

Minutes FINANCE COMMITTEE
held via Zoom on the 11 June 2020 at 11.00 AM

Present

Peter Pendle (PP) - Chair
 Kevin Flanagan (KF) - Trustee
 Paul di Felice (PdF) - Principal
 Mark Griggs (MG) - Finance Manager

In attendance

Lana Jackman (LJ) - Clerk to the Corporation

The meeting was quorate

Item	Description	Action
1.	Apologies for absence There were no apologies.	
2.	Declarations of Interest There were no additional declarations of interest other than those standing (<i>in accordance with the requirements of section 177 of the Companies Act 2006</i>).	
3.	Minutes of the meeting held on 31 March 2020 and matters arising The Minutes and Confidential Minutes of the meeting held on the 31 March 2020 were received, agreed as a correct record, and will be signed by the Chair at the next face-to-face Finance Committee Meeting. A copy will be filed at the College. Matters Arising The report requested by the Chair on page 1 of the Minutes of the 31 March 2020 detailing the forecast for each of the financial years from 2018/2019 up to 2021 was outlined in the Finance Manager Report and addressed in Item 3.0. Post 16 Audit Code of Practice It was agreed that a detailed outline of the Post 16 Audit Code of Practice would be discussed in full at the next Audit Committee.	Principal/Clerk
3.0	Finance Manager Report The Report was received and reviewed by the Chair. The Finance	

Signed.....

Dated.....

LJ Clerk

<p>Manager explained an element of inconsistency relating to the adjustment to the ESFA Advanced Learner Loan Bursary (ALLB) and the compliance issues, which revealed a large deficit totalling £1.1m subject to audit. It was explained that there were two significant factors contributing to the deficit: the impact of the Covid-19 virus and the outcome of the ESFA audit surrounding the ALLB. It was noted that the published rules on how to use the received amount of £867k for the ALLB in year had been applied. The rules stipulated that the fund could not be used for the maintenance of the estate. It was mentioned that as there were only 23 learners on record currently a total £100k of claims for childcare, travel, hardship, and learning support could be used. As a consequence, this would leave an in-year clawback of £750k of unused Bursary.</p> <p>It was noted that the commercial income of the college had taken a hit without the summer schools and therefore had left a negative outcome. However, 71 rooms were let from April 2020 with an agreement in place for rental to continue until the end of August 2020. Additional security contribution towards the estate was 45% whilst the accommodation was used over the Summer period.</p> <p>It was confirmed that Student loans and ALLB were received on the 10 June 2020.</p> <p>Trustee: What does no funding in place mean?</p> <p>MG: Those that were not fully funded had to put in place evidence of student loans and advance learner loans to study.</p> <p>An example of one student was given who had not secured funding for a part-time 4-year placement with monies of £13,500 outstanding.</p> <p>The Finance Manager explained that Costs expected to be in place would be a focus when preparing the 2020/2021 budget with a strategy to apply a more detailed breakdown of the contributions.</p> <p>Cashflow</p> <p>It was reported that the cashflow had been micro-managed since the beginning of the year with excellent support from suppliers which had allowed the college to catch-up. Though the forecast had demonstrated that the college was continually reliant on expected income received on time. The Finance Manager explained that the Committee needed to be mindful that certain expenditure costs would be coming in that were not included in the budget. The cashflow remained an ongoing issue.</p> <p>HE figures remained a concern. It was noted that an Action Plan had been drafted to look into 2020/2021 to recruit more students: approx. 1800 Learners. The OU assessment was ongoing. It was confirmed that the College could not recruit the requisite HE numbers until the OU validation assessment was resolved. Consequently, there would be a need to explore other options possibly sub-contracting from another</p>	<p>Finance Manager</p>
---	-----------------------------------

	<p>institution.</p> <p>It was clarified that the TU Ed online delivery was ahead of schedule with the VTs having had elements of training to maintain a high-level of quality around delivery. The Finance Team would be maintaining and monitoring the TU Ed provision, delivery and pay costs.</p> <p>The Finance Manager gave a summary on the curriculum plan with cost centres for the different elements of delivery, in addition to the effective cost control over VTs for delivering the programme. It was mentioned that there was clarity surrounding how the cost ratio would work, notwithstanding the additional complication of online delivery anticipated to be until the other side of Christmas. There were plans to look at the modelling needed for online delivery, in addition to FTE in terms of efficiencies and the potential of quite different set of models. The plan was to complete the first draft in time for the next FGB meeting to be held on the 14 July 2020. In conclusion, the Finance Manager explained that the online model must be underpinned by the cost of robust systems in order to deliver. In addition to the margin in the overall cost budget in terms of flexibility for the College to achieve the targets set.</p> <p>Trustee: What do we need in place for Stage 2 and 3 to be able to do this? Is it a case that in crisis you invest more?</p> <p>MG: The ambition we should be looking at is to present clear figures that is more useful to the Board Members, such as a dynamic dashboard that helps to inter-face between the SLT and the Board. It should be more user friendly</p> <p>Trustee: If we go down the route of sub-contracting, are we sure we want to pay registration and administration fees? And what level of administration would we be expected to make? What are the liabilities?</p> <p>Principal: There will be a registration fee for sub-contracting plus a management fee for accreditation which is applied by the accrediting body. I will come back to you once we have all the information and cost benefit analysis to see the contribution required and whether it is worth going forward.</p> <p>Following a lengthy discussion, the position was noted.</p> <p>MGI</p> <p>It was reported that the College was in receipt of confirmation from Eversheds that MGI had agreed to an out of court settlement of £20k. With regard to the draft agreement from Eversheds regarding legal fees it was confirmed that, though the Finance Manager had asked to pay in 4 sums Eversheds have requested the fees to be paid in one sum. Consequently, this settlement figure had not been accounted for in the 2019/2020 accounts. Though there will be a breakdown in the 2020/2021 accounts.</p>	<p>Finance Manager</p>
--	---	-----------------------------------

Property and Estates

It was mentioned that there were significant things to consider bringing up to date, maintaining and keeping to a certain level the assets of the College: The Estates. There were critical areas that needed addressing. The Committee was reminded that at the end of July the Co-op Bank would be expecting a conversation to relieve their concerns. The aspiration would be that the College would have a sale completed, but understandably the sale of Stoke House had to be postponed until the external practitioner was appointed.

Trustee: Any indication when we are going to get the practitioner?

MG: No.

Chair: It was agreed by the Board to proceed with Linacre until the final stage, but not to press the trigger, which means to get everything ready to go until the practitioner had been appointed and we could benefit from the advice offered.

Trustee: What is the outcome of the letter to the Oxford Colleges?

Principal: There has been a positive outcome to the letter from a few of the Colleges. We will have to wait on the next steps if a wider participation or, indeed, a collaboration is of any interest other than letting our buildings.

Trustee: Can you update the Committee on any FEC comment?

Principal: The FE Commissioner has taken a step back presently to see what the outcome is by the external practitioner. They have reserved the right to postpone any further meetings until the appointment is made.

Trustee: Should we approach the ESFA for a timescale?

Principal: Anneliese Dodds MP has written and received a reply and we have approached the AoC for advice. And the advice is to wait until the ESFA request another meeting.

Trustee: There is a concern that the closer we get to the next academic year it will not give us any time to organise very much. Clarity is better in terms of answering questions on the viability of our decision-making, including the sale of assets to address the outstanding financial issues, and having clarity about our financial performance would be better.

The point was duly noted.

In conclusion it was agreed that it would be better to not contact the ESFA, but to let the regulatory body determine the pace and to provide some element of leadership in order for the College to act accordingly. It was agreed that the awaited recommendations needed to be achievable so that the college would have time to think deeply on the recommendations and thus to take the appropriate steps. It was agreed that the Committee would be keen to engage, collaborate and discuss a plan with the external practitioner as soon as possible.

Going Concern

It was confirmed that the Finance Manager had spoken to RSM regarding the 2018/2019 issues and a potential clawback for 2019/2020.

	<p>TIAA It was agreed that the relationship with TIAA (internal auditors) should continue as quickly as possible so that the plan for this year could be reviewed in addition to further strategies. The Finance Manager was tasked to invite Yasmeen Mehmood to the Audit Committee Meeting to give the College a steer in the most appropriate direction.</p> <p>The Fellowship The Finance Manager summarised the exchange of emails with the Fellowship Treasurer, Bob Anderton, and the position of the funds, that the College held on the behalf of the Fellowship. It was agreed with the auditors that the financial sum that could be returned totalled £8,836 a figure supported in the published 2017/2018 financial statements. A more accurate up to date figure it was confirmed was closer to £7,609 between the two accounts. With Board agreement the sum of £8,836 would be repaid or an alternative option proposed would be to engage further with the Fellowship to agree the lesser sum of £7,609 which would be likely to draw out further unreasonable discussions with members of the Fellowship that were already causing low morale and exhaustion in members of staff. In light of the current crisis and the impact on the mental health and wellbeing of staff it was agreed that a recommendation to the Board would be to pay the sum of £8,836 to sever all ties from the Fellowship.</p> <p>Financial Health and Banking Arrangements It was confirmed that the financial health and banking arrangements required improvement.</p>	<p>Finance Manager</p> <p>Finance Manager</p>
4.	<p>Risk Register The verbal update was received. The Principal summarised the following:</p> <ul style="list-style-type: none"> • Banking arrangements remained an issue and the consequences of the loan facility • HE - there was an opportunity to grow HE but the issues with OU validation had not yet been resolved due to not being able to file the accounts. There was a meeting with the OU to discuss the issue in an open and transparent way in the next two weeks • Part-time recruitment was in decline • Discussions with University of West London who were keen to sub-contract was ongoing, but there were challenges. Allocations could be staggered which may help in terms of the next academic year • Changes to funding to the Adult Learner Loan Bursary (ALLB) was a key risk which had profound implications as to how the College would operate, which included the use of the café. It was determined that the running of the café could not continue with the present restaurant contract. A different operating model 	

	<p>would have to be considered in letting of the residential accommodation. This was a fundamental consideration in changing the curriculum</p> <ul style="list-style-type: none"> • Impact of lockdown • The preparation and due diligence in Risk Assessment for re-opening and partial re-opening with blended learning in September • Allocation in terms of how that was going to be measured • Programme around Unite • Gearing up to HE and FE to deliver from September online for two terms • Losing the College's sovereignty and how that would impact on the Students the College supported. <p>Following a discussion around the catering and letting facilities for conferences and what the relationship was like with the other FE colleges in the area it was agreed that there were specific financial barriers identified which would need a draft plan in line with an internal audit strategy. The priorities to minimise the key risks were noted but the inability to file the accounts, delay in the OU assessment for validation and low recruitment numbers were significant concerning events, with no discernible framework provided for opportunity to improve.</p> <p>The Committee agreed to propose to the Board that a discussion on a risk management and Board Assurance Framework be scheduled as an item on the agenda for the next Board meeting to be held on the 14 July 2020.</p> <p>All Agreed</p>	
5.	<p>Any Other Business</p> <p>A model set of financial regulations was discussed as being a good template and basis to develop a new set of financial regulations, Risk Management Policy and Board Assurance Framework. It was agreed that a draft would be completed by the Finance Manager without setting any specific targets, and not at the loss of the other more important work, by the end of July. It was mentioned that Ashok Patel (AP) could help with the budget for next year and strategic planning.</p> <p>The Chair thanked the Finance Manager and the Principal for their overview and noted their hard work.</p> <p>There being no other business the meeting ended at 13.00 p.m.</p>	Finance Manager
6.	<p>Date of next meeting <i>tbc</i></p>	

LJ/Finance Committee 2020.06.11

Signed.....

Dated.....

LJ Clerk