

**CORPORATION BOARD  
FINANCE & GENERAL PURPOSES COMMITTEE**

Minutes of a virtual meeting held on Monday 23 November 2020 at 6pm

**Present**

Jacqui Canton, Principal  
Howard Dodd  
Nick Handy, Chair  
Roger File

**In attendance**

Mark Lay, Finance Director  
Matt Phelps, Vice Principal  
Olivier Cognard, Vice Principal  
Stuart Hay, Head of Finance  
Michael Chiyasa, Head of Estates & Capital Development  
John Revis, Head of Occupational Safety & Health (to end of item 4)  
Ruth Reavley, Clerk

Governor questions are represented with bullet points, and management responses are italicized.

**1. Opening comments, apologies for absence and new declarations of interest**

The chair welcomed members to the meeting, held virtually because of the second national Covid-19 lock-down. There were no new declarations of interest. Apologies had been received from Sean Wellington. The meeting was quorate.

**2. Minutes of the meetings**

Members approved the public and confidential minutes of 1 October 2020 as accurate and appropriate to sign.

**3. Matters arising from the Minutes not covered elsewhere on the agenda, and Action tracker**

No additional matters arising were raised. The paper was noted.

**4. Health & Safety headline report**

John Revis introduced his report. Updating the Covid-19 information, a potential cluster had been identified at Witney Campus. The Thames Valley Public Health England team was satisfied with the College's handling and confirmed that the infections, as they were unrelated, were not a cluster.

- How is an incident defined? *A behaviour, underlying health condition or equipment failure.*
- Are near misses being under-reported; they can be a very useful learning tool? *They are discussed at every Campus H&S Committee, and at the Central Committee, and raised at staff induction. Across the sector, there is a drive to get more near misses reported.*  
They can be useful in avoiding accidents. In some industries, teams are given a monthly reporting target.  
The Principal welcomed this suggestion, which would be considered for implementation once the staff burden of Covid-19 precautions had reduced.
- What is the action plan for asbestos on College sites? *Abingdon, Witney and Common Leys Campuses each have small pockets of asbestos; locations are well known and recorded in the asbestos register which is updated annually by an external agency.*

Governors thanked the Head of OSH for the report which gave governors assurance, and noted that he holds regular update calls with the Nominated Governor for H&S, Vicky Field.

Action	By Whom	Deadline
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Consider implementing near-miss team monthly targets	Principal & Head of OSH	When Covid-19 precaution burden was lighter
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## 5. Estates Update

The Head of Estates and Capital Development introduced his report. Unscheduled repair work to the Bicester Construction Skills Centre roof had been completed. Internal fit-out was expected to be completed to the original time line. A separate agenda item would cover other aspects of the Bicester project.

- Is the problem with the roof a landlord or tenant matter? *It is for the college as tenant.*
- Is the problem entirely solved? *The problem arose because of inadequate making good of detailing of a roof profile following removal of vents necessary for the previous occupier.*  
Is there an ongoing cost liability? *That repair is sound; although another latent defect could arise.*

Since the report had been circulated, the College had received news that the T level capital bid had been unsuccessful. The ESFA calculations found under-use of rooms at Witney, so the case for new build was not made in their view. The College would consider re-submitting. Witney had many specialist rooms, which the ESFA formula may not have accommodated. A re-submission may involve a refurbishment proposal, rather than a new build.

- Was the spend profile for additional government money for estates refurbishment going as planned? *Yes, the grant would be spent by the deadline of February 2021.*

Governors considered a confidential report.

The Head of Estates and Capital Projects was thanked for his report.

## 6. Construction Skills Academy Update

The Principal introduced the report.

- What was the level of student and employer demand for the Bicester Construction Skills Academy? *Broadly as expected in terms of apprenticeships; two were signed up with several very warm leads; advertising for commercial courses would go live in early December.*

The Principal gave an update on the Green Construction Skills Centre. A pre-application meeting with the Planning Authority had revealed concerns about the “massing” of the building in respect to the neighbouring houses looking onto a solid wall; the plans would be adapted to address them and resubmitted to the Planners.

- Is the College building in “green” features, or just teaching “green” construction? *“Green” features include photovoltaic cells and biophilic walls, and an ambition for zero carbon running costs. Greater detail will be presented to the Board in December. A Supplier Demonstration Area was incorporated which would allow suppliers to demonstrate their “green” solutions to students; some donations useful to the green ambition may be received. Value for money was a key concern.*
- Much of what makes buildings “green” is not visible in the finished article. *Story board were planned to educate students on, for instance, passiv-haus principles.*
- The pay-back time on photovoltaic cells is long; the investment in ground source heat pumps is worth it only if insulation and draft-reduction measures have already been taken.

- If the photovoltaic cells generate more energy than is necessary for the Green Construction Skills Centre, then use the surplus for other buildings on the campus, which will reduce the pay-back time.
- The College should consider longer-term maintenance of the proposed ground or air source heat pumps. Suppliers were not numerous.
- What provision was being made for Hydrogen cell energy storage and transmission – it was expected to be a major player over the life of the building. *It was being considered, and also had impact in the Motor Vehicle curriculum area.*
- What due diligence is being required by the LEP in relation to their grant? *Due Diligence is being undertaken at an earlier point than in the past for LEP capital projects. The College has been asked for a range of plans, including Project, Communications, Maintenance, Financial Sustainability, and is responding. The draft Heads of Terms have yet to be received. The plan is to take them to the December Board meeting.*
- What is the LEP spend profile? *Spend must be complete by March 2022. The College timeline is for building completion in December 2021, and fit-out between January and March 2022. The key is to obtain timely planning approval. Planners are aware of the programme constraints.*

The Principal had attended a meeting of the Clean Growth hub of the Local Enterprise Partnership (LEP), promoting stakeholder engagement in the initiative. If the Heads of Terms are not available for the Board in December, Governors will be asked to approve, subject to them.

Governors noted the report.

## **7 Draft Financial Statements 2019-20**

The Committee Chair outlined the committee's responsibilities, distinguishing them from the responsibilities of the Audit Committee.

He drew attention to the negative assets declared and their implications. Technically, negative assets trigger a potential insolvency under the Insolvency Act 1986. However, the Audit and Assurance Faculty in guidance concerning the predecessor to FRS102, to auditors in considering going concern highlighted the distinction between pension fund accounting and pension fund cash flows. Where the reason for negative assets was purely the result of pension fund accounting then the Governors need to consider the cash flow of the pension fund on the College. The Board can therefore confirm the College is a going concern based on cash flow.

The Finance Director thanked the Committee Chair for working with him on a detailed review after the papers had been issued, but before the meeting. Further work on formatting the Notes was needed. The results were broadly in line with the July Management Accounts. MHA MacIntyre Hudson had not put forward any adjustments. The College had heard from the ESFA that it proposed no clawbacks. This provided further evidence to allow the Committee to recommend adoption of the accounts to the Board.

- What was a remote audit of the accounts like? *It was a challenge for both parties. What would have taken one week on-site took 2-3 weeks. New lines of enquiry this year included how the College handled Covid-19, and a greater emphasis on fraud, malpractice and bad financial management. The College Accounts Direction for 2019-20 indicates that the narrative should include content on the financial impact of Covid-19, which has been addressed.*

The Finance Director commented that some 70 out of 260 Colleges in 2018/19 had negative assets, largely owing to pension issues. His peers expected the number to double for 2019/20. The College has fairly robust cash flow projections for 2020/21, which MHA Finance & General Purposes Committee Public Minutes 2020-21

MacIntyre were satisfied with; other Colleges may have greater difficulty demonstrating going concern.

- What is the resolution for the pensions situation? *It is difficult to see one. Governors should note that the teachers' pension fund (not part of the accounts) is also in deficit though is in a unique situation as it is guaranteed by the Government. Colleges have no authority to control any aspect of this pension scheme.*  
A lay reader of the accounts would not understand the detail. Is there a case for expanding explanation beyond the minimum? *The explanation on page 6 would be re-worded to make it clearer. It may be helpful to tabulate the data. A re-draft would be shared with F&GP members prior to circulation to the Board.*
- Staff costs as a percentage of income (page 7) appeared volatile. What was the underlying explanation? Could that section be better expressed? *Two independent trends underlay the movements: staff costs management, and covid-19 impact on income. There was no requirement for the chart to be included; removal and amplified text may present a better explanation.*
- Staff costs as a percentage of income is a Board KPI and is used as a sector comparative, though the data typically is at least one year in arrears. Clear explanation is important, especially given the fall in Full-time equivalent staff numbers. *The point was accepted. The College Finance Record, supplied to the ESFA to their format, contains all the information – it is not obscured from funders.*
- Could the wording of post-balance sheet events, notably the appointment of a new Principal, be amplified? *They are covered in Note 6, but this text will be expanded.*
- Where are Covenants covered? *There is a sentence on page 8, that the College has met all its covenants. Many Colleges will have to state that they have been issued with a waiver.*

The Committee recommended the Financial Statements 2019-20 to the Audit Committee and the Board.

Action	By Whom	Deadline
Re-draft section on page 6 related to negative assets and pension position and circulate to F&GP members	Finance Director	Before 7 December Board papers deadline
Redraft section on page 7 on staff pay and circulate to F&GP members	Finance Director	Before 7 December Board papers deadline
Amplify post-balance sheets statement on page 8 and circulate to F&GP members	Finance Director	Before 7 December Board papers deadline
Prepare verbal update for Audit Committee on F&GP recommendations for text update	Finance Director	Audit Committee 25 November 2020

## 8 Finance headline Report

Governors discussed the management accounts to 30 September 2020. The forecast remained unchanged. Significantly higher cash holdings were noted, arising from the sale of Avenue One, and receipt of the DfE grant for estates maintenance. Some invoices related to 2019-20 were yet to be received.

The Finance Director drew governors' attention to changes since the budget had been approved. The Financial Health Grade remained "requires improvement"; bank covenants will be met.

- HE income and student numbers appeared to be of long-term concern. *The Sector had seen a decline in HE numbers, nevertheless the College's prudent target had been exceeded. There was a move away from HE into Higher Apprenticeships. The forthcoming Curriculum review would address this.*
- Was the level of vacancies in line with expectation? *It is in line with expectations.*

What were the specific recruitment challenges being experienced; what impact was there on teaching? *Construction Skills recruitment was a challenge, but teaching at Bicester had yet to commence. One post was proving particularly difficult to recruit. Some unexpected resignations had been received.*

The pandemic was causing some people to make significant lifestyle changes.

- A staff pay award was not being recommended. *The Principal had attended a sector session on staff pay. Many Colleges are citing local/regional stakeholder context as a factor in not proposing staff pay awards. Two Colleges had awarded 1.5%. Though Colleges were not in the public sector, the Chancellor's announcement of public sector pay freeze was a relevant contextual factor.*

Some businesses continued to hold staff pay at 80% whilst remaining in operation.

Governors discussed the Subcontracting Annual Report 2019/20. In 2018/19 ESFA guidance had introduced a range of financial points of concern, and enhanced reporting requirements around subcontracting. The Committee noted the internal controls over this area were scrutinised by the internal auditors who reported to the Audit Committee. The Subcontracting Policy required an annual report to the Board, though it was silent on committee oversight. Members felt the report was more properly an Audit matter, through that Committee's remit for providing board assurance on the effective and efficient use of resources. The Audit Committee Annual Report to the Board noted that "substantial assurance" had been given by the internal auditors on subcontracting.

The Management Accounts and Budget update were recommended to the Board. Taking into account the Audit Committee Annual Report expressing substantial assurance, and given the paper on subcontracting received, the Committee recommended the Subcontracting Annual Report to the Board.

The Committee recommended that the annual Subcontracting report should be considered by the Audit committee in future.

Action	By Whom	Deadline
Transfer Subcontracting Annual Report to the Audit Committee from 2020-21	Clerk in consultation with Audit Chair.	immediate
Consider revising the subcontracting policy to include committee oversight	Clerk and Finance Director	Review due July 2021

## 9 Policies

Notwithstanding that the Staff Safer Recruitment & Selection policy track changes had not been presented as indicated in the cover sheet, the revised policy was approved.

Revision to the Dignity at Work policy to remove the phrase "vigorous academic debate" from a paragraph on the management of harassment and bullying was considered. The Board had adopted a Policy on Freedom of Speech, which referenced its statutory context. Healthy debate was to be encouraged.

The refreshed policies on Staff Alcohol & Drugs, Dignity at Work and Staff Wellbeing were approved, and the Expenses Policy recommended to the Board.

Action	By Whom	Deadline
Publish Staff Safer Recruitment & Selection, Dignity at Work, Staff Alcohol & Drugs, and Staff Wellbeing policies to O365	Clerk	Immediate
Add Expenses Policy to Board agenda	Clerk	For December 2020 meeting

## 10 Freedom of Information

The report was noted.

**11 Any other business**

None was discussed.<sup>1</sup>

**12 Future Business and reflection**

Members requested that the next meeting was deferred until the January 2021 Management Accounts were available. An early date had previously been requested. The Finance Director would routinely report at the earliest point were financial concerns to emerge between meetings. Preference for a late February date was noted.

The proposed business was noted.

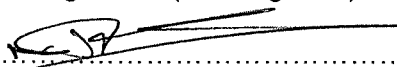
A visit to the fitted-out Bicester facility would be arranged.

The virtual meeting was deemed to have been satisfactory, in terms of papers, opportunities to challenge and support, and the quality of management and governance support.

Action	By Whom	Deadline
Reschedule Spring term F&GP meeting	Finance Director & Clerk	As soon as possible

The meeting closed at 7.55pm.

Approved for signature (meeting date) ..... N. HANDY .....

Signature  .....

Date 28/3/23 .....

<sup>1</sup> A late-circulated paper proposing an addition to the Financial Regulations to cover authority delegated to the Principal for settlement Agreements was overlooked, but would be included on the Board agenda for December.

Action Points arising from the F&GP Committee held on 23 November 2020

Item & Title	Action	By whom	deadline
4 H&S headline report	Consider the introduction of near-miss team monthly targets	Principal & Head of OSH	When Covid-19 precaution burden was lighter
7 Financial Statements 2020-21	Re-draft section on page 6 related to negative assets and pension position and circulate to F&GP members	Finance Director	Before 7 December Board papers deadline
	Redraft section on page 7 on staff pay and circulate to F&GP members	Finance Director	Before 7 December Board papers deadline
	Amplify post-balance sheets statement on page 8 and circulate to F&GP members	Finance Director	Before 7 December Board papers deadline
	Prepare verbal update for Audit Committee on F&GP recommendations for text update	Finance Director	Audit Committee 25 November 2020
8 Financial headline report	Transfer Subcontracting Annual Report to the Audit Committee from 2020-21	Clerk in consultation with Audit Chair.	immediate
	Consider revising the subcontracting policy to include committee oversight	Clerk and Finance Director	Review due July 2021
9 Policies	Publish Staff Safer Recruitment & Selection, Dignity at Work, Staff Alcohol & Drugs, and Staff Wellbeing policies to O365	Clerk	Immediate
	Add Expenses Policy to Board agenda	Clerk	For December 2020 meeting
12 Future Business & reflection	Reschedule Spring term F&GP meeting	Finance Director & Clerk	As soon as possible

