

EXETER COLLEGE FURTHER EDUCATION CORPORATION

BUSINESS SERVICES COMMITTEE

Minutes of a meeting held on Monday 27th November 2017 in the Board Room, Hele Road, Exeter College

Present Matt Roach Chair
Chris Hoar
John Laramy
David Allen
Philip Bostock
From item 4.2 Mark Goodwin
Glenn Woodcock

Apologies Michelle Pugh

Observing

In Attendance Rob Bosworth Vice Principal
Steve Campion Vice Principal
To item 5 Kate Barczok College Accountant
Item 5.3 only Toby Coombes Head of Finance Funding and MIS
To Item 5 Nathan Coughlin Bishop Fleming
Barbara Sweeney Clerk to the Corporation

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

The Chair welcomed colleagues to the meeting, particularly Kate Barczok, College Accountant and Nathan Coughlin from Bishop Fleming, both in attendance for the item on the Statutory Accounts. This was the meeting at which the Committee was required to scrutinise the Financial Statements, with the Audit and Risk Assurance Committee responsible for scrutiny of the Key Issues Document and Letter of Representation.

Apologies were received.

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

2. **Minutes**

2.1 Minutes of meeting held on 25th September 2017, as circulated, were

agreed and signed by the Chair.

- 2.2 Confidential Minutes of meeting held on 25th September 2017 as circulated, were agreed and signed by the Chair.

3. **Matters arising**

- 3.1 The Clerk reminded the Committee that, following the self-evaluation process, it had been recommended that in order to sustain the quality of performance of committees when the membership changed, Governors be offered support if requested.

4. **Statutory Accounts for Financial Year ended 31st July 2017**

4.1 Audit Findings Report

The report was received. Nathan Coughlan, Bishop Fleming, updated the Committee on the Audit Findings otherwise known as the Key Issues Discussion Document. Representatives from the Financial Statements Auditors had attended the Audit and Risk Assurance Committee meeting on 22nd November 2017, at which the Committee had unanimously agreed to recommend the Audit Findings Report to the Board. The report to this Committee was for noting only.

Nathan confirmed that this was the first year of the external audit contract and that the process had gone well. Meetings with management, and discussions with former internal and external auditors meant that Bishop Fleming had hit the ground running and had completed the fieldwork and received all that was required to be able to issue a clean audit opinion subject to Board approval of the financial statements, the post balance sheet events and receipt of the Letter of Representation. No significant issues had been found and there was no override of management controls.

The audit plan was unchanged from that agreed on 20th September 2017. The only area of the financial records which were not accurate was the fixed asset register, which had the potential to impact on the financial statements. Predominantly matters of housekeeping, the auditors were comfortable, however, that this would not have a net impact.

The Committee agreed to

Note the report.

- 4.2 Exeter College
The Report and Financial Statements for the Exeter College Group were received and taken as read. The narrative included reference to the new Strategic Plan. The key financial information from the Education and Skills Funding Agency (ESFA) showed that the College was rated Outstanding Financial Health, although the position might fluctuate between Good and Outstanding with the delivery of the Property Masterplan. Total income for the year was £39.6m, generating a surplus, excluding FRS17 of £534k.

Whilst lower than last year, this was a good outcome and reflected the implementation of efficiency savings. Cash reserves were strong at £901k, in part because of the delay in the 3G project to 2017-18 and the receipt of capital grant towards the Technology Centre extension.

The Committee thanked Bishop Fleming for a smooth audit. Because of the receipt of ESFA funding information, no additional information was awaited, unlike previous years.

The Committee noted that additional pension costs had distorted the adjustments, and pension assumptions, whilst appropriate, should not detract from the strong underlying performance. Turnover had increased and in cash terms, the College was well above the sector average.

The Committee requested an item at its next meeting to undertake the annual review of performance objectives, set to achieve the successful implementation of the Strategic Plan against each of its six dimensions.

BHS

The Committee thanks the team and agreed to:

Recommend the Exeter College Financial Statements to the Board for approve at its meeting on 8th December 2017.

Vote: unanimous

- 4.3 Aplus Training Ltd
The accounts of the dormant company were received and **recommended to the Board**. Steve Campion, Vice Principal Finance and Business Operations, updated the Committee on the performance of Aplus and confirmed that from 1st January 2018, it would be incorporated into a new faculty, the Faculty of Professional and Adult Learning. BHS
- 4.4 Ecole Ltd
The accounts of the dormant company were received and **recommended to the Board**. Steve confirmed the rationale to keeping the dormant company in the event that a new subsidiary company was required. BHS
- 4.5 Letter of Representation
The report was received and considered. Representatives from the financial statements auditors had attended the Audit and Risk Assurance Committee meeting on 22 November 2017, at which the Letter of Representation had been scrutinised and recommended to the Board.
- The letter was generic across the sector and, once approved by Board, confirmed that it was satisfied that the financial statements gave a true and fair view of the results and financial position of the College.

The Committee requested that although a generic document, the wording be amended before signature by the Chair, using the correct nomenclature for the sector. BF

The report was noted.

5. Strategic Matters

5.1 Opportunities and Developments Risk Register

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

5.2 Capital Funding Plan

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

Toby Coombes, Head of Finance Funding and MIS, joined the meeting for item 5.3.

5.3 Finance, Funding and MIS Update

The update was received and, using a PowerPoint presentation, Toby updated the Committee on the justification for, and impact of, the Department following the merger of the three distinct entities. He reminded Governors of College's income and surplus over the last ten years, indicating significant growth in income but declining surplus. Devised five years ago, the integration of Finance Funding and MIS had been undertaken two years ago and ensured that student numbers aligned to financial performance, and that there was continuous improvement of systems. The integration of the three teams was unique in the sector and graded outstanding in the 2016-17 Self-Assessment process.

Toby presented the organisational structure for the Department and confirmed wide range of experience within the team. Strengths, weaknesses and transferable skills had all been factored in to the restructure.

There was previously a challenge in that budgets were owned locally and suspicion of MIS led to local solutions at Faculty and Departmental level. To address this the new department provided MIS skills development and had a customer centric focus, providing timely information and linking systems to reduce multiple data entry. Access to data was supported by a simple set of screens to compliment finance instructions so that there was clarity on budgets, balance and detail of spend. A road show to budget holders reinforced the Department as a supportive service provider with a culture of listening. This was key to achieve data which was usable but mandatory. As a result, local work-arounds had given way to central solutions.

Modernisation of old finance systems had resulted in efficiencies and

savings and, over a period of 18 months, the right workforce structure was now in place. The reduced time to prepare monthly management accounts was testament to this.

The Committee asked about future plans. The Department continued to develop faster finance processes for new challenges, such as the apprenticeship levy. Longer term, there were plans to develop other tools for budget holders, integrating HR, MIS and Finance data streams. Having seen the value of tools now available, budget holders had an appetite for additional tools.

The Committee asked about establishment. Two years of efficiencies had resulted in a department which was effective but with low staffing levels for the sector.

Turning to Commercialisation, Toby confirmed the increased revenue over two years and the source, which was in international students, lettings and student accommodation. Faculties which were customer facing such as @34 and Hair and Beauty must remain competitively priced it was key to attract customers for skills development. Many areas were generating low income self-financing courses but it was important to maintain the balance between income generation and the core business of the College which was to provide learning. For example, some full cost training might detract from apprenticeship recruitment.

There had been significant growth in International recruitment and there were many additional opportunities. However it was important to balance the increase with the College's core offer.

Income from letting facilities outside College hours was considered and the 3G pitch was booked, including evenings and weekends, into the spring term. There was a development strategy to increase use of the theatre and kitchens. However there remained a delicate balance between achieving the targets for commercial income, which every Department and Faculty was set, and the core offer.

Governors asked whether there were opportunities to increase commercial use of facilities by schools. Whilst there was greater engagement from private schools, budgets for state schools were tight.

The Committee noted the update.

- 6. Property Matters**
- 6.1 Property Update
- 6.2 Wear Barton

Item 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. **Financial Matters**

7.1 Management Accounts – September 2017

The September 2017 Management Accounts were received and considered. They showed an operating surplus, excluding FRS17, of £691k which was £75k above budget. Early indications were that salary cost pressures against a fairly consistent income budget would mean that the overall budget surplus would be under pressure this year.

The Education and Skills Funding Agency (ESFA) letter and Financial Health dashboard confirmed the College's Outstanding Financial Health, which, because of planned investment in the Masterplan, would likely move to Good in-year and be governed by the use of reserves.

Cash balances at year-end were forecast to be below original budget because of the delay in the 3G commencement which would fall into 17/18. The Wear Barton asset sale had been re-phased, as the marketing timeline and completion of sale become clearer.

The Committee considered the income from student residential accommodation, lower than budgeted. The optimal marketing window had been missed and there was a changing landscape, with rugby academy students opting to commute and International students preferring homestay to experience local culture. However, for the International market the offer of accommodation was important. The Board would be invited to consider this further.

The Committee cautioned the accumulative impact of a small number of assumptions not being realised within the budget.

The Committee agreed to

Note the report

7.2 Reserves, borrowings and capital plans

7.3 Student Recruitment

Item 7. 2 ad 7.3 were dealt with as confidential items in accordance with the College's confidentiality policy and recorded in the confidential minutes.

8. **Reports and Minutes for Information**

The following items were received and **noted**.

8.1 Safety, Health and Environment Meeting 19.10.17 *draft*

- 8.2 Risk Register
Risk Register - **received and noted**. Steve confirmed that the revised updated version had been considered by SLT and scrutinised by the Audit and Risk Assurance Committee for recommendation to the Board. He highlighted key changes, particularly accommodation for exams, with increased demand for GCSE English and Maths, and updated on mitigations. The Audit and Risk Assurance Committee had also recommended that GDPR be considered as a separate risk to Breach of Legislation, given the potential impact. Steve updated the Committee on mitigations; a working group and an internal audit review of preparedness.
- 8.3 Items to take to Board
The Committee reviewed the agenda and agreed on the items to be reported to the Board at its next meeting on 9th December 2016. BHS
- 8.4 Items for next agenda
The Committee reviewed the cycle of business for the January 2018 meeting and additional items to be included were noted in the minutes. BHS
- 8.5 Letter from CEO of the ESFA
The letter was received and the Principal highlighted the key issues which were the importance of management and governors' oversight of finances.
9. **Dates of Next meetings**
Monday 29 January 2018
Monday 23 April 2018
Monday 25 June 2018
Wed 5 July 2018 at 8.30am if required