

SOUTH WEST COLLEGE GOVERNING BODY

Minutes of an online meeting of the **Finance & General Purposes Committee**
held on Wednesday 10 June 2020 at 9.00 am

PRESENT: Mrs Joanne Lucas
Mr Michael McGuckin
Mr Michael McAlister, Chief Executive
Mr Seamus McCaffrey (Chairman) *(items 1.0 – 7.0 only)*
Mr Gerard O’Hanlon
Dr Nicholas O’Shiel

IN ATTENDANCE: Mr Stephen Burke, BES *(item 6.0 only)*
Dr Jill Cush, Deputy Chief Executive
Mr Tom Friel, BES *(item 6.0 only)*
Mrs Sharon McGrath, Head of Services *(items 1.0 – 7.0 only)*
Mr Ciaran McManus, Assistant Chief Executive Industry
Partnership and Centres for Excellence *(item 7.0 only)*
Ms Claire O’Donnell, Secretary to the Governing Body
Mr Sean O’Donnell, Head of Finance

PRELIMINARIES

At the outset the Chair explained that the meeting would be audio recorded, with this recording deleted after the minutes had been finalised.

1.0 APOLOGIES

None

2.0 CONFLICT OF INTEREST DECLARATIONS

No conflict of interest declarations were made.

3.0 MATTERS ARISING FROM MINUTES OF PREVIOUS MEETING

PREVIOUSLY ISSUED to all members:

- Paper 03 Minutes of the Finance & General Purposes Committee meeting held on Wednesday 8 April 2020.

There were no matters arising.

4.0 KEY STRATEGIC ISSUES

In giving his verbal update on the Covid-19 situation, the Chief Executive explained that the most significant cost was likely to be PPE which he noted was likely to be

significant. The current year budget for PPE was around £50k which had been raised to £200k for 2020/21, with additional costs to be pursued with the Department as required. The Chief Executive then explained that the College was planning for adaptive assessments. Outlining the processes involved, he explained that adaptive assessments were causing some consternation at the moment. This he explained was for students who did not have enough of an evidence base built up to award. He explained that discussions were ongoing with the Department and the Minister about adaptive assessments, some of which could be done offline while others would require access to campus in a controlled and limited way with associated costs. The Departmental Oversight and Advisory Group he advised consisted of 22 representatives from the Colleges, Department, Inspectorate and CAFRE. He noted that this group had issued guidelines to the colleges yesterday for comment and that these guidelines would dictate how the colleges operated in the current period and how they organized for September. The Chief Executive went on to explain that enrolment numbers were unclear at this point in time. Three things would impact enrolment numbers he explained – (i) would SWC be able to recruit students? (ii) guidelines around social distancing and (iii) how many students will SWC get through that should be finishing this summer and how many will have to return? He explained that this was a developing picture which was being kept under review. In response to a query from Mr McGuckin the Chief Executive advised that since students were not in campus for the last semester, some work was incomplete and so it would be difficult to calculate grades. In response to a further query from Mr O’Hanlon, the Chief Executive advised that he had instructed NIFON to look at indemnification for lecturers.

In relation to the Erne Project, the Chief Executive advised that the site was now open with numbers ramping up positively. Covid-19 related costs have to be identified and kept separately from the main costs he advised. IST had estimated these just over £22k per week but this was being disputed by the Project Board and ICT he advised. Importantly he explained the Department of Finance indicated that capital projects will need and can get cover up to 10% of the costs which he noted was very welcome. The current estimate of costs from IST was £1.45m he advised, but he added that this was being disputed and that IST should have a clearer indication of Covid-19 related costs by mid-June. He further noted that the next Project Board meeting was scheduled for 26 June 2020, adding that more information should be available by then. He also explained that the Investment Decision Maker had put in a bid for an additional £900k in the June monitoring round. Finally, the Chief Executive noted that the project was on programme and on budget prior to lockdown and that while there was no clear handover date as yet, things should become clearer soon.

Referring to PFI, the Chief Executive explained that he was reasonably confident that costs could be absorbed in the 2020/21 year. This he explained was due to an approved overspend and adjustments to the model. He did however point out that the Department had requested easements from the budget allocation.

Finally, the CEX outlined significant concerns around the award of qualifications, particularly for work based learning students. The main problem he explained was late and incomplete guidance from Awarding Organisations. He pointed out the danger of congestion for 2020/21 and explained that the sector had requested an extension to 31 August 2021 to try to ease these pressures, although he did note that this would have a significant impact on staff. The Chief Executive finished by advising that it was the Department who had asked the colleges to look at indemnification for lecturers.

The Chair thanked the Chief Executive for a very comprehensive report, noting that a brilliant job had been done up to this point and that with the support of the sector they would get through the remaining challenges.

5.0 MANAGEMENT REPORT

PREVIOUSLY ISSUED to all members:

- Paper 05 Management Report
- Paper 05.01 SWC Opening Indicative 2020/21 Resource Allocation
- Paper 05.02 NDPB Financial Report
- Paper 05.03 Financial Management Report Quarter 3 April 2020
- Paper 05.04 Part Time lecturing Costs by Faculty
- Paper 05.06 Erne Campus Finance Report
- Paper 05.07 Budget Projections 2020-25
- Paper 05.08 Payments Over £50k at 31 May 2020
- Paper 05.09 Report on Externally Funded Projects
- Paper 05.10 Credit Control Debt Management Policy June 2020
- Paper 05.11 SWC Capital Allocation Letter 2020 2021
- Paper 05.12 Estates Report June 2020

Reporting by exception, as requested by the Committee Chair, Mr O'Donnell took members through the Management Report, focusing on the following issues in particular:

5.1 Financial Compliance

5.1.1 NDPB – April 2020 Monthly Monitoring Return

Ref: Management Report Section 1.1 and Papers 05.01 & 05.02

Mr O'Donnell advised that the first return of the DfE financial year had been submitted to the Department on 27 May 2020. He noted that this indicated the College would come in on budget, but added that it included a number of caveats. He also noted that the Department were seeking easements from recent budget allocations, but explained that NIFON members had agreed that easements could not be projected at this point in time and that there would be likely overspends in the sector in 2020/21 given the uncertainty around costs and income.

5.2 Management Accounting

5.2.1 Financial Management Report – 9 months to 30 April 2020

Ref: Management Report Section 2.1 and Paper 05.03

Referring to Paper 05.03, Mr O'Donnell advised that the College was now confident they would end the academic year with very good financial performance. He advised that attention was now focused on 2020/21. He also commented that good engagement with budget holders under the new structure had ensured this sound financial performance. Mr McGuckin congratulated all staff involved.

5.2.2 Part-time Lecturing Report – 9 months to 30 April 2020

Ref: Management Report Section 2.2 and Paper 05.04

Referring to the part time lecturing report (Paper 05.04) Mr O'Donnell advised that after 9 months at 30 April 2020, part time lecturing was £941K over budget. A breakdown per faculty had been included in the paper he advised. He also noted that this figure was £466k (16%) lower than the comparable figure last year. Total teaching costs he advised were £88k lower despite significant increases in employer pension contributions. Finally, Mr O'Donnell advised that provision had been made to increase the part time lecturing budget by £1.136m for 2020/21.

In response to a query from Dr O'Shiel, Mr O'Donnell advised that the new HR platform could provide detailed dean and threshold information and also pension information. Mr O'Hanlon congratulated Mr O'Donnell on this work, commenting that it would be important for staff to have realistic budgets to work to.

5.2.3 Erne Campus

Ref: Management Report Section 2.3 and Paper 05.06

Referring to the Chief Executive's earlier report, Mr O'Donnell explained that the College was working on a potential worst case scenario of £1.4m additional costs based on a 50% workforce reduction. He added that a bid had been submitted for £900k as the IST figures were currently being disputed.

5.3 **Budget 2020/21**

5.3.1 *Ref: Management Report Section 3.1 and Paper 05.07*

Mr O'Donnell advised that the College was now into the second year of new structure, and that a lot of engagement had taken place with budget holders. He noted that budgets may need be revisited in October as enrolment figures were known. Mr O'Donnell explained that there would be a steer from the DfE advisory and oversight group, alongside the three College recovery planning groups. He then outlined the cost saving targets which had been built into the budget. He also outlined increased budgeted staffing costs and the uncertainties around income streams.

Mr O'Donnell reported a cash deficit of £830k, as compared to a £736k deficit last year. However, he noted that this could be absorbed because of a stronger cash position with over £4m in the bank.

Mr O'Hanlon suggested that a breakdown by school/faculty/centre for excellence would be useful.

5.4 **Treasury Management**

5.4.1 Treasury Management

Ref: Management Report Section 4.1

Members noted that there are currently no cash reserves held in deposit accounts.

5.4.2 Payments over £50,000

Ref: Management Report Section 4.2 and Paper 05.08

The Report on Payments over £50k was noted by the Committee.

5.5 Externally Funded Projects

Ref: Management Report Section 5.1 and Paper 05.09

Mr O'Donnell advised that an additional £1m funding for minor works had been secured and consideration was currently being given as to how best to spend this funding.

5.6 Policy Matters

5.6.1 Credit Control and Debt Management Policy

Ref: Management Report Section 6.1 and Paper 05.10

AGREED: on the proposal of Mr O'Hanlon, seconded by Mr McGuckin to recommend the Credit Control and Debt Management Policy to the Governing Body for approval.

5.7 Other Matters

5.7.1 Estates Report

Ref: Management Report Section 6.1 and Paper 05.12

5.7.1.1 Sector Update

Mrs McGrath reported significant progress on the sectoral contract for maintenance, noting that a Project Manager had now been appointed. The Sectoral Estates team had met on 1 June 2020 she advised, with final feedback to be provided to CPD, and a tender due to be issued in the next number of weeks.

5.7.1.2 Rebuilding and Recovery

In terms of the estates recovery team, Mrs McGrath detailed some of the deliverables including an overall estates and health and safety plan, room configuration guides and an implementation plan, access arrangements, signage and traffic flow, catering service plan, cleaning schedule, budget planning, and guidance for travel to and between campuses. She advised that this was a significant piece of work and that the estates recovery team were working closely with the other two recovery teams in the College.

5.7.1.3 Sustainability

Mrs McGrath advised that meetings were currently on hold due to Covid-19 priorities, but noted that a working group meeting was scheduled the following week to be followed by a strategy group meeting the week after that. She advised that a draft structure and programme should be agreed for the Sustainability Strategy by the end of June 2020.

5.7.1.4 Erne Campus

Mrs McGrath advised that the College would be timetabling for Fairview for 2020/21 but could flip across to Erne when the new programme had been agreed.

5.7.1.5 Gortin Road Site

Mrs McGrath advised that students would return to the Gortin Road site and not the Killybrack site.

5.7.1.6 Staffing

Mrs McGrath advised that the Estates Supervisor had left the College, and that a recruitment process was currently underway.

5.7.1.7 PFI

Mrs McGrath advised that a paper had been received from BES since she submitted her report. The five items BES had been asked to consider included:

- (I) Oil consumption in the Omagh Campus
- (II) Security
- (III) Catering VAT
- (IV) 3 year/30 year equipment maintenance
- (V) Environmental and sustainability strand

In response to queries from the Chair, Mrs McGrath and the Chief Executive confirmed that current security arrangements were adequate.

5.7.2 Capital Funding 2020/21

Ref: Management Report Section 6.2 and Paper 05.11

Noted.

6.0 **BES UPDATE**

Mr Stephen Burke and Mr Tom Friel, BES, joined the meeting for this item.

PREVIOUSLY ISSUED to all members:

- Paper 06.00 BES Update
- Paper 06.01 Low Temperature Hot Water Strategy
- Paper 06.02 Security Requirements
- Paper 06.03 SWC Energy Conservation Policy

6.1 **Oil Consumption in the Omagh Campus**

Mr Burke advised that Interserve had done a report on this (Paper 06.01) which showed no significant increase in consumption over the past six years. Focusing on the last three years, they had found one year to be the second lowest of the last six years.

When they combined the oil usage with biomass it followed nearly exactly the degree day graph. They therefore believed there was no real dramatic increase in oil at the College he reported.

6.2 Security

Mr Burke advised that BES were compliant with the contract requirements although he agreed that he would be willing to discuss this further. He noted that Covid-19 would have a significant impact on security arrangements and suggested that a meeting should be arranged to discuss this as soon as possible.

6.3 Catering VAT

Mr Burke advised that the Regional Director of IFM believed there was a VAT liability as detailed in Paper 06.00. The Chair advised that the Committee would need more time to study this and would come back to BES for more information if required. He also suggested that it would be useful for the Director of IFM to share his proposals with the Committee.

6.4 3 year/30 year Supply and Maintain Items

Mr Friel advised that an analysis had been completed of the comparisons of the asset register and the original fixed fittings and equipment list, alongside a list of purchases from the original contractor. A spreadsheet had been produced he advised which could be shared with Mrs McGrath once Interserve had agreed. He noted that this was only for the workshop areas.

The Chair noted that BES were taking legal advice in relation to this. Mr Friel explained that Schedule 13 had a list of fixed fittings and equipment. BES supplied some of this but the rest they supplied entirely different equipment. There were no change notes capturing this. So BES were seeking advice on what this meant contractually. Mr Friel confirmed that this legal advice would be shared with the College and that he would also share the analysis spreadsheet once agreed by Interserve to ensure that the College was content with what was supplied at service commencement 13 years ago.

6.5 Environmental/Sustainability

Mr Burke advised that Interserve were meeting with the College on a regular basis to review the Energy Conservation Policy (Paper 06.03). He confirmed that BES were happy to meet with the College and would be happy to take on board suggestions at their quarterly meetings. In response to a query from the Chair, he advised that light bulbs were now being replaced with LED lights and any replacement equipment would be a more efficient model as per the BES energy policy.

The Chief Executive thanked Mr Burke and Mr Friel for the information adding that the Committee would need to reflect on this information and consider the spreadsheet from Mr Friel before coming back to BES.

AGREED: that BES would provide (i) proposals from the Director of IFM in relation to catering VAT; (ii) their legal advice in relation to the 3 year/30 year supply and maintain contract and; (iii) the BES analysis spreadsheet on supply and maintain items.

Mr Friel then advised that the FM provider parent company was taken over by vendors one year ago and that College approval would be required for a change to the parent company guarantee. In response to a query from the Chief Executive he guaranteed that this would have no impact to the College, financial or otherwise. The Chief Executive agreed to follow this up separately with Mr Friel.

Mr Burke and Mr Friel were thanked for their presentations and they left the meeting at this juncture.

7.0 FINANCIAL PERFORMANCE OF THE BUSINESS DEVELOPMENT SECTION

Mr Ciaran McManus, Assistant Chief Executive Industry Partnership and Centres for Excellence, joined the meeting for this item.

PREVIOUSLY ISSUED to all members:

- Paper 07 Financial Performance of the Centres for Excellence

Through his presentation, Mr McManus explained that the Centres for Excellence were approaching the end of their first year and were bedding in. He reported a significant focus on the part of managers to support the efficient and effective delivery of the curriculum provision and services as discharged by the faculties. He noted that the team had gelled very well and were very proactive and were focused on managing the resources and striving to ensure business growth. He also noted that while Covid-19 had presented challenges it had also presented opportunities. In explaining he advised that there were opportunities in increased remote learning and potential opportunities for social inclusion.

He then outlined the current budgetary position for each of the five Centres for Excellence, noting that managers were managing their Centres very efficiently and effectively. Mr McManus then outlined some income generation initiatives which were being pursued including the five new OU degrees and top ups which were currently entering the validation cycle. If these were approved he explained that the College would have 11 new OU products which should lead to increased MASN. He also outlined the new HE at Home marketing strategy, advising that as of 6 June 2020, 297 applications had been received for HE programmes. Mr McManus then outlined income generation initiatives in the other Centres for Excellence

The Chair left the meeting during the course of Mr McManus's presentation due to a poor connection. Mrs McGrath also left the meeting during the course of this presentation.

In response to comments from Mr McGuckin, Mr McManus advised that webinars were very important as they allowed the College to create interest and coupled with the HE at Home Strategy, he advised that the College were seeing good results. Mr McGuckin congratulated Mr McManus on the very impressive numbers achieved.

In response to comments from Mr O'Hanlon around the income generating nature of Centres for Excellence (CfE's) versus the faculties, it was noted that teaching staff generated income while the administrative costs were associated with the CfE's, with a focus on income generation for CfE's moving forward to bring in the income for the faculties. Mr O'Donnell clarified that the teaching element was done in faculties, and

administration managed by the CfE's with costs associated to both. Mr O'Hanlon suggested that income and costs should be attributed to the one centre/school for clarity. Mr O'Donnell explained that this could be done, but would be difficult as lecturers were allocated against their vocation which could often cross different programmes. In this respect Mr O'Hanlon noted that members were looking at income and partial expenditure for the CfE's. It was agreed that the terms of reference for Mr McManus's presentation should be differentiated from those of the heads of faculty. It was further agreed that the work heads of faculty do to generate the £7m CfE income should also be factored into their presentations. Dr Cush then explained that the model had been set up to build resilience, particularly around work based learning. In concluding, the Chief Executive advised that while this was a good debate, it was important to view the College as a holistic unit, emphasizing that all staff should be facing outwards and trying to generate income.

AGREED: that the terms of reference for Mr McManus's presentation should be differentiated from those of the heads of faculty moving forward. It was further agreed that the work heads of faculty do to generate the £7m CfE income should also be factored into their presentations

Mr McManus was thanked for his presentation and he withdrew from the meeting at this juncture.

Mr O'Donnell advised that he had a detailed spreadsheet showing the breakdown of budgets across the faculties and CfE's which he agreed to share.

8.0 REVIEW OF COMMITTEE'S PERFORMANCE

PREVIOUSLY ISSUED to all members:

- Paper 08 Partially Completed Committee Self Assessment

Ms O'Donnell outlined the partially completed self-assessment template and sought further comments from members. No further comments were received.

9.0 SCHEDULE OF MEETINGS 2020/21

PREVIOUSLY ISSUED to all members:

- Paper 09 Schedule of Meetings 2020/21

Ms O'Donnell drew members' attention to the proposed schedule of meetings for 2020/21, explaining that meetings would be programmed to take place on campus if possible and adding that one meeting would be programmed in the Cookstown campus at the request of the Committee.

NOTED.

10.0 ANY OTHER RELEVANT BUSINESS

None.

11.0 REVIEW OF OUTSTANDING ACTIONS

PREVIOUSLY ISSUED to all members:

- Paper 11 List of Outstanding Actions

It was noted that all outstanding issues had been actioned where possible. Actions arising from this meeting are contained in Appendix A.

12.0 EVALUATION OF MEETING

Members advised of difficulties following papers in a virtual meeting. It was agreed that Ms O'Donnell would look into having an additional member of staff present at meetings to share papers.

The meeting concluded at 11.09 am.

**CONFIRMED AND ADOPTED BY THE GOVERNING BODY AT A MEETING HELD ON WEDNESDAY
24 JUNE 2020**

CHAIRMAN _____

DATE _____

SUMMARY OF OUTSTANDING ACTIONS

Meeting Date	Minute Ref	Action
10/06/2020	6.0	BES to provide (i) proposals from the Director of IFM in relation to catering VAT; (ii) their legal advice in relation to the 3 year/30 year supply and maintain contract and; (iii) the BES analysis spreadsheet on supply and maintain items.
10/06/2020	7.0	Terms of reference for Mr McManus's presentation to be differentiated from those of the heads of faculty moving forward. Also, the work heads of faculty do to generate the £7m CfE income should also be factored into their presentations