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EXETER COLLEGE FURTHER EDUCATION CORPORATION

**BUSINESS SERVICES COMMITTEE**

Minutes of a meeting held on Monday 26<sup>th</sup> June 2017 in the Board Room, Hele Road, Exeter College

<b>Present</b>	David Allen Matt Roach John Laramy Bindu Arjoon Mark Goodwin Jo Matthews (co-optee) Michelle Pugh Glenn Woodcock	Chair Vice
<b>Apologies</b>	Philip Bostock Sarah Brampton	
<b>Observing</b>	Martin Owen Silas Welsh	
<b>In Attendance</b>	Rob Bosworth Steve Champion <i>Item 4 (part) only</i> Mike Blakeley <i>Items 6 only</i> Steve Strang Barbara Sweeney	Vice Principal, Schools Partnerships and Curriculum Vice Principal Finance and Business Operations Director Apprenticeships and Employer Engagement Head of Estates Clerk to the Corporation

- Welcome, Apologies and Declarations of Interest**

The Chair welcomed colleagues, including those attending as observers, to the last meeting of the Academic year, and his last as Committee Chair. He updated the Committee on proposed changes to the membership for the 2017-18 academic year, subject to ratification by the Board on 5<sup>th</sup> July 2017. He thanked Bindu Arjoon, Jo Matthews and, in her absence, Sarah Brampton, for whom it was also the last meeting on the Committee and thanked them for their commitment and contribution. The Vice Chair thanked the Chair for his stewardship of the Committee over the past two years.

Apologies were received.

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Bindu Arjoon, Director, Exeter City Council declared an interest in item 4 Opportunities and Developments Risk Register and item 6, Property Matters.

Mark Goodwin, Deputy Vice Chancellor of the University of Exeter, declared an interest in any items relating to the University.

2. **Minutes**

2.1 Minutes of meeting held on 24<sup>th</sup> April 2017 as circulated, were agreed and signed by the Chair.

2.2 Confidential Minutes of meeting held on 24<sup>th</sup> April 2017 as circulated, were agreed, subject to a correction, and signed by the Chair.

3. **Matters arising**

3.1 IT Security Update

Following the recent Ransomware cyber-attack on many global organisations but predominantly the NHS, Steve Campion, Vice Principal Finance and Business Operations updated the Committee on the controls used to mitigate the risk to the College. Whilst the NHS had not been specifically targeted, organisations with particular Microsoft versions without updated patching had been vulnerable.

On Friday 12<sup>th</sup> May 2017, when intelligence had suggested that an attack was imminent, additional monitoring was put in place. This involved using some of the software tools purchased since the PWC audit to aid scanning the network for vulnerabilities, ensuring virus signatures were up to date and responding to the additional patch releases issued over the weekend globally. The ICT team worked throughout the weekend to monitor the situation and ensure the college was best placed for the following working week.

The primary risk was an individual user opening an email already sent over the weekend. Therefore, the decision was taken by the Business Continuity Group to shut down the system on the Monday morning as a precautionary measure while vulnerability was monitored and upgrades provided where appropriate. All users were alerted via a message posted on the College intranet.

The ICT team again worked intensely during the morning to ensure our systems could be brought back successfully at lunchtime on Monday. No further issues were identified during this work so the Business Continuity Group agreed at a lunchtime meeting that the event could be closed with users able to access emails again.

Given the nature and frequency of such events was increasing, the IT security risk has been increased to high on the College risk register to reflect the increased probability. The Audit Committee had also reviewed

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the controls at its last meeting on 14<sup>th</sup> June 2017.

The Committee challenged the robustness of the College's systems. If attacked, would the College be vulnerable? Steve assured Governors that virus scanning had shown that the system was protected during the Ransomware attack. However, with over 10,000 users, it was a matter of when and not if there was an attack. Therefore the challenge was to ensure systems remained robust.

**The Committee noted the update.**

3.2 Social media marketing

At the last Board meeting Governors had requested an update on the impact of social media on recruitment. Steve assured the Committee that all usual media routes were used and that there was organic growth. However, the challenge was in measuring the outcome. Meetings between the College and Governors with marketing expertise, representing the Board, would provide added assurance.

*Mike Blakeley, Director Apprenticeships and Employer Engagement, joined the meeting for the relevant part of item 4 only.*

4. **Strategic Matters**

4.1 Opportunities and Developments Register  
(Including GWR update)

This item was dealt with as a confidential item in accordance with the College's confidentiality policy and recorded in the confidential minutes.

5. **Finance Matters**

5.1 Financial Management Accounts April 2017 including Forecast Outturn for 2016/2017

The Management Accounts for April 2017, reflecting nine months' performance for the 2016-17 financial year, were received. Following the implementation of FRS102, financial health criteria was based on revised criteria of EBITDA (earnings before interest, tax, depreciation and amortisation) and borrowing as a percentage of total income as well as current ratio and remained as "Good".

Surplus for the year (pre FRS17 charge) was forecast to be £1.1m, £126k above the budgeted position. It was not anticipated that this position would change by year end.

Total income for the year was forecast to increase by £1,209k to £39,792k, including the apprenticeship growth case and an additional GWR contract, approved by the ESFA. Pay costs continued to be forecast better than budget for the full year. Non pay costs were forecast to be higher than budget for the full year due to increased investment in staff

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development, apprenticeship delivery by subcontract partners and faculty support for increasing international provision.

The cash balances at the year-end were anticipated to be £1.2m worse than budget at £4.5m in the main due to the delayed Wear Barton asset receipt. However the position would be helped by the delay in the 3G pitch.

Risk points included the HE partner contracts and subcontractors, and the College was working closely with subcontracting partners as costs were slower coming through than anticipated. The banks were all positive about the College's position, which was different from the majority in the sector.

The debt management review was received and considered, and the Committee scrutinised criteria for three debt recovery organisations, with a preferred option. The Committee acknowledged that whilst debt must be managed, it was important to recognise the need to be sensitive.

### **The Committee noted the report**

- 5.2 Student Recruitment  
This item was dealt with as a confidential item in accordance with the College's confidentiality policy and recorded in the confidential minutes.
- 5.3 Strategic Financial Update  
This item was dealt with as a confidential item in accordance with the College's confidentiality policy and recorded in the confidential minutes.
- 5.4 Provisional Budget for 2017/2018  
This item was dealt with as a confidential item in accordance with the College's confidentiality policy and recorded in the confidential minutes.
- 5.5 Three year Financial Plan  
This item was dealt with as a confidential item in accordance with the College's confidentiality policy and recorded in the confidential minutes.
- 6. **Property Matters**
  - 6.1 Student Residential Accommodation
  - 6.2 Wear Barton and Exwick Update
  - 6.3 Property Update

Item 6.1-6.3 were dealt with as confidential items in accordance with the College's confidentiality policy and recorded in the confidential minutes.

- 7. **Risk Register**  
The revised risk register was received and considered. Governors scrutinised R9, failure to recruit high quality staff and managers - due to

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high employment in the area - with both frequency and impact having a rating of five. The Committee debated whether, as the risk had crystallised, it should be removed from the register, but recommended that mitigations should be considered to reduce the residual risk. Whilst this was a risk allocated to Quality and Standards Committee to monitor, it impacted on this Committee because of potential budget implications.

The Committee agreed to

### **Note the report**

#### **8. Committee Self-Evaluation**

The report was received. The Board had agreed a new process for Committee Self-Assessment, comprising feedback from Governors' individual self-evaluation forms, and a review of the Committee's year at the last meeting of the academic year. A copy of the previous year's SAR was circulated as a resource and strengths and areas for improvement for the current year were identified. The discussion would form the basis of a narrative, to be produced by the Clerk and considered at the autumn meeting of the Committee.

#### **The Committee noted the report.**

#### **9. Minutes/Reports for information**

The following reports were received and **noted**

9.1 Safety Health and Environment

9.2 Items to take to Board

The Committee agreed on the items to be reported to the Board at its next meeting on 5<sup>th</sup> July 2017.

9.3 Items for next meeting

The Committee reviewed the cycle of business for the meeting on 25<sup>th</sup> September 2017.

#### **10. Dates of next meeting**

The provisional meeting scheduled for 5<sup>th</sup> July 2017 at 8.30am had been cancelled, there being no outstanding business arising from this meeting.

#### **Meetings for 2017/18**

Monday	25	September	2017
Monday	27	November	2017
Monday	29	January	2018
Monday	23	April	2018
Monday	25	June	2018
Friday	6	July	2018 (if required)