

## EXETER COLLEGE FURTHER EDUCATION CORPORATION

**BUSINESS SERVICES COMMITTEE**

Minutes of a meeting held on Monday 29 April 2019 in the Board Room, Hele Road, Exeter College

<b>Present</b>	Matt Roach Chris Hoar David Allen Glenn Woodcock John Laramy Stewart Noakes Emma Webber	Chair
<b>Observing</b>	Ben Gardner	
<b>Apologies</b>	Heather Ancient	
<b>In Attendance</b>	Rob Bosworth Steve Campion <i>Item 6 only</i> Steve Strang <i>Items 3.1 and 3.2</i> Gemma Noble <i>Item 4.1 only</i> Megan Snell <i>Items 3.1 and 4.7</i> Kate Barczok	Vice Principal, Schools Partnership and Curriculum Vice Principal, Finance and Business Operations Head of Estates Director of People and Organisational Development Student Experience Lead College Accountant
	Alison Layton-Hill	Clerk to the Corporation

1. **Welcome, Apologies and Declarations of Interest**

The Chair welcomed colleagues to the meeting.

Apologies were received from Heather Ancient.

Glenn Woodcock, Member of Council, University of Exeter, declared an interest in items relating to the University.

2. **Minutes**

2.1 The minutes of the meeting held on 28 January 2019, as circulated, were agreed and signed by the Chair.

2.2 The confidential minutes of the meeting held on 28 January 2019, as circulated, were agreed and signed by the Chair.

*Gemma Noble, Director of People and Organisational Development joined the meeting for items 3.1 and 3.2. Kate Barczok, College Accountant joined the meeting for item 3.1 through to item 4.7.*

### 3. **Matters arising**

#### 3.1 LGPS Discretions Policy

The Director of People and Organisational Development introduced the updated LGPS Discretions Policy, as circulated. The only significant amendment was in relation to the 85 year rule, which will not be permitted unless there are truly exceptional circumstances and in any event would require approval by the Board.

#### **The Committee approved the LGPS Discretions Policy**

#### 3.2 HR Module of MIS

The Director of People and Organisational Development introduced the paper as circulated and explained the rationale for recommending the UNITE HR system as the preferred option at this time. The current system is no longer fit for purpose and Governors considered the options presented. The UNITE system incurs a licence fee of £15k per year, however the majority of the development would be managed using internal resources.

Governors requested information on any drawbacks with the UNITE system and were advised that currently there is no linkage to the payroll system. The in-house developers can build the link but this would be phase two. Governors were also reassured in terms of the awareness of the operational risks in changing the system eg. care around the launch date, staff confidence, migrating documentation.

#### **The Committee noted the UNITE HR system as the current preferred option.**

*Megan Snell, Student Experience Lead joined the meeting for item 4.1 only*

### 4. **Financial Matters**

#### 4.1 Student Representative Council (SRC) Accounts:

The Student Experience Lead introduced the SRC accounts for the year ended 31 July 2018. The planned overspend of £2000, for the second year, was highlighted and the need to regain a breakeven position was acknowledged. The management of NUS cards has been moved to an external company, which has resulted in a reduction in NUS Commission, which is a concern.

The bank balance is healthy and the SRC aspire to retain £20k in the account. £15,810 will be transferred to the nominated charity (MIND), having raised £19,085 in total when considering Just Giving donations.

£8,500 has specifically been spent on learner voice feedback, however it may be more challenging to meet the 'wish list' in the future. Governors acknowledged the impressive actions of the SRC in terms of managing a budget and spending reserves to benefit the students.

**The Committee agreed to recommend the SRC Accounts to the Board on 3 May 2019 for noting**

Clerk

4.2

Treasury Management Review:

The College Accountant introduced the updated Treasury Management Policy, which requires approval by the Committee bi-annually. The number of College bank accounts has been streamlined with a combination of instant access and one longer term. Governors were reassured that the College seeks the best interest rates, however noted that there is little uplift in interest rates for long term currently.

Governors questioned whether there should be a reporting limit in terms of liquid reserves. Although it was acknowledged that a threshold had not been formally set previously, it was agreed that to do so would be sensible and will provide assurance to governors. The Vice Principal, Finance and Business Operations to propose the threshold for the next meeting.

**The Committee agreed to:**

**a) Approve the Treasury Management Policy**

**b) Note the balances as at 31 March 2019**

**c) Receive a proposed threshold in terms of reporting on liquid reserves**

SC

4.3

Finance Procedures:

The Vice Principal, Finance and Business Operations introduced the updated financial procedures which pertain to faculty and department heads. Governors were advised that the update incorporates changes to reflect that systems are more automated and online payments are now the norm. Contracts, account billing and approval procedures have been improved. Governors noted the positive engagement of STA to deal with debt and aged accounts. Budget management and setting has become more efficient and all data is live.

Governors queried the continued use of petty cash as a risk and were reassured that the amounts are minimal and only used in a minority of cases eg. for Foundation studies. An internal audit on cash management will be undertaken within the next year.

The question of charging interest on unpaid invoices was raised and Governors were advised that to date it has been a sector ethos not to do

so, however this could alter as the sector becomes more financially challenged.

Governors suggested a reference to the need to remain within budget is included in the contract tendering sections. It was advised that the system will not permit a purchase if the budget would be exceeded.

### **The Committee agreed to note report**

#### 4.4 Insurance Tender/Catering update

The Vice Principal, Finance and Business Operations explained the proposal to manage the insurance tender from Risk2Value Ltd. The College does not have a dedicated procurement team and therefore engages experts on occasions. It was noted that the College will factor in cost savings for insurance of 10% in 2019/2020. It was acknowledged that the consultant receives commission from the insurance company and therefore caution is needed to ensure options are not restricted.

Governors were advised that the College had considered bringing catering in house, however with the uncertainties around food price increases it had been decided to extend the contract with Taylor Shaw.

### **The Committee agreed to:**

#### **a) Note the Risk2Value Ltd tender**

#### **b) Note the extended catering contract**

#### 4.5 Management Accounts February 2019

The February 2019 Management Accounts were received and considered. It was pleasing to note that the predicted deficit had once again reduced, to £203k, primarily due to the increase in apprenticeship income. Governors thanked all that had been involved with professionally managing the non levy issues.

It had been predicted that cash balances would be challenging in the Spring, however this low point has now passed and careful weekly cash flow monitoring resulted in an overdraft not being required.

The Chair of the Corporation expressed thanks to the Principal and the team and acknowledge that it is a strong governance point that these issues are dealt with in year.

### **The Committee agreed to:**

#### **a) Note the report**

4.6 Student Recruitment:  
Item 4.6 was dealt with as a confidential item in accordance with the College's confidentiality policy and recorded in the confidential minutes.

4.7 Financial Benchmarking:  
The Committee received the letter from the Office for Students, the letter from the ESFA and the ESFA Dashboard. The Vice Principal, Finance and Business Operations explained that the Office for Students will be using how the ESFA judge college financial health as an indicator. It was a concern that universities were predicting significant growth while related demography has reduced.

The ESFA letter and Dashboard are produced following the statutory accounts being published and confirm the College financial health is good. It is pleasing that the college has now had consistent good financial health over years where other colleges have struggled. It was noted that 2018/19 and 2019/20 staff costs are above sector norms however sector norms are likely to increase. The metrics are all in line with the financial plan and a local set of benchmarking data will be produced for Governors soon.

Governors questioned the target cost percentages in terms of staffing and were advised that 65% was considered appropriate the previous year. However, that figure is now approximately 67% with a view not to exceed 68%. Some work had been undertaken benchmarking against secondary schools, however the funding and income is not comparable. Data on benchmarking with other colleges will be brought to the next Committee meeting.

It was noted that if there is no fundamental change following the spending review in the Autumn there will be difficult decisions to make going forward. Governors were conscious that with a delayed Brexit, the CSR may also be delayed which will cause issues for the sector.

**The Committee agreed to:**

**a) Note the report**

**b) Receive benchmarking data against other colleges in terms of financial health and staffing target cost percentages** SC

**5. Strategic Matters**

5.1 Opportunities and Developments Risk Register:  
Item 5.1 was dealt with as a confidential item in accordance with the College's confidentiality policy and recorded in the confidential minutes.

5.2 Strategic risk register:  
The Risk Register was received by the Committee and the Vice Principal, Finance and Business Operations highlighted the high risk areas; GCSE accommodation, competition for HE students, IT security (no incidents but remains high), Flybe and the Nursery (although this risk will reduce when next reviewed).

Governors were advised that HE recruitment is predicted to continue to be uncertain for the following year and there may be the need to make critical decisions about the offer. Currently, the offer remains viable even with reduced numbers. A more blended learning offer was considered, in particular the potential to incorporate more digital aspects.

**The Committee agreed:**

**a) To note the report**

**b) That the risk register item to be earlier on the agenda**

**Clerk**

*Steve Strang, Head of Estates, joined for item 6 only.*

**6. Property Matters**

6.1 Estates Masterplan

6.2 Property Update:

Items 6.1 and 6.2 were dealt with as confidential items in accordance with the College's confidentiality policy and recorded in the confidential minutes.

**7 Reports and Minutes for Information**

7.2 Items to take to the Board:

Approval of the LGPS Discretions Policy, the SRC Accounts for noting, the Management Accounts for February 2019 for noting and the Property Update.

7.3 Items for the next agenda:

The Committee reviewed the cycle of business for the 24 June 2019 meeting and agreed the items to be included on the agenda.

**Clerk**

**8. Dates of future meetings for 2018-19**

Monday 24 June 2019

Monday 23 September 2019

Monday 25 November 2019

Monday 27 January 2020

*The meeting ended at 19.30*

Signed by the Chair .....

24 June 2019