

Minutes of a virtual meeting of Finance & Estates Committee at 4pm on 23 June 2020

Present: Nazir Ahmed (staff governor), Max Craft, Robin Dickens, Tim Mason & Paul Quigley (Chair).

Apologies: None

In Attendance: John Owen Interim Chief Finance Officer
Paola Schweitzer Clerk to the Corporation
Penny Wycherley Interim Principal

Minutes

1 – Standing Items

12 Apologies for Absence

There were no apologies for absence.

13 Membership

There were no membership issues.

14 Declarations of Interest

There were no declarations of interest.

15 Minutes

The minutes and confidential minutes of the meeting held on 28 April 2020 were **Agreed** as a correct record and will be signed by the Chair.

16 Matters arising

Committee Terms of Reference & Business Plans: Minute 005: The Student Union budget was being reviewed as part of the budget setting process for 2020/21.

Finance & Estates Risk Register: Minute 006: Penny invited governors to contact her if they were interested in joining risk management meetings.

Security & Safeguarding on College premises: Minute 011: It was anticipated that staff accessing the building before 08h00 would use a side door until the main door was opened.

2 – Matters for Discussion & Decision

17 Covid-19 update with particular reference to College finance

The second meeting with Chairs of Committees had taken place with members considering the headline risk register, the government checklist and risk assessment. Members were in agreement with Penny's suggestion to close the College for up to a week over the summer to give staff a break. Members were content with the actions to date.

18 Finance & Estates Risk Register

The Finance & Estates risk register (paper 2669/20/F&E) had not altered dramatically since the Committee last met. The main change was that *poor risk management* had reduced due to the granting of emergency funding from the ESFA, alongside the fact that the College now had a better grasp of the accounts. Paul noted that Penny and John had been in post for six months and asked if any risks had improved/deteriorated as a result. Penny drew members' attention to the reduction in reputational risk, noting that this risk was likely to continue for at least a year. Members **Noted** the Finance & Estates Risk Register.

19 Management Accounts 2019/20

John presented the April management accounts 2019/20 (paper 2670/20/F&E). The May accounts had been circulated to members the day before. The headline figures and cash position had improved, enabling the College to repay the first tranche of advance ESFA funding, although the underlying deficit of £1.2m remained. The College had received confirmation of just under £1.6m ESFA emergency funding and the first tranche was due imminently. In response to a question, John stated that the next tranche of funding would be made in July assuming the College was able to demonstrate that it was still necessary. The next pinch point was likely to be in December/January due to the way payments were processed by the ESFA. Handelsbanken had indicated that they did not wish to support the College further. It was possible Barclays might, but only when the KSA bond issue was resolved. Covid-19 was having an unpredictable impact on the College's finances and there were risks to certain income lines that hadn't been anticipated. However the fact that the College had largely been closed for April and May had created cost savings. In response to a question, John stated that the year-end effect would be negligible following the change from cash basis to accruals (the more normal way of accounting in the FE sector) on profit and loss.

John noted that the creditor position had improved, although there was still room for improvement. There was a brief discussion about the interim costs for senior managers which, if compared year on year with previous staff costs, were lower. The costs did not, however, include the time that both former and interim staff were on payroll. Members **Noted** the management accounts 2019/20.

Minutes 20 & 21 were confidential.

22 Proposal for a Transitional College Accommodation Strategy (paper 2673/20/F&E)

The College had tendered for an external advisor to undertake a review of its accommodation strategy, an essential element of developing a robust stand-alone option for the SPA. Three responses had been received and Penny proposed that a governors' Task & Finish Group was created to work with the successful specialist. Paul and Tim volunteered to be part of the Group and Robin subsequently confirmed he was willing to join. Members **Noted** the proposal for a transitional College accommodation strategy and **Agreed** to recommend to Corporation the creation of a Task & Finish Group, reporting to Corporation, on the development of the transitional accommodation strategy.

23 College Estate Update (paper 2674/20/F&E)

John drew members' attention to key points concerning the College estate. **General:** Essential maintenance and compliance checks continued during lockdown as well as extensive activity in response to Covid-19. The **Northbarbour rent review** had proceeded to arbitration. The **Tower refurbishment project** was progressing well. The building was now fire safe (the ACM cladding and associated insulation had been removed), weather tight and safe for the reopening of the nursery. With regards to professional indemnity insurance, legal opinion had been sought and it had subsequently been agreed to accept reduced cover of £2m from the contractor in conjunction with £10m of professional indemnity cover from their lead consultant, secured by a collateral warranty. Robin asked what the Tower might be used for when the work was finished. Penny confirmed this would be part of the accommodation strategy review and would ultimately be for governors to decide. Various options had been discussed at the planning day on 16 March 2020 and Tim Agreed to put Penny in touch with the local charity Lily & Lime. Members **Noted** the College Estate update.

24 Revised Health & Safety Policy & Update (paper 2675/20/F&E)

It was proposed to add a policy statement addendum, supported by site, activity, group and individual risk assessments, to the College's Health and Safety Policy relating to Covid-19. Penny reported that the policy statement had been considered at the Committee Chairs' meeting the day before where it had been agreed in principle. Members **Agreed** to recommend the Health & Safety Policy addendum to Corporation for approval.

25 **Affordability of Coronavirus Job Retention Scheme from 30 June 2020**

Pam presented paper 2672/20/F&E setting out changes to the Coronavirus Job Retention Scheme from 30 June 2020.

The College had joined the Coronavirus Job Retention Scheme (CJRS) and 79 members of staff were on furlough leave. The College was currently topping up their pay. The scheme was due to change with employers having to make more significant contributions from 30 June 2020. The issue was considered by Search & Governance Committee on 17 June 2020 and members agreed to recommend to Corporation that, as a matter of goodwill to furloughed staff who were the lowest paid employees, the College should continue to top up their salary. The Committee had referred the matter to Finance & Estates Committee for consideration concerning affordability of the scheme. John stated that the cost to the College of topping up salaries from 80% to 100% between 19 March and 31 May 2020 was approximately £31,000 (£14,000 per month). It was difficult to forecast how this might change in the future as it obviously depended on how many staff were concerned (an increasing number of staff were coming out of furlough and back into work). He believed the cost to the College of topping up the salaries would be £15,000 - £20,000 per month. Members believed it was important to support staff and saw no reason to discontinue topping up furloughed staff wages. Members therefore **Agreed** to recommend to Corporation that the College continue to top up furloughed staff pay from 30 June 2020.

The meeting finished at 5.25pm

Date of next meeting 21 September 2020.