

**FINANCE & GENERAL PURPOSES COMMITTEE
MINUTES OF MEETING HELD ON THURSDAY 18 NOVEMBER 2020, 1700 HRS,
USING 'TEAMS'**

Present:

Mr Steve Johnson (Chair)
Mr Jon Sendell
Councillor Judith Grajewski
Mr Rupert Goodman
Mrs Sophie Annett
Mr Paul Cox, Chief Executive and Principal

In attendance:

Mr Kevin Jones, Vice Principal Funding, Finance and Management Information
Mr Darren Coventry, Vice-Principal (Commercial and Customer Services)
Mrs Mickiela Blake, HR Manager (item F.20.20, iv only)
Dr Chris Davis, Clerk to the Board (minutes)

F.15.20 GOVERNORS' MEETING TIME WITHOUT SMT

There were no issues raised during this item.

The Chair welcomed everyone to the meeting, especially the two new members of the Committee who had recently joined the Board in September.

F.16.20 COMMITTEE MATTERS

i Apologies

There were no apologies.

ii Declaration of interests

Councillor Grajewski declared an interest as a Hampshire County Councillor and also as the Hampshire County Council Executive Member for Public Health. Mrs Annett declared an interest in item F.18.20, v and F.19.20, i; and Mr Cox declared an interest in item F.19.20, v. There were no other declarations of interest.

iii Minutes of last meeting

The minutes of the meeting held on 10 June 2020 were reviewed and agreed as a true and accurate record of the meeting.

iv Matters arising

Mr Coventry reported that the action against him referring to item (F.13.20, iii) concerning the Data Protection Policy had been completed. All reserved car parking spaces would now be distinguished by the use of a bollard without any reference to a named person and College visitors parking permits would also now not identify the individual visiting the College.

There were no more matters arising from the minutes of the meeting held on 10 June 2020.

v Review Operation of Committee

The Clerk made Governors aware that he had reviewed the operation of the Committee and the only proposal he wished to draw to the Committee's attention was a need to amend under article 4.1, the title of the Vice Principal Funding, Finance and Management Information.

The Committee agreed the proposal.

ACTION: CD

Mr Sendell asked a question regarding article 2.2.7 'review of the three-year financial forecast prior to its submission to the ESFA', he asked when that forecast needed to be submitted and if there would be a Committee meeting before the due submission date.

Mr Jones replied that the next three-year financial plan needed to be submitted in July 2021 so there would be at least two Committee meetings before that was due. He said the draft three-year financial plan would come to the Committee in the summer cycle of meetings (June 2021) and go to the Board for approval at their final meeting of the academic year in July.

The Committee recommended the Operation of the Finance and General Purposes Committee for approval incorporating the title amendment under article 4.1 referred to above.

F.17.20 GOVERNORS' MONTHLY REPORT – AUGUST/SEPTEMBER 2020

(Confidential item)

i Financial aspects

(See Confidential addendum).

(End of Confidential item)

ii Matters arising

There were no matters arising

Governors noted the financial aspects and matters arising in the Governors' Monthly for Report, August -September 2020.

F.18.20 TO REVIEW

i College Banking and Insurance Arrangements

Mr Jones made Governors' aware that the College's insurances are arranged via a Hampshire college consortium of ten FE Colleges; the consortium undertakes the contract negotiations and tendering exercise for insurance.

Hampshire College Consortium appointed an independent advisor, Risk2Value, to manage the tendering process to appoint insurers for a three-year period commencing in 2014/15, using Crescent Purchasing Consortium's (CPC's) Framework. Mr Jones felt that it was a long time not to check the provision on the open market and that there were new companies providing insurance for FE colleges and perhaps it was time to test the competitive nature of this market. He said he would be challenging the consortium to go out to tender in the new year (2021) and if necessary would leave the consortium to find a competitive quote to bring back to the Committee.

The cover is comprehensive; it is in line with the requirements for the College's funding terms and is not far out from FE sector norms.

Mr Jones did share the fact that the College's turnover has decreased over time, so where the figures in percentage terms looked good, the cost of cover has now not reduced to match the falling turnover.

Mr Jones then identified some emerging risks:

- COVID-19 pandemic and this is largely outside the scope of insurance cover.
- The investigation of impropriety of a sub-contractor, and the discussions with the insurers to explore if there is a claim against loss of income or for legal costs to support the investigation outcomes.

Mr Jones then explained the College's Banking arrangements with Barclays and the good relationship the College has with the bank.

The College's borrowing is with Lloyds and this relationship is a positive one, he felt there was not much of an alternative to move away from this position at the present time.

The Chair asked if the schedule could include last years comparative line-by-line for the items listed so there was an idea of what has moved and a reason for it.

ACTION: KJ

The Chair also asked for clarity over the final figure and did it now include cyber cover within the £7.2k.

Mr Jones said that cyber cover was included within the £7.2k

Governors noted the continuation of the College's insurance arrangements for 2020/21. Governors noted the continuation of the College's banking arrangements.

ii Final Capital Spend

Mr Jones explained that the report sets out the College's capital expenditure outturn for 2019/20 and provides details of the forecast 2020/21 capital expenditure, together with expenditure approved by Senior Management Team (SMT) to date.

He reported the outturn net capital expenditure of £565k compares to the original budget of £700k, the difference being the recognition of the SMT that there needed to be some care taken with the cash flow following the deficit and the impact of COVID-19 on projects going forward.

The backlog of big expenditure items would now be taken up by the government's additional grant of £1.1m for condition works. The College is undertaking large tender exercises so that work can be completed by 31 March 2021.

He then provided a summary of projected capital expenditure for 2020/21 under the two capital budgets showing projects that are funded from the original College capital budget and those that have been approved by ESFA on 11 November 2020 as eligible against the College allocation for condition works.

Mr Cox reported that the ESFA have confirmed that the planned works against the grant and is eligible against the capital statement put forward by the College.

The Chair asked about the match funding of up to 25% and how this works in practise.

Mr Jones explained that he had added £100k to take the figure to £1127k and the difference between this and the £1153k has been reported as the College's match funding. He also reported that the under-spend against the ESFA grant is likely to be used on additional works that will be identified out of the works already approved to take up the balance.

Governors noted the position regarding Capital Expenditure.

(Confidential items)

iii Financial Statements for 2019/2020

(See Confidential addendum).

Governors' recommended the Financial Statements for 2019/20 to the Board for approval, subject to the amendments identified.

Tuition Fee Guidance and fee level proposals (for approval by the Board)

(See Confidential addendum).

Governors' noted the process for Tuition Fee Strategy and Fee Level Proposals for 2021/22.

(End of Confidential items)

iv Subcontracting Working Strategy

Mr Jones said that the Strategy had been discussed at the SMT meeting on the 6 November 2020 and this is an update of an existing document, which is reviewed by the Committee on a bi-annual basis.

The Chair asked if the reasonable travel distance from the College site needed to be defined.

Mr Coventry responded by saying that ESFA had not been definitive as yet.

The Chair concluded by asking if the exact percentage should be inserted in the statement "Reduce the levels of overall subcontracted provision in line with the College's strategy.

Mr Coventry said that the ESFA wording stipulated there is a need to demonstrate planning to achieve this. There is an amount of flexibility around the targets.

Mrs Annett asked if there was a cash flow cost or impact on moving to direct delivery.

Mr Jones said that with subcontracting you receive the money and then pay out at a later when the documentation has been received. The cash flow reflects this at the moment with a bit of a lump being shown. He confirmed that the College is watching this position very closely.

Governors' reviewed the Subcontracting Working Strategy.

F.19.20 TO APPROVE

i Sub-contracting Policy (for approval and signature)

Mr Coventry drew governors attention to important parts of the policy:

- The fees for 2021/22, which has increased to 25%.
- Two significant changes to Annex B were highlighted:
 1. 'Extensive employer feedback, via telephone questioning, to ensure the program of learning is as prescribed in IAG, duration meets employer needs and expectations are being met'.
 2. Learner Assurance checks – Survey and phone contact of learners to ascertain engagement, learning satisfaction and progression outside of the normal review process

Mr Coventry made governors aware that with the exception of the wording, Annex A will need amending because the figures are not finalised.

The Chair picked up that the years are the wrong way in the annex and therefore also needed amending.

ACTION: DC

Governors approved the Sub-contracting policy subject to the amendments being made. The policy will be signed by the Chair of the Board and the Chief Executive and Principal and go to the Board in December for noting.

ii Admissions Policy

Mr Coventry said that the main changes proposed reflected the College's award of the Quality and Careers Standard, the only College in the south to achieve this recognition and the need to incorporate the Gatsby measures, which fall out of the Quality and Careers Standard.

The Policy also acknowledges that adult learners with an adult loan are liable to have to pay this back if they fail to complete after they have started.

There is also a proposal to change the customer complaints process, which now falls under Customer Services and not Curriculum.

Councillor Grajewski asked about the requirement for learners 'to have an appropriate level of English to access their chosen course of study' and was this quantified anywhere and if not should it be.

Mr Coventry said this level was assessed as part of the Information, Advice and Guidance (IAG) process and support was given if it was felt that learners did not meet the level required.

Mr Cox clarified that entry level requirements are published on all courses at the College stating where English is required and what level.

Governors approved the Admissions Policy.

iii Whistleblowing Procedure

Mr Jones explained that this was a document that is reviewed on a bi-annual basis and was last reviewed by the SMT on the 6 November 2020.

It is a very important document and often comes up under governance issues and is always referred to when a college is under review.

He asked Governors to confirm that they were happy that the policy was fit for purpose and appropriate for the College going forwards.

The Chair asked about any reports of whistleblowing being first dealt with by the Clerk, as he felt the Clerk was not always in College due to his working hours.

The Clerk responded by saying that this was appropriate as he is an independent member of the College's staff and as such can be the impartial first point of contact for any allegation. The fact that he was not always in College was not an issue as his PA would be able to inform him of any communication of this nature.

Governors approved the Whistleblowing Policy.

iv Procedures for Leave

Mr Cox said that three changes had been made to the procedure:

- Decisions during COVID-19 and the mandated carrying forward of any leave not taken
- A need for unpaid leave and how this can be mitigated (on reflection of COVID-19)
- Sickness absence for staff on their 9 months probationary period, who began their employment with the College after 1 April 2014, Statutory Sick Pay (SSP) only payable after the first 3 consecutive days of sickness, the College has the discretion to extend an employee's entitlement to paid sick leave (on either full or half pay) in exceptional circumstances. In exercising this discretion, the College will take into account the seriousness of the case and the likely beneficial effect of such action.

Mr Cox confirmed that these changes had been discussed with the unions and they have agreed to the amendments.

Governors approved the Procedures for Leave.

(Confidential item)

v Disciplinary Procedures for Senior Post Holders

(See Confidential addendum)

Governors approved the Disciplinary Procedures for Senior Post Holders.

(End of Confidential item)

F.20.20 TO RECEIVE

i ESFA Financial Health Assessment letter

Mr Jones reported that the ESFA Financial Health Assessment letter had not been received yet, however the year-end assessment remained extant as 'Requires Improvement'. Mr Jones reported that the ESFA Financial Health Assessment letter had not been received yet, however

Governors noted the position regarding the ESFA Financial Health Assessment letter.

ii ESFA Finance Dashboard

Mr Jones reported that likewise there had not yet been an ESFA Financial Dashboard.

Governors noted the position regarding the ESFA Financial Dashboard.

(Councillor Grajewski retired from the meeting)

(Confidential items)

iii Income Year to date by Funding Stream/Type

(See Confidential addendum).

Governors received the presentation on Income Year to date by Funding Stream/Type.

(Mrs Blake joined the meeting)

iv Remuneration, Annual Leave and Comparator Report
(See Confidential addendum)..

Governors noted the Remuneration, Annual Leave and Comparator Report.

(End of Confidential items)

(Mrs Blake retired from the meeting)

v AoC Note on EEA Students

Mr Cox informed Governors that this was an Association of Colleges (AoC) document reminding colleges that Brexit happened on 31 January 2020 and the effect this will have on EEA students after the transition period ends on 31 December 2020:

- A new 'points-based' immigration system from January 2021
- The closure of applications for EU settled status on 30 June 2021
- The end of fees and funding eligibility for some EEA nationals from 1 August 2021

Mr Cox went on to explain that that would mean the College charging full cost fees to EU nationals for their training. He said this had yet to be modelled onto future College income, however he wished to make it clear that price doesn't mean a reduction in demand.

Governors received the AoC Note on EEA Students.

F.21.20 TO CONSIDER

i Confidential items (confirmation)

Governors considered the agenda items from the meeting and agreed that the following items should be marked and minuted as 'Confidential items':

- F.17.20, i (Governors' Monthly Report, Financial aspects)
- F.18.20, iii (Financial Statements for 2019/1920)
- F.18.20, iv (Tuition Fee Guidance and fee level proposals)
- F.19.20, v (Disciplinary Procedures for Senior Post Holders)
- F.20.20, iii (Income Year to date by Funding Stream/Type)
- F.20.20, iv (Remuneration, Annual Leave and Comparator Report)

F.22.20 DATE OF NEXT MEETING

Wednesday 24 February 2021 commencing at 1700hrs

Governors' Monthly Report – financial aspects and matters arising

Franchise and partnership provision - annual report 2019-20

Eastleigh College Ltd – interim report

Support Services SAR outcomes and improvement plan

Review Risk Reduction Plan

Review Finance & General Purposes' items on Risk Register

Partnership working (approval of increased or new contracts)

Review of Financial Regulations and Procedures (for approval by the Board)

Personal Relationships Policy and Guidance (if changed)

Staff Development and Performance Management Policy (if changed), Remuneration and

Reward Policy (if changed)

Annual Pay Review (for approval by the Board)

There being no further business, the meeting closed at 1900 hrs.