committee was that, in terms of paying creditors, that the college prioritise local and small businesses. The Committee were advised that prioritisation so far has been in relation to;

- Software/IT support,
- Small suppliers, and
- Continuation of capital works that are ongoing.

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AGREED: to note the content of the update provided.

**7**      **CAPITAL EXPENDITURE 2019/20**

The Executive Director confirmed that the potential upside is still believed to be circa £100k but explained that the fine detail of this has not yet been reviewed. A caveat to this is that the college may be required to purchase more laptops for home working, although following general discussion it was felt that poor availability of laptops would likely prevent this. She confirmed that no definite savings have as yet been built in to the forecasts.

AGREED: to note the content of the update provided.

**8**      **DISPOSALS UPDATE**

The Executive Director Corporate Services presented his written report and provided a verbal update on a number of lines;

- The hub and Kiverton Park had been put in to purdah, however elections have been delayed for a year and therefore it is possible to reignite the discussions.
- Shire Oaks – with the closure of the college it is highly likely that the deadline of the end of June 2020 can be met.
- Planned works at the North Notts main campus (electrical and plumbing and NFPC/Food tech gas test and AM2 conversion) - again if the college closes then progress on these initiatives can be made quickly.
- North Notts main Campus – Carlton Road – Highfield Mount and Coach House - is now on the market for sale.
- North Notts main campus – Carlton Road/Blythe Road junction – there are no further developments
- 185 Carlton Road - Sure Start Children Centre administration base – the sale is progressing well. The Executive Director Finance indicated that there is one issue which is slightly delaying the sale and this is the need to look at whether the college took an option to tax in the past. She confirmed that advisors were in dialogue with HMRC on this.
- Dinnington Campus – there have been 9 NDAs signed to enable further discussion on options and interest
- DVC-Land (Manvards) this item is now closed
- Idle Valley – if the college closes then it will withdraw staff from this site

AGREED: to note the content of the update provided.

**9**      **PROCUREMENT REPORT**

The Executive Director Finance provided a verbal update and confirmed that the only matter to bring to the committees attention is the

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position regarding the catering contract. She confirmed that the decision has been taken to postpone the tender exercise until next year and therefore the existing two contracts will be extended until the autumn of 2021. She indicated that staff time and energy needs to be focused elsewhere at the current time.

AGREED: to note the content of the update provided.

## 10 SUBSIDIARY COMPANIES

The Executive Director Finance provided an update on a number of areas including

- Aston – Bedford College remain interested in purchasing the company. There is some further information to be sent to them regarding student numbers. The Principal is in dialogue with the CEO, although it is not known whether the current situation will delay progress.
- National Fluid Power – the Executive Director Finance reminded that period 6 saw a dip in income. It was expected that period 7 would show an increase, however given the coronavirus companies are cancelling planned training and this is therefore likely to have a negative impact. The Committee were reminded that this company has a turnover of circa £1 million per annum with a 10% contribution, therefore £900k fixed costs. It is possible that the company can re-open to learners as it is a commercial organisation. They carry out full cost work and are located in a separate building, however the impact of the current situation is not known and therefore this has to be considered as a risk and the challenge for this company has increased.
- Bright Skies Nursery – it was agreed that discussion on this would be recorded on a confidential basis.

### Subsidiary company closing accounts for

- a) Create Skills Limited
- b) Charnwood Training Group Limited

The Executive Director Finance drew the Committees attention to the 2 sets of closing accounts. She explained that both of these businesses stopped trading in February 2019 but that there were a few bank transactions that needed to be concluded. This has now been done and the bank accounts were closed on 31<sup>st</sup> January 2020. She confirmed that both sets of accounts have been audited and, on that basis, they should be recommended to the Board for approval. She confirmed that she and the CEO would sign as the two existing Directors.

The Executive Director Finance confirmed that the college is checking whether there are any tax implications before the process to strike off can commence. She advised that the college was currently awaiting a response from inland revenue.

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The Committee questioned whether there was any Director run off cover. The Executive Director Finance advised that, members of the executive and governors have liability insurance cover, however there was a need to find someone else to replace her as this insurance will cease to apply to her once she concludes her employment with the college on 9<sup>th</sup> April 2020. The Chair confirmed that the Board would be asked to reconsider this as the meeting next week, with Governors identified to join each of the Boards. It being the case that a minimum of two Directors are required for each, even those that are dormant and planned for strike off.

AGREED:

- a) To note the content of the update provided
- b) Recommend that the Board approve the closing accounts for Create Skills Limited and Charnwood Training Group Limited
- c) Request that the Board identify individuals who can join each of the subsidiary company boards as a Director to replace Kate Noble

**11 FINANCIAL REGULATIONS AND PROCEDURES – UPDATE FOR REVIEW**

It was agreed to defer this agenda item to a later meeting.

ED Finance May 2020

**12 TREASURY MANAGEMENT REVIEW – TIMETABLE FOR CONSIDERATION**

It was agreed to defer consideration of this item to a future meeting.

ED Finance 13.05.20

**13 FEE POLICIES 20/21**

The Executive Director Finance advised that the current 19/20 fee policy has been provided to Governors. She confirmed that it would need to be reviewed but stated that it was unlikely to change significantly for next year. With the planned college closure it was acknowledged that the ‘down time’ will give an opportunity to review this and the Financial Regulations and Procedures and the Treasury Management document. It was agreed that updates on all of these would be shared outside the meeting to give Governors more time to review.

ED Finance April 2020

A challenge from the Committee was that regular reviews of policies are critical and therefore they asked that staff spend time on them to ensure that they are accurate and correct.

One member of the Committee asked how college fees are determined. The CEO indicated that, in relation to HE the college looks at what others (colleges) do so that they remain competitive. He advised that for HE the colleges are significantly lower than universities

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and are therefore very competitive. In relation to AAT the college assesses what other independent training providers and colleges charge, and then tailors its own offer so that it remains commercially competitive.

It was agreed that the Fees Policy for 20/21 would be presented for consideration at the next meeting.

AGREED: to note the content of the update provided.

ED Finance 13.05.20

**14 INDICATIVE ALLOCATIONS 20/21**

It was agreed that discussions on this item would be recorded on a confidential basis.

**15 SUBCONTRACTING UPDATE**

The Executive Director Finance reminded Governors that an additional £500k had been agreed at the last Board meeting across a number of subcontractors, with most of the activity being AEB. She explained that if subcontractors do not deliver then the money will be clawed back in January 2021. She indicated that the college is able to offer online delivery, however some subsidiary companies can't because it is face to face activity e.g. forklift truck driver training etc. She explained that the college does not know the exact position yet. A request from the Committee was to calculate the risk regarding potential January 2021 clawback. The Executive Director Finance confirmed that this could be completed but that it would be a high level assessment. The Committee were reminded that the college's loss in relation to subcontracted activity would only be 20%.

AGREED: to note the content of the update provided.

ED Finance April 2020

**16 EXCEPTIONS REPORT ON ANY AREAS OF CONCERN – CONTRIBUTION ANALYSIS, STAFF UTILISATION, CLASS SIZES ETC.**

The Executive Director Finance indicated that during the normal planning process staff would look at contribution on a course by course basis alongside staff utilisation and class sizes. She advised that this information is all readily available through excel recording. The college is still in its planning stage and therefore these are all under review. She confirmed that Apprenticeship provision is now fully integrated in to the curriculum planning process.

In terms of staff utilisation the Committee asked whether there was any benchmarking information available to colleges. It was confirmed that there are through government sites but that the way colleges calculate utilisation is not always the same. It was explained that contribution, utilisation, class sizes etc. vary by area and very much depend on what is being delivered.

Signed : \_\_\_\_\_ Chair

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AGREED: to note the content of the update provided.

**17**      **HEALTH AND SAFETY MID-YEAR REPORT FOR 2019/20**

The Executive Director Corporate Services introduced this item and confirmed that their key focus for this year has been on standardisation of practices in the workshop. He confirmed that a lot of work has been done following issues identified at audit.

He drew the Committees attention to the KPIs and the reported statistics. He provided assurance that the college always learns from any RIDDOR reportable incidents and the health and safety team take the view that there is always room for improvement.

The Committee questioned the monitoring system in place. It was explained that this is through a number of mechanisms, including;

- Accident reporting process,
- First aid recording system,
- Risk assessments re visits and trips,
- Observation and testing,
- External testing and audits,
- Insurance health and safety compliance.

He explained that the processes were drawn from a number of strands.

The Committee questioned whether there were any claims for compensation. They were advised that there are none relating to the accidents reported for the meeting today. As an overview he indicated that for the past two years 95% of all of the claims have been successfully rebuffed/defended. This is a very good sign regarding the systems and processes in place. There is on average between 8 and 16 claims each year, however the vast majority are not founded. Insurers take a very firm stance and undertake very thorough investigations.

AGREED: to note the content of the update provided.

**18**      **AOB**

As a matter of additional business the Committee took the opportunity to discuss the Gift Aid position for National Fluid Power. It was explained that the college's subsidiary company gift aids all of its profits to the college each year and this then prevents the need to pay corporation tax. If the company were to pay £300k gift Aid to the college then this would avoid tax payable of £57k. The only issue is that the company does not actually have £300k to pay and therefore the proposal is that the college provide a short term loan of £300k so that the Gift Aid amount can be paid. The Committee were reminded that the company (which forms part of the consolidated accounts) already has a loan from the college of £750k and therefore the loan would

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need to increase to over £1 million. She confirmed that auditors are recommending this transaction as it would save the college group circa £57k on tax.

The Committee questioned whether there were any risks associated with increasing the loan. It was explained that the risks were small. As the accounts are consolidated there is no impact on the group, however it would impact on the value in the balance sheet.

Given the information provided all members of the Committee felt that the proposal to provide an additional short term loan (1 day) of £300k was a sensible one and would place the group in a stronger position. On this basis they were happy to recommend to the Board.

AGREED:

- a) To note the content of the update provided, and
- b) Recommend that the Board approve a further short term loan of £300k to the National Fluid Power subsidiary company.

**19**      **DATE AND TIME OF NEXT MEETING**

The interim Clerk confirmed that the next scheduled meeting was 13<sup>th</sup> May 2020 at 6pm by conference call.

The Chair took the opportunity to thank Kate Noble for all of her effort and contribution, it being the case that this is the last Finance Committee meeting she will attend as an employee.

Meeting closed at 7.30pm.

Signed : \_\_\_\_\_Chair

Date: