

Minutes of a virtual meeting of Finance & Estates Committee at 4pm on 24 November 2020

Present: Max Craft, Robin Dickens (4.15pm onwards), Tim Mason & Paul Quigley (Chair).

Apologies: None

In Attendance:	Helen Brennan	Director of Student Services
	Andy Chapman	Capital Projects Adviser
	Denise Cheng-Carter	Interim Chief Finance Officer
	David Cottrell	Health & Safety Officer (minute 48)
	Paola Schweitzer	Clerk to the Corporation
	Penny Wycherley	Interim Principal

Minutes

1 – Standing Items

41 Apologies for Absence

There were no apologies for absence.

42 Membership

Search & Governance Committee had recommended that Claire Attika (staff governor) join the Committee. This would be considered by Corporation shortly.

43 Declarations of Interest

There were no declarations of interest.

44 Minutes

The minutes and confidential minutes of the meeting held on 21 September 2020 were **Agreed** as a correct record and will be signed by the Chair.

45 Matters Arising

Minute 37: Annual Report on Insurance: Denise confirmed that governors' liability insurance had been increased to £10m.

2 – Matters for Discussion & Decision

46 Covid-19 update with particular reference to College finance

There had been 19 reported Covid positive cases in the College (staff and students) and approximately 60 staff were in self-isolation. All positive cases had been

contracted outside the College and reported to the authorities. The College continued to issue reminders asking students and staff to remain at home if they felt unwell. 550 laptops had been bought for students and staff since July 2020, including those expected in December. Classroom equipment was being upgraded so classes could be streamed. The College would provide free school meals to eligible students over the Christmas period. In response to a question, Penny estimated the College had spent approximately £500k on Covid-19 related activity, mainly IT. Resources had been diverted from learner support funds, although staff sought to minimise the impact on learners. Penny noted that that this was an issue in the sector as colleges had not received additional funds, unlike schools. Tim M suggested the College lobby local MPs and Paul agreed he would work with Paola.

47 Health & Safety Update

David presented paper 2745/20/F&E updating governors on changes to health and safety within the College, with a particular focus on Covid-19.

Work focused on ensuring the College remained fully compliant with Covid-19 protocols and monitoring was ongoing. Positive Covid notifications were dealt with swiftly, usually within the hour. Regular health and safety work also continued including updating risk assessments and the fire brigade would visit in January to carry out tests. David now delivered first aid training to staff and the aim was to have one first aider in each department plus level 3 duty first aiders who could attend all areas. The Highbury campus and the Tower had a new team of fire marshals to accompany the original team. They would sweep the building when the fire alarm sounded and would be trained to use the evacuation chair. Tim M asked how fire training was conducted during the pandemic and David responded that all students received Covid and health and safety training during their induction and subsequently walked the fire route with their tutor. He noted that in a real fire situation, there would be no choice but to evacuate the building together. There was a new part-time Placement Safety Officer to oversee a revamped system to carry out work experience safety checks. David summarised by stating that he was linked to health and safety officers in other colleges and was supported by the Institute as well as College management. Paul asked if there was anything he needed that he didn't have and David confirmed that at present, he had everything he required. He confirmed that Arundel Street 2 had been closed due to staff shortages but Arundel 1 and 3 were operating effectively. Paul thanked David for his professional approach and governors **Noted** the Health and Safety Update.

48 Student Union Report & Accounts 2019/20 (paper 2747/20/F&E)

Helen presented the 2019/20 Student Union (SU) report and accounts.

The SU President was no longer a paid sabbatical position but a volunteer role. Elections had been held in 2019/20 and Callum Farminer had been confirmed in post. His tenure had been extended to 31 December 2020 due to the pandemic. This change had worked well, with activities and services continuing largely unchanged.

However, fewer candidates were putting themselves forward for election, possibly because they felt it was difficult to combine the role with full-time study. The SU president and student engagement team held weekly learner voice meetings across all College sites. The Enrichment Programme, organised by the Head of Pastoral Support & Student Engagement with SU support, carried out a wide variety of activities including British values week and LGBT history month. SU expenditure decreased in 2019/20 to £373 (due to no longer paying the SU President) and income stood at £665 (generated from student card sales). SU finances were included in the College's auditing processes and the last internal audit was carried out in 2015. Tim M asked if there was a SU Treasurer, suggesting it could be a valuable learning opportunity. Helen stated there wasn't at present, but it was a good suggestion. In response to a question, Helen clarified that the role of SU President was advertised and that there was a job description. Elections were organised by the SU and the Head of Pastoral Support & Student Engagement. Voting took place online and only students were eligible to vote. Governors thanked Helen for her report and **Noted** the Student Union Report and Accounts for 219/20.

49 College Estate Update

Andy presented paper 2746/20/F&E providing an update on the College estate including progress on the Tower, the interim property paper, investment recommended in the condition survey and potential capital funding.

General estates update: Work continued to ensure College sites were Covid secure. Numerous repairs had taken place in the plant room with further repairs scheduled. Fire detection equipment and fire panels to the Tower and Northharbour would be installed shortly. Remedial actions arising from the five-year fixed electrical wiring tests had been completed. Significant progress had been made at Northharbour with a new lead caretaker overseeing the clearing of the site and completion of many outstanding actions. New gas and electricity contracts were in place.

Tower refurbishment: Work was likely to finish ahead of schedule. DfE funding of £5,054k was profiled to be drawn down monthly and there was a reserve grant of £577k to cover contingencies (approval had been given to draw on this sum to replace non-compliant roof coverings and a second application had been submitted for unforeseen repairs and fitting window blinds). Penny asked what the impact would be if funding was not spent by the deadline of 31 March 2021. Andy stated that once the practical completion and building control certificates had been issued (envisaged by the end of January), the entire pot could be drawn down meaning that the funding would be spent within the timeframe. Andy did not anticipate an overspend above use of the contingency funding. Denise asked how the unused contingency money could be used, and Andy stated that some of it would be used for a fire alarm system. The planning authority had advised they would be unable to process the College's signage application until the new year. Robin noted the merger discussions which, if successful, could lead to a name change and suggested the signage be delayed. Penny had discussed this with Andy but they believed it best to continue as planned. The signage had been modified to be on one side of

the building only, thereby reducing the cost and impact on neighbours as well as enabling greater flexibility for future changes.

Property Update: The rent review at Northarbour had concluded with the new rent set at £473,200 + VAT, backdated to December 2018. The College was drafting the Heads of Terms for subleasing the Birmingham property from 01 March 2021 to MPTC. The Arundel landlord had engaged a consultant to provide an overview of the property and this could lead to a review of leases. An estate valuation had been required for the auditors and had now been completed. Property values as at 31 July 2020 were: Cosham campus: £8,200k and the Tower: £2,250k. These figures were *fair values* ie the price received to sell the asset with existing use. The valuation also identified *reinstatement costs* (if the property was to be reinstated following an insured event) and *depreciated replacement costs* (the cost to replace with modern equivalent less deductions for physical condition). The Northarbour reinstatement cost was £2,000k and Arundel £250k. The College had been allocated £618k for condition improvement. £380k had been allocated to improve the College's wired and wireless network infrastructure (procurement was underway), with the remainder for health and safety priorities. The College would apply for grant funding from the Public Sector Decarbonisation Scheme.

The College had commissioned a transitional accommodation strategy in anticipation of a bidding process for capital funding for FE colleges in early 2021. The interim strategy made six recommendations:

- Retain Arundel (space efficient and performed good adult education function);
- Surrender/sublet Birmingham premises (in process)
- Repair BMS & mechanical systems at Cosham (potential cost liabilities c £900k)
- Release Northarbour and relocate some/all provision to Cosham
- Review construction trades curriculum and establish optimum space/learner number balance in replaced accommodation
- Review potential for freehold purchase of Northarbour.

The report identified several points for consideration; the estate was oversized by 8,000m² based on current student numbers (equating to a potential annual saving of £440k). Northarbour's annual running costs exceeded £800k and dilapidations liabilities exceeded £2m. Relocating facilities to Cosham would cost £12-17m.

The College had challenged the DfE condition survey and commissioned Fusion to produce an independent survey as part of their strategic property review. This had identified a number of priority areas and recommended investment of £700k to address the neglect that the estate has experienced in recent years (excluding IT).

Penny stated that the Estates working group, reporting to the Committee, had recommended a campus masterplan to investigate moving Northarbour provision, as well as exploring all options including surrender, assignment or sub-letting. Five architects had therefore been invited to tender. Penny confirmed selecting an architect was within executive limits and believed this needed to take place as quickly as possible. Governors agreed with this approach. Paul asked Robin if the

Committee was best placed to deal with the complexity of the issues and he believed it was, as decisions in the early stages were of a strategic nature. Governors noted that any action would need to take into consideration the possible merger with Portsmouth College. There was a discussion about alternative Northharbour options, with Robin noting that whilst the College was unlikely to be able to negotiate a reduced rent there were other options such as sub-letting. Tim suggested that Northharbour presented opportunities for making the College more publically accessible and could be used for enterprise activities.

Governors thanked Andy for his comprehensive report and **Noted** the comprehensive College estate update report. Members **Agreed** that the issues be summarised to the Board alongside the Committee's recommendations.

50 **Finance & Estates Risk Register**

Penny presented paper 2743/20/F&E setting out the finance and estates risk register. The register had undergone its annual review in November and was now linked to the College's strategic objectives. The highest risk remained IT '*major failure/ misuse of IT systems (including spread of IT virus) e.g. misuse of the internet/social media by staff/students.*' Paul noted this risk was the largest risk by some measure and asked about the cost and impact in the case of the risk materialising. Penny stated that if the risk materialised, the College's IT system would be out of action for two to four weeks. It was a possible but not probable risk over the next six months. Additional funds would not help as the only way of reducing the risk was to improve the infrastructure.

The second highest risk '*poor learner recruitment leading to failure to meet funding targets*' would remain an issue until the College had stabilised. Work was underway with regards to the risk '*failure to fully deploy teaching and teaching support staff*' with Denise now having access to deployment of teaching staff data which seemed to indicate the College could be more efficient. Penny noted it was a balancing act between teaching hours, course hours and group size to maximise cost efficiency and maintain quality. Finally, Penny noted that Covid-19 remained a significant risk to the College. Governors **Noted** the Finance and Estates Risk Register.

51 **Management Accounts 2020/21 (paper 2744/20/F&E)**

Denise presented the 2020/21 management accounts, an internal reporting tool to track and manage progress in year against the delivery of a forecast. Corporation had agreed the 2020/21 budget in July 2020 which predicted an operating deficit of £60k. The College was now predicting an operating surplus of £167k following receipt of material allocations after the budget was set.

First quarter income was forecast to be £4,212k however income had fallen short of this forecast by £44k. Pay expenditure was currently under YTD forecast by £90k and non-pay expenditure was £73k over the YTD forecast. Of the £381k prior period debts, £300k had already been provided as bad debts and would be written off. Cash

and short-term investments at the end of October were £5,873k, equating to 79 cash days against the forecast of 30. The financial health grade for YTD 2020/21 was *Good*.

Denise concluded that the College had made a reasonable start to the year, but the budget needed careful monitoring and would be reforecast at periods 6 and 9. Tim noted the financial grade and asked if the ESFA would continue to attend Corporation. Penny believed the College would first need to come out of FEC intervention and it was likely that the ESFA would want to maintain their monthly visits until the next year end accounts had been produced and the budget for the following year showed good. Governors **Noted** the 2020/21 management accounts.

52 Review of Terms of Reference & Business Plan

Paola presented paper 2748/20/F&E setting out the annual review of the Committee's Terms of Reference to evaluate performance in 2019/20 and to ensure they remained fit for purpose. Search & Governance Committee had recently recommended to streamline the Corporation/Committee meeting schedule, proposing that Finance & Estates Committee meet four times a year. The 2021 Business Plan would be revised accordingly. Search & Governance Committee had also recommended that Finance & Estates Committee consider HR/staffing matters.

Governors were supportive of reducing the number of meetings and **Noted** that the 2021 Business Plan would be amended in the light of fewer meetings. Governors **Agreed** to recommend their Terms of Reference, with the amendments outlined above, to Corporation. They noted that further revisions might be required in the light of the merger. Denise stated that, due to the pandemic, processes and deadlines for some ESFA financial submissions were likely to change.

53 Meeting without staff/students present

Members agreed that minutes would only be required if actions were identified. There were no substantive issues or actions to minute.

The meeting finished at 5.30pm.