

EXETER COLLEGE FURTHER EDUCATION CORPORATION

BUSINESS SERVICES COMMITTEE

Minutes of a meeting held on 25 November 2019 in the Board Room, Hele Road, Exeter College

Present	Matt Roach David Allen Stewart Noakes Emma Webber Heather Ancient Chris Hoar	Chair
Apologies	Glenn Woodcock John Laramy	
Observing	Tom Matthew	
In Attendance	Rob Bosworth Steve Campion <i>Items 6.1 and 6.2</i> Kate Barczok <i>Item 8 only</i> Steve Strang	Vice Principal, Schools, Partnerships and Curriculum Vice Principal, Finance and Business Operations College Accountant Head of Estates and IT
	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 Glenn Woodcock and John Laramy.

There were no declarations of interest.

2. **Minutes**

2.1 The minutes of the meeting held on 23 September 2019, as circulated, were agreed and signed by the Chair.

2.2 The confidential minutes of the meeting held on 23 September 2019, as circulated, were agreed and signed by the Chair.

3. **Matters arising**

3.1 Self-Generated Energy

In response to a question at the previous committee meeting, the Vice Principal, Finance and Business Operations advised governors that the overall energy consumption during 2018/2019 was 6,616,166kw hours of energy. The PV cells on College property generate approximately 2% of the

College's energy consumption. The Committee was also advised that there is no data available for benchmarking, however the College considers PV for all new buildings. It was agreed to consider whether it was appropriate to set a target for self-generated energy as part of the production of the new strategic plan.

4. **Risk Management**

4.1 Risk Register

The Risk Register was received by the Committee and the Vice Principal, Finance and Business Operations highlighted the changes and high risk areas.

In terms of R1, funding shortfalls, it was acknowledged that the financial landscape appears to be improving and additional funding had been announced for some high value programmes. The Funding Statement will be received in March 2020, which will bring some certainty.

The status of R52, increased competition for HE students had been reduced to 'medium' which attracted robust challenge from the Committee as it did not appear to reflect accurately the issue. Student recruitment for HE had been lower than the revised cautious expectation. It was explained that the College had taken action to mitigate the impact of the risk by reducing the number of courses and embarking on an exercise to reshape the curriculum offer. Therefore, although recruitment is low, the College had budgeted for the lower figure and had made preparations for a different future offer. The Committee suggested that the articulation of the risk might require review.

The risk relating to R4, failure to provide sufficient specialist resources, social space and accommodation had been increased to 'high' due to the disruption expected, following receipt of the Institute of Technology and T Level capital funding. The Hele Road site will be subject to much relocation, which will impact on the experience of students and potentially the reputation of the College. The Committee suggested that two risks may need to be considered; failure to provide accommodation and failure to mitigate the impact of the development.

In terms of R6, competition from schools and sixth forms, this risk had been raised marginally as although recruitment numbers are strong for 16-18, there has been increased activity in the Exeter area from other providers.

The Committee asked if there was any specific risk relating to the General Election. The leadership team has considered this risk but is of the opinion that FE is receiving much attention from all parties and is therefore likely to receive additional funding irrespective of the political landscape.

The Chair of the Corporation shared his view that the future of funding for HE appears to be positive, however he expressed caution that it may not

be as positive as some may expect. There have been many colleges who have not managed their finances well and the Treasury may have concerns about the ability of colleges to deal with a high level of future investment.

The Committee requested that some areas of the risk register are re-evaluated taking into consideration the comments made. **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.

6. Statutory Accounts for Year Ended 31 July 2019

6.1 Key Issues Discussion Document (KIDD)

Bishop Fleming, the external auditors were not in attendance, however they had attended Audit and Risk Assurance Committee where the statutory accounts were reviewed in detail. The Audit and Risk Assurance Committee had agreed to recommend the KIDD to the Board. Bishop Fleming had received all that was required to be able to issue a clean audit opinion, no significant issues had been identified and there were no overriding management controls. The Vice Principal, Finance and Business Operations confirmed that the fixed asset register was complete and a number of unadjusted items were highlighted, although nothing material. It was suggested that a slight variation was assumed for apprenticeship funding.

The Committee noted that the staff bonus accrual should only be recognised when the obligation is certain and at the reporting date the bonus had not been announced to staff and therefore not considered an obligation. However, it was agreed that the total was not material and an adjustment was not proposed.

The Committee noted that the KIDD as a useful report

6.2 Exeter College Financial Statements

- July Management Accounts

The Vice Principal, Finance and Business Operations referred to the July management accounts which gave detailed summary of how the college had performed in year. A £60k surplus had been delivered, taking into account the staff bonus, and income for the year showed a growth to almost £42 million. The cash balance was strong at £6.8m and the College financial health ended the year as a strong good, narrowly below the line of outstanding.

The Vice Principal, Finance and Business Operations referred to the College's financial objectives and the Committee noted that all objectives

for the previous year had been met. It was suggested that an EBITDA target of 7% is again set for the current year.

The Committee suggested that the message in terms of the level of investment the College has made during the year could be more positive. There were also some factual amendments in terms of the constitution of the Remuneration Committee and wording in the statement of regulatory, propriety and compliance.

The Committee commended the finance team for a good audit.

The Committee agreed to recommend the financial statements to the Board for approval on 6 December 2019 subject to minor amendments.

Clerk

- 6.3 A Plus Training Ltd and Exeter College Services Ltd Financial Statements
The Vice Principal, Finance and Business Operations explained that A Plus and Exeter College Services Ltd (previously ECOLE) are dormant companies, however it is still a requirement to submit financial statements.

The Committee agreed to recommend the financial statements to the Board for approval on 6 December 2019.

Clerk

- 6.4 Letter of Representation
The Committee received the letter of representation, which will be recommended to the Board by the Audit and Risk Assurance Committee, and noted that there were no contentious issues.

The Committee noted the letter of representation

7. Finance Matters

- 7.1 Management Accounts (September 2019)
The Management Accounts for September 2019 were received. This item was further dealt with as a confidential item in accordance with the College's confidentiality policy and recorded in the confidential minutes.

- 7.2 Financial Health
- ESFA Letter
 - ESFA Dashboard

The Committee received the ESFA letter which referred to the three year financial plan that was approved in June 2019. At that time the T level income and the increase in base rate funding was not included. The letter confirmed that the College was in good financial health for the previous and the current year.

Governors also received the ESFA Dashboard, which benchmarks financial performance across the sector. Governors were pleased to note that the College has been classified as consistently good over several years.

The Committee questioned why the adjusted cash days in hand are significantly below the national average. It was noted that this is a reflection of the College entering a two year period of investment to cover masterplan projects.

- 7.3 Student Recruitment
Item 7.3 was dealt with as a confidential item in accordance with the College's confidentiality policy and recorded in the confidential minutes.
- 7.4 Debt Management
Item 7.4 was dealt with as a confidential item in accordance with the College's confidentiality policy and recorded in the confidential minutes.
- 7.5 College's Reserves, Borrowings and Capital Developments
Item 7.5 was dealt with as a confidential item in accordance with the College's confidentiality policy and recorded in the confidential minutes.

8. **Property Matters**

- 8.1 Estates Masterplan
 - 8.1.1 Hele Road T-Levels Scope
 - 8.1.2 Falcon House T-Levels Specification
 - 8.1.3 IoT Building Programme

8.2 Property Update

Items 8.1 and 8.2 were dealt with as a confidential item in accordance with the College's confidentiality policy and recorded in the confidential minutes.

9. **Emerging Risks**

The Committee considered any additional risks that had emerged from the discussion.

The Committee agreed to:

- a) **Review risks R4 and R52 to reflect the conversation relating to the disruption during the construction works and competition for HE.**

SC

10 **Reports and Minutes for Information**

- 10.1 Items to take to the Board
 - Financial Statements
 - Risk of disruption due to construction works
 - Approach to loan funding
 - Financial Health letters

Clerk

- 10.2 Items for the next agenda:
The Committee reviewed the cycle of business for the 27 January 2020 meeting and agreed the items to be included on the agenda.
11. Dates of future meetings for 2019-20
- Monday 27 January 2020
 - Monday 27 April 2020
 - Monday 29 June 2020