

## **Minutes of the meeting of the Corporation Held on Monday 16 July 2018**

at 4.30 pm in R205, City Centre Campus

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

### **In attendance**

Heather Cross	Clerk to the Corporation
Jayne Davis	Deputy Principal

- 1. Apologies and welcome** **ACTION**  
Apologies for absence were received from Paul Blenkinsopp, Victor da Cunha, Jane Shaw, Neil Wilson and Julian Young. Rachel Hepworth, Director of Finance and Corporate Services also sent her apologies.  
  
Jenny Williams, Mike Parker and Mike Oram were welcomed as new governors to their first meeting and introductions were made.
- 2. Declarations of Interest**  
None
- 3. Confidentiality of Items**  
None
- 4. Minutes of the meeting of the Corporation held on 25 June 2018 and any matters arising**  
The open and the confidential minutes of the last meeting which had been circulated previously were accepted and signed as a true record.

An enquiry was made concerning the progress relating to the appointment of a new Student Union President. It was reported that elections had been postponed until September and the current President may stand again. Should a result not be delivered the Student Union Exec would still be functioning and could appoint another member as a student governor until such time as more permanent arrangements were established for the presidency.

#### **5. Principal's update and applications report**

An applications report had been circulated previously. The Principal commented that full time applications remained below required levels, being 11% down, although the percentage gap was reducing. Creative arts, technology and hair and beauty were the areas most affected. It was clear that the introduction of Bath Spa's arts foundation degree had had an impact but otherwise the reasons for the reduction were not obvious, in spite of careful and detailed analysis. Marketing continued strongly and the offer rate was up. There would be a strong initiative around GCSE advice day. If the current numbers were not improved then the impact on income in the following year, as a result of lagged funding, could be £600,000. The Board would continue to monitor the situation and consider plans as required.

The Principal reported that the college's bank had confirmed that the bank covenants would be waived this year and were comfortable with the plans the college had put in place to improve its financial position. The College had also successfully passed a European Social Fund audit recently, with a comment made that the apprenticeship files reviewed were the best seen for some considerable time. The college's good record here for a successful audit was hoped to carry through positively into the recently announced full ESFA funding audit which would take place in the early Autumn. Governors asked about the level of risk in this process and it was commented that it could be substantial with significant funding levels withdrawn having been known elsewhere, plus there had been 7 changes to funding guidance during the present year which inevitably could have an impact on records. However the college was very carefully examining its records and preparing in some detail in order to mitigate the risks. It was noted that where the funding sample was acceptable the auditors were not permitted to examine more widely. It was further reported that a recent funding assurance report from the internal audit providers had not been accepted by the college as the audit and findings were not aligned and therefore it was still in draft.

Governors thanked the Principal for her report.

#### **6. Budget 2018-19 and 2 year financial plan**

The key documents in the two year financial plan to be submitted to the Education and Skills Funding Agency had been circulated previously. The Chair of the Finance Working Group commented that the Group had reviewed the position at a meeting the previous week and were satisfied from their questioning about the prudence and robustness of the proposals, based on known information. A small deficit was proposed, but this was in line with the college's plans over a few years to improve the overall position. There was a 2% increase on income and a 6%

increase in expenditure, some of which stemmed from this having been necessarily held down in the current year.

It was noted that discussions would take place with the bank over the coming year to change the banking covenants as depreciation only allowed £500K to be made available for improvements and this was highly restrictive apparently for no obvious purpose, especially as it did not take into account the catering capital project which was a requirement.

Governors asked questions about the different lines in the budget and the information behind them. The budget kept the college with 'good' and improving financial health. A proposal concerning the implementation of a pay award would be presented before implementation, but this had been allowed for in the figures. Meeting the staffing budget was essential.

After consideration it was **agreed to approve the budget for the 2018-19 year and the associated two year financial plan for submission to the Education and Skills Funding Agency.**

**7. Student Union Constitution amendments**

Proposals for revisions to the Student Union constitution had been circulated and were explained to the meeting by the Deputy Principal. There were two key changes – the removal of all references to the Union Parliament as this was no longer current practice; and cover being provided for activities by the Vice-President. Other minor changes to tidy up the document had been made.

**The revised Student Union Constitution was approved.**

**8. Learner outcomes predictions**

A brief verbal report was given on this item by the Deputy Principal and the following points were noted – retention remained at a high level; a best case analysis of results suggested that if everyone retained in college at year end passed, then the achievement rate would be 92.6%, but it was expected that the overall rate was likely to be around 88%, which was still substantially above the current year's national rate.

The meeting noted the predicted figure.

**9. Financial Reports and Finance Dashboard**

The management accounts had been circulated previously. The timing of the report and the proximity of this meeting to the beginning of the month dictated that these had only been available briefly before the meeting and the narrative for the June position would be circulated to all governors as soon as possible in the coming week. The Principal commented that performance was improving on the previous month but that the end of year position would still be an overall underperformance of about £174K. It was noted that subcontractors had notified a drop in income, but the figures still required firming up.

The Management Accounts were **received**.

**10. Bank covenants**

Governors noted, as discussed earlier in the meeting, that the bank had

stated the current covenants would be waived for the 2017/18 year as confirmed by email and that the Director of Finance and Corporate Services was charged with the renegotiation of the covenants in the forthcoming year as they were not suitable for the college's circumstances and it was likely that the bank itself would recognise they did not encourage the college to seek to improve its financial position.

**11. Risk Register**

The risk register had been circulated with the meeting papers. It was noted that there were no new risks and the issue concerning the achievement of the Adult Education Budget remained as the most significant risk and was not expected to be met, as had been regularly reported from earlier in the year. Governors discussed the various measures which had been taken to seek to mitigate this loss of income.

The issues concerning student mental health and what steps should continue to be made to assist were discussed. Governors agreed that the conscious decision not to cut college support in this area was the right one and the college should continue to maintain its position as warm and welcoming, as recognised by Ofsted.

The risk register was **received**.

**12. Subcontracting proposal**

The overall subcontracting policy applicable for the year which was circulated had been agreed previously, but the document presented for the meeting now included the full list of contractors approved and the greater extent of due diligence on them which had been carried out. The allocations had been revised to the lower levels now expected for the forthcoming year.

The subcontracting strategy and policy for the 2018-19 year was considered and **approved**.

**13. Minutes of the Finance and Estates Working Group held 11 July 2018**

These were subject to the approval of the working group Chair and would be circulated shortly. The key points of discussion at the meeting had been discussed earlier.

**14. Minutes of the Audit Committee held 25 June 2018**

These were ready for circulation subject to finalisation of the status of the funding assurance report taken at that meeting, as referred to earlier in this meeting. The minutes would be circulated to governors once this issue was resolved and could be correctly recorded.

**15. Any Other Business**

Governors Declaration

The annual insurance renewal declaration concerning enquiry with governors about any circumstances for claim was circulated. It was confirmed that the declaration on the form could be signed.

**16. Date of Next Meeting – Monday 24 September 2018 at 4.45 pm at City Centre Campus**

This date as previously agreed was noted. The Chair wished everyone a good summer.