

Minutes of a virtual meeting of Finance & Estates Committee at 4pm on 23 February 2021

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

Apologies: None

In Attendance: Carol Ashby Interim Head of HR (Minute 60)
Denise Cheng-Carter Interim Chief Finance Officer
Stuart Morgan Director of Operations (Minute 59)
Paola Schweitzer Clerk to the Corporation
Penny Wycherley Interim Principal

Minutes

1 – Standing Items

54 Apologies for Absence

There were no apologies for absence.

55 Membership

There were no membership issues.

56 Declarations of Interest

There were no declarations of interest.

57 Minutes

The minutes and confidential minutes of the meeting held on 24 November 2020 were Agreed as a correct record.

58 Matters Arising

Minute 48: Student Union Report & Accounts 2019/21: Student Services were working with Lily (who was studying level 2 AAT) to identify an SU treasurer.

2 – Matters for Discussion & Decision

59 Information Technology Update (paper 2794/21/F&E)

Stuart provided an update on information technology within the College.

Capital project: £291k of the £617k grant had been allocated to carry out the network refresh project over the Easter holidays. A further £20-30k would be required depending on the results of the supplier survey. The project would come in significantly under budget thereby providing additional funding for the building maintenance system.

Cyber Essentials: From September 2021 the College was required to have Cyber Essentials accreditation to ensure its IT system was secure. Without accreditation it would not be eligible for ESFA funding. The IT team had reviewed the criteria and the College passed 42 of the 44 elements. Work was underway to address these two remaining elements (automated patching of desktops and software supported with security updates), with significant investment (c£100k) required to upgrade desktops which did not run Windows 10. No issues were foreseen in ensuring the College would be compliant by the deadline. Stuart confirmed that the work had to be carried out irrespective of the proposed merger. Regular IT workstream meetings were taking place to prepare for the merger. A mapping exercise had identified that there was limited commonality between the two colleges' systems. It was likely that a project management company/individual would be appointed to manage the merger process. The project was likely to take some time.

Power outage: The College had recently experienced a significant power outage and this had a serious impact on the College's IT system. A subsequent review had identified a number of issues with the network and estates and action was underway to address them. In response to a question Stuart confirmed that there were no major cost implications as the actions essentially concerned processes.

Laptops: The College was due to receive c260 laptops from the government for disadvantaged students. As the College had previously funded laptops for these students, some of the allocation would go to staff.

Smart screens: Over the last few years the College had invested in smart screens to replace the old smart boards and projectors. Smart screens were popular with staff, easy to use and required no maintenance. Although the cost would be significantly reduced by buying in bulk, it had been agreed that old equipment would be replaced on an ad hoc basis and that this would be reviewed once the merger had taken place.

Governors were heartened by the progress in resolving IT issues within the College, noting that a great deal of activity had taken place in the last 18/24 months. There

was a brief discussion about the IT risk register appended to the report. Paul asked that a timeframe column be added and that the revised register be recirculated.

Governors **Noted** the report, in particular progress with the capital project to update the condition of the IT infrastructure and the Cyber Essentials requirement and the costs to the College.

Stuart left the meeting.

60 HR Update (paper 2795/21/F&E)

Carol joined the meeting and updated governors on HR matters.

The HR team had been restructured to redefine roles and responsibilities and the resources and payroll software solution had been updated. These changes would enable a more effective service to be provided as well as providing enhanced self-service and reporting functions. The recent staff awards had been well-received. A staff survey had recently taken place and an action plan was being developed. Early analysis showed positive responses, with all indicators improved on the previous year. The survey would be brought to the Committee's next meeting.

376 people were currently employed by the College plus interim and casual staff. Staff turnover was lower than in the previous year, possibly due to lockdown and furlough. Paul asked that future reports capture data concerning full time equivalent posts. There was a high level of working days lost to sickness absence: 635 working days between 01 September 2020 and 31 January 2021 representing a cost of c£45k to the College. There were 13 occurrences of long-term periods of absence, 10 of which had been referred to Occupational Health.

36 members of staff were furloughed until 07 March 2021, with a further seven furloughed until 15 February 2021 (five of whom had returned to work and two had resigned). c£30k had been claimed from the Government's Job Retention Scheme between 01 September 2020 and 31 January 2021. There had been 433 Covid-19 related absences since HR started recording this information in November 2020, with a total of 27 staff testing positive in this time. There were new Covid testing centres at each College centre, run by staff and some students. The Trade Unions were positive about the Covid-19 measures taken by the College.

The College had self-assessed against the Association of Colleges' mental health and wellbeing toolkit and was currently drawing up an action plan to support further action particularly with regards to staff (the College tended to do things well for students, but less well for staff). Penny would sign the Mental Health and Wellbeing Charter the following day and one of its recommendations was to report to Corporation on mental health and appoint a lead mental health governor.

Joint Consultative Committee meetings continued with Trade Unions and these would be monthly until July 2021 to ensure proper consultation on the merger

could take place. Feedback from the Trade Unions was positive. The new Staff Forum met for the first time in January and discussed catering arrangements, the merger and Covid-19.

Governors thanked Carol for her work and the quality of her report, expressing their delight that staff were happier than before as this had been area of concern to them for some years. Claire believed staff felt more valued in their roles and more comfortable completing the survey. She also noted that, in her experience, HR were providing a greatly enhanced service. Denise thanked Carol for her clear direction and leadership which had manifested itself in changed behaviours within the HR team.

Max expressed concern about the high levels of sickness absence and asked if there were any underlying patterns that were or could put the College under pressure. Carol noted that there was more absence amongst lower grade workers, particularly cleaners, and that it could be to do with job satisfaction but was more likely to be the long-term nature of their work. Penny suggested it could also be due to the increased pressures associated with Covid-19 and the fact that more attention was now being paid to the appearance of the College. The occupational health reports would provide a guide to measures necessary to support staff.

Governors **Noted** the report, in particular the progress being made on general employment issues and **Recommended** to Corporation that a lead governor be identified for Mental Health and Wellbeing matters.

Carol left the meeting.

61 Estates Development (paper 2790/21/F&E)

Denise provided an update on estates developments.

Estates strategy: On the basis of the interim estates strategy by Fusion (previously considered by the Committee and appended to the report) and following a competitive tender process, Architecture PLB had been appointed to masterplan the Cosham site. The brief was to rationalise surplus space, accommodate the forecast growth in learner numbers and the potential merger with Portsmouth College as well as the stage 1 application for the Solent Institute of Technology. Portsmouth College had commissioned a similar interim estates report and both colleges' reports would inform a joint estates strategy for the merged college. Subletting of the Quayside Tower in Birmingham to MPCT was well advanced with solicitors instructed by both parties.

Capital funding: Lockdown had affected the supply of materials for the Tower refurbishment but the project would be completed on time.

FE Capital Transformation Fund: This £1.5b fund would deliver the government's commitment to upgrade the college estate and reduce the proportion of the estate

that was not fit for purpose. It was a two stage application process, the first of which had a deadline of 15 March 2021. The ESFA had advised that any capital requirements relating to the merger with Portsmouth College be included in the application. To reduce the risk of an unsuccessful application, the estates masterplan (covering Northarbour, Cosham and Tangier Road) had been divided into a phased programme of delivery. The strategy was currently being developed.

Wave 3 T Level Capital Funding: Funding of up to £650k was available for improved facilities and this was being led by Portsmouth College who had been approved to deliver T levels in health and science. It was proposed to use the Tower for health facilities and deliver science at Tangier Road. The deadline for applications was 26 March 2021. Architecture PLB were developing proposals in parallel with their master planning brief for Cosham.

Governors **Noted** the estates development update.

62 College Estate Update

Denise presented paper 2791/21/F&E providing an update on the College estate. Activity included legionella prevention and risk assessments, progress on the estates infrastructure activity to be completed by the end of February 2021 (c£200k from the £617k allocation) and building maintenance system remedial activity.

Robin asked what the intention was for the Tower once the refurbishment was complete. Penny stated that it would essentially be used as classroom space. There was no plan to have major residential provision although one of its five residential floors would be converted to an independent living area for overnight stays for LDD and for SEND students from Tangier Road. There was a more general debate about options for the estates masterplan, with Paul stating the masterplan would be the subject of a presentation at the joint board meeting with Portsmouth College on 01 March 2021. Tim noted that Northarbour students felt cut off from the main College campus and he welcomed bringing them into Cosham. Robin commented it was good to see the College optimising its use of space. In response to a question, Denise stated that clearing the drains had had cost implications which had partially been met from underspend on the Tower.

Penny noted the progress made since Shaun's first report to Corporation in December 2019 when governors expressed their concern about maintenance standards within the College. Paola noted that the issue had first been brought to Corporation's attention by Kayembe Mbombo, a former governor, who had attended a health and safety committee meeting. She noted the importance of governors triangulating information through active engagement with the College outside formal meetings.

Governors **Noted** the College estate update.

63 Covid-19 update with particular reference to College finance

The College would open gradually from 08 March, prioritising the most vulnerable students, apprentices with end point assessments and those studying essential areas such as health and safety and pharmaceutical studies. The aim was to bring in all students at least once a week. Arrangements to carry out onsite testing of students and staff were in place with testing taking place at all College sites. The College was advising other colleges on how to carry out testing effectively.

64 Portsmouth College Merger Update

Paul updated governors on the merger with Portsmouth College, noting that not a great deal had changed since the last Shadow Board meeting on 15 February 2021.

- The Shadow Board had approved Denise's appointment as interim CFO until 31 December 2021. This would be considered by Corporation on 16 March.
- Interviews to appoint a joint financial due diligence and legal due diligence for Highbury College had taken place the day before, with appointments expected to be finalised shortly.
- Simon and Penny would do a joint presentation to Portsmouth College and then Highbury College staff updating them on the outcome of the Shadow Board meeting.
- The 12 workstreams continued to meet regularly to develop their implementation plans.
- The joint board meeting on 01 March 2021 would consider the public consultation document which would include the merged college's proposed name, purpose and values. The views of students would be sought through focus groups. The joint board meeting would also learn about the estates option appraisal.
- The next step would be for the Shadow Board to consider the leadership and management structure and staff pay and conditions.

65 Finance & Estates Risk Register

Penny presented the finance and estates risk register (paper 2788/21/F&E), noting that IT would continue to represent the highest risk until the work had been completed on the network. She noted that there were separate risk registers for Covid-19 and the merger. The headline register would be revised prior to the Audit Committee meeting.

Paul noted it was pleasing to see risks being dealt with effectively and exposure reducing and thanked Penny and her team. Governors **Noted** the finance and estates risk register.

66 Management Accounts 2020/21

Denise presented paper 2789/21/F&E setting out the management accounts up to the month ended 31 January 2021.

The annual 2020/21 budget agreed by Corporation in July 2020 predicted an operating deficit of £60k. A forecast had been carried out at period 3 and this predicted an operating surplus of £167k. The College had reforecast the year end outturn as part of the P06 January 2021 management accounts production and was predicting an operating deficit of £1,277k. Key changes to the reforecast were:

- **Income 16-19:** Reduction of £300k in-year growth. Despite an increase of 100 learners, in-year growth did not meet the ESFA funding criteria.
- **Apprenticeship 16-18:** Reduction of £325k. This income stream was directly and significantly impacted by the pandemic
- **Commercial income:** Reduction of £274k. Again, this income stream was directly impacted by the pandemic
- **Pay expenditure:** Reduced by £201k, predominantly due to the DWP project coupled with the reduction in commercial income.
- **Non-pay expenditure:** Increased by £533k mainly due to increased Covid-19 related costs (£383k) and merger costs (£250k) with a reduction of £100k in general expenditure to reflect the loss of commercial income.

Paul summarised that the impact of Covid-19 on the College was approximately £1m. Max believed this was inevitable, despite the College's best efforts. Penny noted that the criteria for a college in distress had been changed and whilst Highbury College was not in this situation, it was bleak within the sector. Tim believed apprenticeships would provide an opportunity for the College as they were likely to be high on the government's agenda due to high unemployment figures and the need to up/reskill the work force. Denise agreed but that it would depend on how quickly the economy recovered and employer confidence, with some sectors such as hospitality and retail likely to take longer to recover than others such as construction. Whilst health and social care was likely to be a growth area, it was inadequately funded. Max believed the situation strengthened the case for merging and Paul noted that the merged college would take on Portsmouth College's *Good* Ofsted rating which would create opportunities for bids.

Governors **Noted** the Management Accounts 2020/21.

67 **Health & Safety Update**

Penny presented paper 2795/21/F&E covering Covid-19, risk assessments and first aid noting that most of the issues had been covered in the Covid-19 update earlier in the meeting. There were no questions. Paul noted the professionalism and efficiency of health and safety within the College and asked Penny to pass on the Committee's thanks to David. Governors **Noted** the health and safety update.

68 **Finance & Estates Committee Business Plan 2021 (paper 2792/21/F&E)**

Paola introduced the Committee's 2021 business plan.

She noted it was a working document and would need to be revised in the light of the merger. Paul agreed, stating that assuming the merger went ahead, the June and September meetings were likely to take on added importance. Max was happy to see HR update as a standing agenda item, noting the importance of the issue. Tim noted the value of having staff governors who felt able to express their views with confidence at the meetings.

69 Meeting without Staff and Students present

Max believed the papers were professional, focused and succinct and that this had led to a successful meeting. He recognised the hard work that had gone into them. Tim welcomed the papers in a single pdf document.

The meeting finished at 5.30pm.

Date of next meeting: 22 June 2021