

Open Minutes of the meeting of the Corporation Held on Friday 28 February 2020 at 16:15

Somerset Valley Campus, Wellow Board Room

Present

Carole Stott (CS)	Chair
Dan Ball (DB)	Student Governor
Paul Blenkinsopp (PB)	Staff Governor
Erica Draisey (ED)	
Andy Furse (AF)	
Laurel Penrose	Principal & CEO
Ian Tavener (IT)	
Gary Waylen (GW)	
Jenny Williams (JW)	
Neil Wilson (NW)	
Julian Young (JY)	

In attendance

Jayne Davis (JD)	Deputy Principal, Curriculum & Quality
Margaret Playle (MP)	Director of Finance & Corporate Services
Anne Roberts (AR)	Head of Governance

Attendance: 78%

ITEM	ACTION
1. Apologies for Absence	
Apologies were received from Victor da Cunha (VC), Mike Oram (MO) and Andy Parker (AP). It was reported that the Board's Strategy Day held today had been Andy Parker's last meeting. The Chair had earlier thanked him for his support to the Corporation and contribution to the Board and all governors wished him well in his move abroad. The Board congratulated Sir Julian Young on his recent knighthood.	
2. Declarations of Interest	
None	
3. Confidentiality of items	
None identified	

4. New Governor Appointment	
The Board considered an update on Governor recruitment and APPROVED the appointment of Mr Ian Tavener as a member of the Corporation for a four-year term from 28 February 2020 to 29 February 2024.	
5. Open Minutes of the meeting held on 16 December 2019	
The open minutes of the meeting held on 16 December 2019 were approved as an accurate record and the minutes were signed by the Chair. Any actions would be reviewed at the Board's next meeting.	
6. FINANCE	
6.1 Revised Budget 2019/20	
<p>The Board considered the revised budget 2019/20 which had been reviewed and recommended by the Finance & Estates Working Group. Additional income had been received since the budget had been approved in July 2019 and this had materially changed the resource needed to deliver.</p> <p>A discussion took place in relation to terminology of the budget being a re-stated or revised budget. It was noted that the original figure of £74k operating surplus had not changed. The Chair of Audit Committee confirmed that no issues had been raised by the auditors.</p> <p>The Board APPROVED the revised budget 2019/20.</p>	
6.2 Management Accounts	
<p>The Board received the management accounts for December (reviewed by the Finance & Estates Working Group) and the January management accounts. These included the income and expenditure account, the balance sheet and the cash flow as at February 2020. It was noted that the cash flow showed a positive cash position, provided the assumed income and expenditure projections were met.</p> <p>MP highlighted the forecast out-turn for the year set out in the January management accounts. This included some much needed expenditure on IT which would be outside the College capitalisation policy and therefore would need to be accounted for through the Income and Expenditure Account (SOFA). With the latest projections, this expenditure could be managed and the projected out-turn was still in line with the budgeted surplus of £74k, at £78k.</p> <p>Governors asked where the particular areas of concern were. It was noted that the achievement of the income target from Apprenticeships remained a risk. It was also reported that over £500k had already been spent on estates repairs and whilst MP was looking at this area to ensure value for money, it was concerning. The aged estates assets and need to refurbish and deal with health and safety aspects was a particular priority. LP confirmed that a bid had been submitted to WECA and she was also in discussions with the Council.</p>	

<p>Partnership costs were queried and it was confirmed that these were likely to fall under the heading of sub-contracting. The Chair reported that an FE consultation was underway into subcontracting and partnerships which could have a real impact on partnerships such as that with the Theatre Royal. Concern was expressed that the opportunities and benefits of working with an organisation such as the Theatre Royal could be jeopardised by this revised approach where the nature of the provision did not fall within the traditional subcontract but was a real partnership.</p> <p>LP reported that she was responding to the consultation. Governors asked that this be put on the Risk Register. ACTION: LP/JD</p> <p>Thanks were given to MP for all her work on the accounts and for providing a clear cash flow.</p>	<p>LP/JD</p>
<p>6.3 Integrated Financial Model</p>	
<p>MP tabled a commentary on the new integrated financial model and a table on the financial health of the College. The ESFA now required all colleges to complete and submit a return every year by 28 February rather than the three- year financial forecast (due 31 July each year) and the Finance Record (due 31 December each year). She highlighted the complexity of the new format and the fact that the ESFA model had errors which had only recently been rectified and the opening balance sheet did not balance due to difficulty in posting enhanced pensions.</p> <p>The Board considered the strategic and financial assumptions used. These had been discussed by the Finance & Estates Working Group who had recommended them to the Board. These were:</p> <ul style="list-style-type: none"> • Ratio of 1.2 or more (score; 60 points) with cash levels to achieve cash days of at least 50 • An annual operating surplus from 2020 onwards, with EBITDA as a % of adjusted income of 6% or greater (score: 60 points) and to reduce staffing costs to 63% of income (excluding contracted delivery) • Borrowings to be less than 20% of adjusted income (score: 80%) <p>This would produce a score of 200 and an overall assessment of 'good'. In addition, the College would seek:</p> <ul style="list-style-type: none"> • To 'invest to save' through system efficiency gains such as using technology to avoid duplicate processing of data • To 'invest to grow' through maintaining/developing high quality facilities and a work force that provides state of the art resources for students with high quality teaching & learning that will attract employers and the community • To maximise efficiencies in use of resources, including staff and space • To provide meaningful, timely and reliable financial information to the Board <p>MP highlighted the key areas of focus and the positive cash position. Student recruitment and lagged funding, together with the</p>	

<p>apprenticeships non-levy route finishing in Autumn 2020, would present challenges. The model assumed the Teacher pension scheme contributions would still be funded and a pay uplift to recruit and retain staff.</p> <p>The Board noted that last year's health rating fell into the category of 'requires improvement' by the smallest of margins (c. £2.5k). Using the ESFA model, the budget for 20/21 also fell into 'requires improvement' but that was due to the bank loan coming to an end in October 2020. Once that was remodelled to show the loan as renewed, this put the College into a 'good' health rating.</p> <p>The Board asked what monitoring was taking place in relation to pensions and specifically the McCloud case. MP reported that it was expected that the case would go through which would result in more costs. The College was following national advice and monitoring closely whilst getting as ready as it could be in terms of its records.</p> <p>The Board asked about impairment of fixed assets and action on write-offs. LP confirmed this was in hand. It was also noted that the land value at Somer Valley was due to be reviewed this year which could have a potential impact.</p> <p>MP confirmed that work would continue to review the model and carry out a sensitivity analysis. The Board thanked MP and her colleagues for the considerable work that had taken place to achieve completion of the model.</p> <p>The Board APPROVED the principal assumptions and financial strategy, as recommended by the Finance & Estates Working Group and, after due consideration, APPROVED the completed model.</p>	
<p>6.4 Bank Mandate</p>	
<p>The Board APPROVED the contents of the Global Banking Authority and the addition of Margaret Playle, Director of Finance & Corporate Services as an authorised signatory. The Board also authorised the Principal and Deputy Principal to complete the authorisation of signatures.</p>	
<p>6.5 Sub-Contracting Funding</p>	
<p>The Board considered two papers on sub-contracting:</p> <ul style="list-style-type: none"> (i) Sub-contracting allocation and additional funding for Finance and Management Business School (FMBS) (ii) Sub-contracting additional funding for the existing subcontractor, Learning Curve <p>LP provided the background to the requests and confirmed that FMBS and Learning Curve were now the only sub-contractors of the College. She highlighted the fact that Learning Curve was up for sale but that this was being monitored and funding would only be released as and when needed. A risk assessment would be carried out.</p> <p>The Board APPROVED:</p>	

<p>(i) The recommendation for the remaining £22,394 funding from the Greater London Authority to be allocated to existing subcontractor, FMBS</p> <p>(ii) The proposal for an additional £100,000 of AEB funding to be allocated to FMBS for delivery in non-devolved areas (Staffordshire and Worcestershire)</p> <p>(iii) The proposal for an additional £100,000 of AEB funding to be allocated to Learning Curve for delivery in non-devolved areas on the basis that the increase in allocation would only be assigned and released once further assessments on the risk of Learning Curve had been finalised due to the company being sold.</p>	
<p>6.6 Finance & Estates Working Group – January 2020</p>	
<p>The notes of the Finance & Estates Working Group held on 27 January 2020 were received and noted.</p>	
<p>7. Any Other Business</p>	
<p>Coronavirus</p> <p>The Board asked the executive what plans were in place in relation to mitigating the effects of coronavirus within the college. JD confirmed that she was the lead and outlined the processes in place. This included:</p> <ul style="list-style-type: none"> • Reporting any concerns or incidents to the safeguarding team • Regular communications and updates to staff and students aligned to government advice • Marketing communications to parents • Tailored communications to ESOL and IFY students, and checks on travel arrangements • Cleaning staff disinfecting door handles and doors and doing a more thorough clean • More hand gels in place and notices in the toilets <p>No reports had been made of anyone having been tested. One person who had been to Spain had been advised to stay at home. The Board asked that it be informed as soon as possible, if there was a major change to Government advice affecting the College or if any case was known in College. ACTION: JD</p>	<p>JD</p>
<p>8. Reflections on the day</p>	
<p>The Chair reported that the away day had been a very useful strategic session which had focused on the priorities of the College and the work of the Executive and Assistant Principals. Exciting partnerships were in hand such as I-Start and she was impressed by the resilience shown by the leadership team. She and the new Chair/Vice Chairs would meet with LP and JD to discuss the priorities to take forward. ACTION: AR</p> <p>On behalf of the Board, the Chair thanked the Principal, the Deputy Principal, Directors of Finance & HR and the Assistant Principals for</p>	<p>AR</p>

their hard work and strategic foresight as the College moved into a new phase, with a new management structure.	
9. DATE OF NEXT MEETING	
Monday, 30 th March at 17:00, Bath City Centre Campus	

The meeting closed at 17:15

Signed (Chair):

Date: