

Brooklands College

Minutes of the Resources Committee
co-ordinated remotely via 'Zoom' meeting platform software
across various domestic locations, commencing 18.00 hrs on 10 June 2020.

Present:	Fred Gray	Chair
	Andrew Baird	Chair of Governors
	Melanie Harding	
	Andrew Barrett	Staff Governor
In Attendance:	Dr Stephen Dowbiggin OBE	Interim CEO
	Shereen Sameresinghe	COO
	Sarah Glasspool	Director of Finance
	Jonathan Lipscomb	Clerk to the Governing Body

PART 1

1. Action in the event of fire

Action to be taken in the event of fire was left to the individual.

2. Welcome and apologies

There were no apologies for absence. The meeting was confirmed as being quorate.

3. Declarations of Interest

- i. Andrew Baird declared his other relevant positions as Chair of South Orbital Colleges and as Chair of the Educational Administration Advisory Group at Hadlow College.
- ii. Dr Stephen Dowbiggin declared that he was Chairman of the IfATE Panel.
- iii. No other declarations of interest were made.

4. Notification of Any Other Business

The Chair had not been notified of any other business.

5. Draft Minutes of the Resources Committee Meeting on 4 March 2020

Two changes to the minute on item 9.1 (Management Accounts) were agreed:

- 9.1 (iii) The College was seeking 400k in savings, specifically on Staff Costs.
- 9.1 (vii) The additional risks related to cashflow and not income.

Additionally, the spelling of Staff Governor, Andrew Barrett's name required correcting.

Subject to those changes having been made the minutes were agreed to be a correct record of the meeting and will be signed by the Chair when circumstances next allow.

6. Matters Arising and Action Points from the Minutes of the Meeting.

Noted:

- i. There were no matters arising, other than on the agenda.

7. Capital Expenditure

Noted:

- i. There were no new items of capital expenditure to report.

8. Finance Update [RES 1920-06]

8.1 April 2020 Management Accounts

The Director of Finance reviewed the April Management Accounts.

Noted:

- i. The figures in the executive summary for both the Income and Expenditure on the bottom line required updating. At the end of April, the College is forecasting a deficit of £833K, which is slightly better than March owing to a small increase in apprenticeship income and an improvement in the position on the Teachers' Pension Plan.
- ii. There are a few risks against income. The College might not achieve its AEB target. It has been stated by Government that they may clawback unused allocations of AEB funds but the accounts have already been adjusted for this so the impact should be low.
- iii. Risks relating to increased expenditure include the cost of supporting apprenticeship learners, any additional essential maintenance and any COVID-19 related expenses up to end of July.
- iv. It is however, the case that the College might receive additional funds relating to high needs students, perhaps as much as £120K, so the forecast is potentially quite conservative.
- v. Additionally, all JAR students have been removed though some may be readmitted to the figures.
- vi. The Director of Finance remained hopeful that the College might achieve its original plan for the year; a deficit of £722K.
- vii. Cash at end of April was £2.3M and is forecast to rise to £2.8M by the end of July. At the end of May it was £2.7M, a reduction of £0.6M against July of the previous year, which was £3.4M. The phasing is illustrated in Table 5 of the report.
- viii. Some of the cash effect of the Hair & Beauty development has been moved into the next financial year.
- ix. There is a slight disparity between plan and forecast though it narrows towards the end of the period. This is largely owing to the anticipated clawback of AEB funds.
- x. The main risk is the crystallising of the ESFA 'funds at risk' and repayment of the bank loan being required by Barclays. Both risks are currently categorised as 'low'.
- xi. Smaller risks stem from a failure to achieve planned income for example in respect of apprenticeships, owing to the impact of the COVID-19 pandemic.

- xii. The Interim CEO stated that whilst Governors might have expected a loss of apprenticeship income of 20-40% as has been seen in other colleges, it had to be borne in mind that the College had been barred from recruiting apprentices recently and so the impact on Brooklands was not as great as it might have been. Furthermore, the areas wherein Brooklands continues to maintain a presence are holding up relatively well. The estimate of the impact of this risk has been well thought through and the risk is low to medium. Additionally, the College is moving into new areas.

8.2 Finance section of the College Improvement Plan

Members were reminded that this action plan dates back to August 2019. Three areas are coded 'red' under the RAG method.

Noted:

- i. Since last term, the cash-neutral indicator has moved to 'red' for reasons already discussed; it would take a significant improvement to achieve the target of the College being 'cash neutral' by 31 July.
- ii. Staffing costs as a percentage of income – the target will not be met.
- iii. The inability to target a 2% surplus for the year 2021/22. This has been the case throughout the year. Currently the plan is for a break-even budget for that period.

8.3 Bank Covenant Update

Noted:

- i. The College is currently in breach for 2017/18 in respect of debt service cover and following a meeting with the bank at the end of March a 'reservation of rights' letter was received in respect of the year 2018/19. Though the accounts for that year have not yet been signed, the bank are basing their actions on the final set of Management Accounts for that period. This relates to operational gearing.
- ii. A further meeting with the bank is to be held on Monday 15 June. They are looking to improve their security. They have expressed an interest in obtaining a valuation of the site. We maintain an open dialogue with them in respect of the 'funds at risk'.

8.4 Financial Statements 2018/19 progress update

Noted:

- i. A further extension to the submission date has been requested by the College and one has been granted to the end of June. Extensions are only granted for a period of one month, but it is reasonable to expect that a further extension will be granted to the end of July.
- ii. The Director of Finance continues to discuss outstanding matters with the External Auditors, but the delay is predominantly a matter of the uncertainty over the ESFA 'funds at risk'.

8.5 Financial Regulations

Noted:

- i. The Director of Finance reported having made some minor adjustments to update the Regulations but did not report any significant changes.
- ii. The Capital Strategy Committee which is still referred to at some length in the draft (but deleted elsewhere) had been subsumed back into the Resources Committee.

Resolved:

- i. The Finance Regulations to replace the current wording concerning the operation of a Capital Strategy Committee with a clause to the effect that a Capital Strategy Committee will be reconstituted, should it be required.
- ii. Subject to the change requested, the Finance Regulations were approved.
- iii. The Interim CEO is to include within his termly reports to the Governing Body an update on the implementation of the College's capital strategy.
- iv. Whilst the Interim CEO leads on the implementation of the College's capital strategy, he has no authority to act without the permission and direction of the Governing Body.
- v. The Clerk will work with the Interim CEO to ensure that the College possesses an up-to-date compendium of constitutional documents at 31 July 2020.

9. Draft 2020/21 Budget [RES 1920-10]

The Chief Operating Officer introduced her paper with its four appendices, drawing members' attention to salient points.

Noted:

- i. The current budget shows a deficit of £131K with a better than cash neutral position should such a deficit be achieved.
- ii. The budget setting process for the forthcoming year is still ongoing and there are some risks attached to achieving budget, including staffing costs and any additional expenditure relating to COVID-19.
- iii. A like-for-like comparison with previous years is difficult in the case of apprenticeships as the College has only been able to recruit for one term, and that recruitment process has been severely disrupted by the pandemic.
- iv. Risks highlighted include the impact of COVID-19.
- v. Furthermore, there is nothing in the cashflow projections to accommodate additional costs relating to the SPA process, both administrative and legal (for example due diligence costs). These are likely to be significant and will be modelled in the cashflow forecast that will go to the Full Governing Body on 1 July.
- vi. There is a risk to the non-pay estates budget. The College is purchasing signage, screens and sanitiser to cope with different patterns of working on site.
- vii. This being March, the cashflow is at its normal low point in the phasing cycle.
- viii. Appendix 9.2 is based on the April management accounts reviewed previously.
- ix. Capital expenditure (9.3) the budget has been approved by the SLT.
- x. There is a COVID-19 impact on the budget for the 'Hair and Beauty' salon in Ashford in that the contractor has said that they will need longer to complete the project because of social distancing rules being imposed on them. This will mean additional expense and so there is some 'value engineering' taking place to remodel slightly the internal design, to mitigate those costs. This has almost been achieved but were there to be another shut down then that would be a problem. The

College is also looking to purchase rather than lease equipment as overall that will be more cost effective.

- xi. There is an opportunity for some additional LEP funding to match our normal capital expenditure (£30K for IT and £50K for estates). The College has submitted an expression of interest.

Resolved:

- i. The Interim CEO will speak to the Deputy FEC Commissioner and ask for an indication of additional costs. If these fall in a range that is insufficiently specific for inclusion in the cashflow model then they will simply be noted in the covering paper that the Chief Operating Officer will bring to the 1 July meeting and be highlighted by the Chair of Resources in his review of the Committee Minutes.
- ii. The final budget will have been concluded in time to submit to the meeting of the Full Governing Body on 1 July 2020.
- iii. The cashflow that will be seen by the Full Governing Body on 1 July 2020 will be the same cashflow forecast that will be submitted to the ESFA.

For Information

10. Chief Operating Officer's Report [RES 1920-11]

The Chief Operating Officer gave a brief overview of her paper.

Noted:

- i. The Estates helpdesk statistics had not been attached as with virtually no-one on site, any matters arising were not being logged.
- ii. The IT helpdesk had been active but had not made recent statistics available.
- iii. The budget preparation is on track, subject to any additional expenditure involved in returning to work on the site.
- iv. The COO was very pleased to report that the College had at last appointed a Health & Safety advisor who had already made a good impression and without whom, the preparations being made to return to the site would have been impossible.
- v. Governors noted that there were now two RIDDOR accidents being reported. The incident with the drill was known about and to that the Chief Operating Officer added detail of a slip on corridor, the seriousness of which was denoted by the time spent away from work as a consequence of the (back) injury suffered. There were several circumstances involved in the slip that make it highly unlikely that it would happen again.
- vi. The IT report was appended to the paper.
- vii. The detailed HR report which formerly went to the Planning Remuneration and Governance Committee as now coming to Resources together with the usual metrics
- viii. The Staff Survey had received an encouragingly high level of response, demonstrating an open organisation. Concerns raised will be discussed at the College Management Group on 16 June and are summarised here, by the HR Manager in her report. Unsurprisingly these centre on communications.
- ix. The Interim CEO commented that subsequently an 'All Staff Webinar' had been held for 150 staff, hosted by himself and the Principal. This had been very useful and was now planned as a monthly

event, involving other members of the SLT. Answers to questions raised, had been circulated and a great deal of effort is being made to ensure that staff know that their safety is a priority and that everyone at the College is moving forward together.

- x. The webinar was recorded and is available to staff.
- xi. The Staff Governor present confirmed that whilst he had experienced some technical issues communications had generally been good, with initiatives such as 'virtual coffee mornings'. There had been some duplication of messaging. It had been difficult to communicate with colleagues freely at this time, but he did believe that staff would raise issues with either himself or the other Staff Governor if they were thought pressing.

11. Report of the Interim CEO [RES 1920-12]

The Interim CEO gave a brief overview of his report, much of the detail of which had been covered previously by others and by their reports.

Noted:

- i. Overall, things are going well.
- ii. There is now more detail available on the SPA process
- iii. The College is working collectively with both the ESFA and Elmbridge BC to work through a potential solution to the present challenges.

12. Committee Governance [RES 1920-12]

The Clerk and the Interim CEO had worked together to update the Committee's Terms of Reference and offered them for comment.

Noted:

- i. The College's Internal Auditors were scheduled to audit Governance in the coming Autumn.
- ii. The Capital Strategy Committee had been dealt with earlier in the meeting.

Resolved:

- i. References to the former 'Brooklands Business Solutions', now defunct, will be removed.
- ii. The requirement for an Annual HR report, for benchmarking purposes to be added to the reports that the Committee will expect to receive (along with the existing Annual Health & Safety Report).
- iii. Subject to those changes the Terms of Reference were approved.

13. Any Other Business

There being no other business, Part One of the meeting was closed at 18.57

14. Date of Next Meeting

The next meeting of the Resources Committee will be reported to The Full Governing Body at their meeting on 1 July 2020.

Fred Gray

Jonathan Lipscomb

Chair of Resources Committee

Clerk to the Governing Body