



## Minutes of the meeting of the Corporation Held on 26 November 2018

at 4.45 pm at City Centre Campus, Room H102a

Carole Stott	Chair
Andy Furse	Vice-Chair
Laurel Penrose	Principal
Victor da Cunha	Apologies
Erica Draisey	Apologies
Paul Blenkinsopp	
Mike Oram	Apologies
Andy Parker	
Jane Shaw	
Gary Waylen	
Jenny Williams	
Neil Wilson	
Julian Young (by phone)	

### In attendance

Heather Cross	Clerk to the Corporation
Jayne Davis	Deputy Principal
Jonathan Creed	ICCA (for items 1 to 9)
Barbara Owen	Director of HR (for items 1 to 6)
George Churcher	KPMG (until item 5)

- |   | ACTION |
|---|--------|
| <b>1. Apologies</b>   |        |
| Apologies for absence were received from Victor da Cunha, Erica Draisey and Mike Oram.  |        |
| <b>2. Declarations of Interest</b>  |        |
| Jonathan Creed declared his interest as an employee of ICCA and confirmed that he would be withdrawing from the meeting prior to the discussion concerning the appointment of new subcontractors where another subsidiary of his parent company was to be considered. |        |
| <b>3. Confidentiality of Items</b>  |        |
| The item on the estates strategy was agreed as confidential.  |        |

**4. Minutes of the meeting of the Corporation held on 22 October 2018 and any matters arising**

The minutes of the previous meeting held on 22 October 2018 which had been circulated previously were agreed as a true record.

**5. ESFA Audit**

George Churcher of KPMG was in attendance for this item and was welcomed to the meeting. He confirmed that the recent funding audit of the college had now been concluded and was unqualified. A draft management letter had been submitted and there were 2 main recommendations, one concerning the handling of apprenticeship funding and another matter relating to an audit timing issue. He commented that the audit had largely gone smoothly as a result of the preparations made by the Deputy Principal, the Apprenticeship Manager and MIS Manager. There were no restrictions on the college submitting its last Individual Learner Record (ILR) for the previous year. A formal letter should be expected from the Education and Skills Funding Agency (ESFA) and the Agency would be sending a certificate to the college's financial statements auditors confirming the satisfactory conclusion of the audit.

Governors placed on record their thanks to the college staff involved for their contribution in bringing about this positive outcome from the audit and looked forward to the receipt of the confirmation from the ESFA.

**6. Pay Policy**

A revised Pay Policy document incorporating the wording in the proposed Senior Postholder Remuneration Code had been circulated. The Director of HR highlighted to the meeting the amendments which had been made to the document considered at the last meeting. It was noted that the new code was to be for Senior Post holders rather than senior staff and therefore the same title should be used for consistency.

Paragraph 5.4 was discussed which related to the implementation of cost of living pay awards as applicable to all staff. It was agreed that this wording be adjusted to allow for circumstances where a member of staff had recently taken up post and therefore a rise would not be appropriate. It was agreed that the wording in this paragraph be amended and the final version for any other adjustments be delegated to the Chair for approval.

Subject to this amendment the Pay Policy was **agreed**.

**7. Principal's Report**

The Principal reported verbally to the meeting on the forthcoming strike action by UCU later that week. A pack was circulated which identified the management steps being taken to preserve the college position. It was anticipated that there would be no major disruption to classes.

A 5% pay award was being requested by UCU but it was acknowledged that this was unaffordable. One London college had recently decided to pay this figure but as a result had put their college significantly into deficit. It was commented that recently the ESFA had

reported 49% of colleges were operating at a deficit and six further colleges had been issued with notices to improve.

The Principal had attended the AoC conference recently. She congratulated the Chair on the excellent speech she gave there.

Governors congratulated the college on the news that it had been successfully represented in the World Skills UK national finals competition.

A report was given about the progress being made with the collaborative bid on an Institute of Technology. The College was due to be interviewed in February and the consortium would be informed of the result in March 2019.

FE League tables based on a number of statistics and annual returns had recently been published by FE Week, including measures such as employer and student satisfaction. Governors welcomed the news that this college was ranked fifteenth equal out of 200 participating colleges and had moved up two positions overall from the previous year's result. This result compared favourably to most of the local colleges.

The Principal was thanked for her report.

#### **8. Estates Strategy – Catering and Hospitality development**

A report showing the progress made since the last meeting with the option discussed at the Board meeting on 22 October 2018 was circulated and it was noted that the Finance and Estates Working Group held on 21 November 2018 had also discussed the progress in advance of this meeting.

The Principal commented that work had continued on a variety of options which had been identified to the Board at its October meeting. The working premise remained that the College should retain catering and hospitality facilities for students, seeing this as a vital part of the College and the community, as well as facilitating social mobility, positive engagement and career opportunities for individuals, however the option remained to stop delivery in this areas if none of the available alternatives could be achieved.

The position from the college bankers was now clear that they were not in a position to offer the college a loan. In addition, although capital funding from WECA was still being pursued, no notification of the availability of capital funds had been received and without this the option for a two or three kitchen development was not viable.

Initial costs had been identified for the use of the Bath Academy accommodation for an interim period of two years, but the costs did not represent value for money as they currently stood although further work would be done to scope more reductions. A cost of £252,000 plus expenditure of circa £37,000 for gas connection had been identified so far. This was discussed and this option was considered expensive for only two years guaranteed usage.

A cost of £632,500 had been identified for one kitchen and bistro in the Roper building.

A further new option had emerged which was for the college to remain in the Ralph Allen building in exchange for the agreed purchase by the landlords of the college car park. This was discussed and governors concluded that selling the car park was not an option as it would constrain long term opportunities. Although no figure had been offered, it could be expected that the value of the land would increase considerably once Bath Quays was concluded, plus the site was an attractive asset to the college itself.

The option of a smaller kitchen and bistro located temporarily in the city centre site car park, plus changes to the equipment in the Crib which would provide in total two small kitchens was being investigated. It was confirmed that although tight, current numbers could be accommodated in this scheme. It was agreed that work should continue with the curriculum review to establish whether the FE offer be adjusted and the apprenticeship offer be increased.

Governors discussed the community contribution that catering and hospitality courses made to the city, recognising that 10% of the city's economy and workforce was made up of this activity. It was also expected that numbers could grow for the college as competitors were withdrawing from the market.

It was agreed that the temporary solution on the car park should be the main option to be pursued as it kept future options open, plus the positive aspects of this option, such as scope for a pop-up restaurant with a prestige partner which could establish more permanent arrangements in the future, should be developed. Other links associated with this scheme were mentioned and the Principal was encouraged to investigate these.

Governors thanked the Principal for her interim report which would assist towards taking a final decision at the December meeting of the Board.

## **9. 2017-18 Accounts**

The Financial Statements Auditor draft report, Letter of Representation, Members Report and Financial Statements had been circulated previously, mirroring documents which had been submitted to the Audit Committee which had taken place earlier that afternoon.

The Audit Committee Chair reported that as reported to the committee meeting earlier in the day, there was a small amount of work to be carried out to enable the Financial Statements Auditor to issue their final report. Although the committee had not been in a position to sign off the Accounts today in order to recommend them to the Board, it was anticipated that the final items to be resolved would not be material. The Audit Committee Chair commented there was high confidence that at the December Board meeting the accounts could be recommended for approval.

A matter concerning the valuation of the land at the Somer valley campus had been discussed at the meeting whereby the land had

been valued at merger at a commercial rate, as there had been the prospect of future partial sale. There was no requirement to re-value for five years unless there was a significant change. This was simply an item to be noted for the future.

The Financial Statements Auditor would expect to receive the ESFA certificate in order to verify funding value prior to final sign-off.

It was reported that there had been a significant improvement in the actual trading deficit for the year which represented an improvement of £178K against the original budget.

It was noted that there was no issue about the college continuing to be a going concern, but a detailed examination of the college's position was recommended in the near future as levels of funding in the sector were clearly becoming a matter for concern.

The Principal reminded the meeting that subject to a satisfactory financial picture on the previous financial year a 1% pay award had been allowed for with effect from September 2018 in the 18/19 budget. The decision was contingent on the assessment of the 2017/18 out-turn. It would be beneficial to give staff the increase prior to Christmas if possible. In discussion it was noted that the payment would not be material in respect of the audit of the accounts. **After consideration the Board approved a 1% pay award to all staff with effect from 1 September 2018 and agreed that this be paid as soon as possible.**

#### **10. Management Accounts**

It was agreed to advance this item further up the agenda so that Jonathan Creed could comment prior to his withdrawal from the meeting. The October management accounts had been circulated previously. Jonathan commented that the position was broadly in line with profile and the qualification date for student numbers had been reached with 16 to 18 numbers looking positive. The income position with the Adult Education budget was behind profile, as many colleges were experiencing, however the college hoped to recover its position through the introduction of new funded qualifications in January 2019.

There was a slight saving on overall pay once the payment of the pay award had been accounted for.

Governors asked questions concerning the college's cash flow position. It was noted that the loan taken out at merger would require repayment or some other arrangement to be secured in roughly 2 years' time which would stand at £1.6 million at that time. It was understood that Barclays would not lend further to the college at present, but the position may change during the next two years. The college was starting conversations with other bankers. It was recognised that options for lending were reduced and governors commented on the difficulties this placed on the sector as a whole. It was confirmed that the costs to decant from the Ralph Allen building were in the accounts.

The October Management Accounts were noted.

Jonathan Creed left the meeting.

**11. Subcontracting arrangements**

A report concerning the current subcontracting position and a recommendation for a new subcontractor had been circulated previously. The report noted and it was discussed in the meeting that one subcontractor, Astara **Training**, had advised that they were ceasing their work.

The Principal advised that in order to secure the college's delivery with subcontractors in the new combined authorities it would be advisable to have a contractor who had reach in these areas. Following due diligence **which had included additional evaluations**, the SMT recommended the appointment of FMBS and that they be offered a contract of £300K per annum. The Clerk drew the Board's attention to the position stated in the circulated report that FMBS is a company of ICCA who are the college's internal auditors and Jonathan Creed was one of their staff.

Governors carefully considered the position and having done so **approved the appointment of FMBS as a subcontractor and agreed they be offered a contract of £300K per annum.**

The risk associated with the combined authorities potentially only offering contracts in their own areas in future was discussed and **it was agreed that the adult education budget income risk should be reformulated in the risk register and the actions to mitigate it be carefully shown.**

**12.**

**Quality update and dashboard**

The latest quality dashboard had been circulated, giving a snapshot of general attendance, retention, high needs students and English and Maths performance. It was noted that attendance was about the same level as reported the same time in the previous year, although Maths and English was lower. High needs figures were good across the college.

Creative Arts and Enterprise department was being targeted for improvement.

Retention was 1% lower than the previous years but the recent audit had spotlighted the importance of clean data which meant that the reported figure was more reliable. Governors discussed retention and agreed that monitoring retention was important and it was noted that a new set of monitoring meetings had been introduced internally for this purpose.

It was reported that the Self-Assessment Report would be coming to the next Board meeting.

**13. OfS Accountability Return and HE Student Academic Experience, Outcomes and Improvement Plan**

A report showing the HE Student Academic Experience, Outcomes and Improvement Plan had been circulated previously.

The board was reminded that the college had been successful in obtaining registration with the Office for Students, subject to confirmation of some issues by January 2019, however as this was a transitional year there was still a requirement for an assurance statement to be submitted confirming that the Board was receiving information on HE courses which enabled it to carry out its monitoring role.

The circulated plan was reviewed and it was noted that the Quality Working Group would look at this in more detail at its next meeting, but the action plan was considered and what needed to be addressed was noted.

**It was agreed that the Principal be approved to sign off the required return to the Office for Students which had to be submitted by 3 December 2018.**

**14.**

**Student Governor update**

The efforts to recruit a new student President were reported to the meeting but so far these had been without success. **It was agreed that a student governor be appointed separate from the SU President arrangements and that should a President be appointed, they would join the Board as well, with corresponding amendments to the Instrument of Government being brought to the Board as required at that time.**

**15.**

**Minutes of the Quality Working Group held 14 November 2018**

The circulated minutes were received.

**16.**

**Minutes of the Finance and Estates Working Group held 21 November 2018**

The circulated minutes were received.

**17.**

**Senior Staff Recruitment**

The Chair informed the Board that the recruitment for the posts of Director of Finance and Corporate Services and the Head of Governance was progressing positively but due to the need to schedule further interviews in both instances there wasn't a recommendation for the latter nor a report on appointment for the former as yet. Both processes were expected to be concluded by the end of the week and a report and recommendation would be given to the next meeting.

**19. Membership of the Audit Committee**

The Clerk informed the meeting that the Audit Committee required another regular member to join it. Andy Parker volunteered to join and **it was agreed that Andy Parker be appointed as a member of the Audit Committee.**

**20. Any Other Business**

None

**21. Date of Next Meeting**

This was as agreed in the calendar – 17 December 2018 at 4.45 pm.