

CCN BUSINESS COMMITTEE MEETING

CONFIRMED MINUTES OF THE CCN BUSINESS COMMITTEE MEETING HELD ON TUESDAY 25 JUNE 2019 AT 5.30 PM IN THETFORD BUILDING BOARDROOM, CITY COLLEGE, NORWICH, NR2 2LJ

Committee members:

Andrew Barnes (Chairman), Corrienne Peasgood (Principal), Luke Mitchell, Denise Troughton, Noel Bartram

In attendance:

Martin Colbourne (NES MD), Jerry White (Deputy Principal), Jacky Sturman (Interim Clerk to the Corporation), Sue Millions (Administrator)

1. Apologies for Absence

Apologies were received from Ian Webb, Travis Plane and Julia Buckland (Vice Principal) for the meeting.

It was noted that a quorum was present, and the meeting had been convened in accordance with the articles of association of the company.

2. Declaration of Interests

Jerry White confirmed that he is no longer a Governor at the UTCN.

There were no other new declarations of interest received at the meeting.

3. Draft Minutes of the Meeting held on 07 May 2019 (Paper 02)

The draft minutes of the meeting held on 07 May 2019 were agreed as a true record of the meeting and will be signed by the Chairman at the next meeting.

4. Confidential Minutes of the Meeting held on 19 March 2019 (Paper 03)

The confidential minutes of the meeting held on 07 May 2019 were agreed as a true record of the meeting and will be signed by the Chairman at the next meeting.

5. Matters Arising from the Previous Minutes (Paper 04)

Action 3 (Business 2): *The Principal to explore the appointment of a new Governor with property experience.* It was agreed that the Chair would give the contact details of the proposed new Governor and arrange for the Principal and Chair to meet with him on a Friday before the end of term. **Action on-going.**

Action 8 (Business 4): *The Principal to discuss the setting up of a Remuneration Committee, as part of the Audit and Risk Committee with both Bree Sherwood and KPMG before completing the process. It was agreed the Jacky Sturman and Corrienne Peasgood will liaise and agree a date for the meeting.* It was noted that this meeting will be arranged in the Autumn term. **Action on-going.**

Action 9 (Business 4): *When finalised, the date of the Remuneration Committee process to be included in the annual Schedule of Business.* It was agreed that 'targeting inclusion' will be included in the 2019/20 Schedule of Business. **Action on-going.**

Action 1 (Business 5): *Martin Colbourne to prepare a paper for the full Board updating them on the financial statement and Dashboard statements.* Action completed.

Action 2 (Business 5): *Emerging picture data to be forwarded to Committee Governors when completed, by Martin Colbourne.* Action completed

Action 3 (Business 5): *Martin Colbourne and Jerry White to challenge and review employer debt and report back to a future Business Committee Meeting.* A thorough review of Employer Debt is on-going, and a summary will be included in the debt paper for the next Business Committee Meeting taking place on 8 October. **Action on-going.**

Action 4 (Business 5): *The review of three Governors will be discussed at the next Board Meeting taking place on 21 May 2019.* Action completed.

Action 5 (Business 5): *Full details regarding the Ofsted Monitoring Visit taking place on 9 and 10 May 2019, will be forwarded to all Governors, via email.* Action completed.

Action 6 (Business 5): *The Principal to review the Risk Register process and present a paper to the full Board Meeting taking place on 21 May 2019 for discussion.* It was agreed that the Risk Register will be discussed at the Governor Strategy Day taking place on 12 July 2019. **Action on-going.**

Action 7 (Business 5): *LRC recovery statistics to be compiled by Martin Colbourne for review by the Business Committee.* It was agreed that the LRC recovery update will be provided at the next Business Committee Meeting taking place on 8 October 2019.

Action on-going.

Action 8 (Business 5): *Jerry White to ascertain how the outside of the new Digi-Tech building will be kept clean.* Following discussion, it was confirmed that the metal cladding is self-cleaning. Consideration has also been given to the cleaning of the glass underneath the metal "skin" in the design. Action completed.

Action 9 (Business 5): *Digi-tech decision matrix to be reviewed at the next Business Committee Meeting taking place on 25 June 2019.* Please see agenda item 7.2. Action completed.

6. Section A

6.1 Finance Reports

6.1.1 Management Accounts – April 2019

(Paper 05)

The monthly management accounts for the nine months to April 2019 were previously circulated, discussed and the full content noted, with the following highlighted:

- Operating surplus for the year August to April 2019 - a surplus of £64k compared to a budgeted surplus of 407k, producing an adverse variance of £343k.

The weekly CCN cash flow forecast was presented as previously circulated and the full content noted for information.

The full content of the Finance Report was noted.

6.1.2. Management Accounts – May 2019

The Management Accounts for May 2019 and the emerging picture for July 2019 were tabled at the meeting and the following noted:

- It was noted that the emerging picture for Apprenticeships may change up to October.

- The ALS Income is up as smaller groups have been identified and this has given an income increase.
- Total income currently stands at 39,566 in the emerging picture for July 2019.
- Staff costs are based on January to March average and uplifted for the 1% increase and additional pension costs.
- Exams – potential to revise to £950k as on-line exams are still going through.
- Building maintenance is holding at 800k.
- Utilities may increase as a possible refund could be received from Anglian Water.
- Total non-payroll now stands at 11,074; 94 operating above the line of surplus.

The Chair noted that the emerging picture is a positive one and with the potential small ups, it is hoped that the final balance will be the right-side of the line, giving a positive position for the next year.

6.1.3 2019/20 Draft Budget

(Paper 06)

The 2019/20 Draft Budget was previously circulated before the meeting and the following noted:

- Martin Colbourne informed the Committee that there are two main purposes to the budget paper under discussion and they are to present a budget for the year ending 31 July 2020 which shows that the College can operate within its means and enable it to produce a surplus and to demonstrate that the College has complied with the requirements of the Financial Planning Handbook including the requirement that Governors are satisfied that all required elements of the commentary are included and have been considered.
- It was noted that the document is long and comprehensive and gives an in-depth budget following due diligence.
- The Financial Plan is presented based on the College being in a standalone financial position; the merger of Easton campus is subject to a separate process of legal and financial due diligence.
- The strategic content reflects the income and expenditure required to continue to action the Strategic Framework of the College and mirrors the depth previously undertaken and follows the national landscape.
- The 2019/20 budget setting process has remained a prudent one, with only confirmed changes to funding levels incorporated in the College's plans.
- The College has reflected on the impact of these processes in examination costs and in prudent modelling of Apprenticeships income.
- HE – additional direct costs are shown from OfS and other HE body subscriptions are being implemented.
- The financial objectives are measured through KPIs and these are tracked as part of the monthly management accounts, with full reporting to Governors.
- It was noted that the forecast of 16-18 student numbers may change with the new DigiTech building, but student numbers continue to be funded under the LAG – with the College waiting one year for appropriate funding.
- The proposed budget for 2019/20 is showing an operating surplus of £228k on a £40m turnover.
- Updates were provided on the learner responsive income; apprenticeships; adult education income; additional learning support; HEFCE income; income – funding body other; tuition fees; grant income; 14-16 income and non-teaching income.
- Payroll amounts to £28.4m of the £40m cost base and how this is controlled was discussed at length.

- The NES budget for 2019/20 is a break-even budget and there is no mark-up or margin charged on the costs incurred.
- Non-payroll is £113m and is built on the 2018/19 forecast levels and assuming inflation is at 2.2%.
- It was agreed that following the process, additional lessons have been learnt and will be applied from the beginning of the year. Better transparency has been seen to take actions within the College's parameters. Good monthly reporting is now taking place to track and record the progress of staff costs.
- The key associated with budget were discussed at length and it was agreed that the risks will be closely monitored and updates provided to the Business Committee.
- Martin Colbourne added that it is hoped that the College's financial health rating will be good based on the budget surpluses and detailed Financial Plan will be prepared for the full Board Meeting taking place on 9 July 2019.
- The overall site condition was noted, and the Committee were informed that going forward this will be audited.
- Martin Colbourne explained that the draft budget into 2021 is a work in progress and is required to be completed in the return to the ESFA. Full details will be made available at the Full Board Meeting on 9 July 2019.

The full financial plan commentary checklist was previously circulated for information and guidance and the full content noted.

The Principal and Martin Colbourne highlighted the two main challenges in delivering the budget as follows:

- The proposed merger with the Easton campus of Easton and Otley College from 1 January 2020 and how the finances of that campus will impact on our standalone City College Norwich financial position; and
- The continued drive to lower the staff costs to income ratio. The FE Commissioner's benchmark for this indicator is 65% and this budget is 70%. The Principal reiterated that 68% should be achievable and 65% would be a stretch.

It was noted that these challenges will be reviewed as part of the financial management and through the pre-merger financial due diligence and financial modelling.

Martin Colbourne asked Governors for feedback and it was agreed that the key risks should be reported upon at the second Business Committee Meeting of next year.

Denise Troughton asked how the gender pay gap affects the budget and it was confirmed that it does not. The Gender Pay Gap is related to recruitment as all genders are paid the same. The question was also asked about the NES Service Level Agreements and it was confirmed that all Shared Service Agreements are reviewed regularly by the NES Board.

When lengthy discussions had been completed, Governors formally agreed that the Budget for 2019/20 should be presented to the full Board Meeting for agreement.

Martin Colbourne asked the Committee to confirm that they formally approve that the draft budget is sent to Lloyds for Phase1 due diligence and this was agreed.

The Chair thanked Martin Colbourne, the Principal and all staff for the thorough plan, which is very reassuring.

Action 1: Martin Colbourne to present a report on the key risks of the 2019/20 Budget at the second meeting of the Business Committee taking place on 10 December 2019 (JS / MC).

Action 2: Martin Colbourne to present the budget for 2019/20 to the full Board Meeting taking place on 9 July 2019 following its recommendation from the Business Committee (JS / MC).

Action 3: Martin Colbourne to forward the draft 2019/20 budget to Lloyds for Phase 1 due diligence (MC).

6.2 Tender Reports

6.2.1 Caretaking

(Paper 07)

Norfolk Educational Services, on behalf of CCN, invited suitable and experienced contractors to present a proposal to tender for Security and Caretaking Services using the Yorkshire Purchasing Organisation Dynamic Purchasing System Framework Agreement.

The main aim of the invitation was to obtain competitive comparison proposals from suitably qualified and experienced companies.

The full process and findings were previously distributed and noted.

The Board agreed that the tender processes were in-depth and full processes had been followed and therefore unanimously agreed the approval of the awarding of the contract and the relevant documentation was signed by the Chair.

It was noted that a change of Contractor will not result in staff losses as staff will be TUPE'd across to the new provider.

Action 4: Martin Colbourne to present the Caretaking Tender documents to the full Board for approval and signing at their next meeting taking place on 9 July 2019 (MC).

6.2.2 Internal Audit

(Paper 08)

Norfolk Educational Services on behalf of CCN and NES invited suitably qualified and experienced firms to present a proposal to tender for Internal Audit Services using the Crescent Purchasing Consortium Framework Audit Services Framework Agreement.

The main aim of the invitation was to obtain competitive comparison proposals from suitably qualified and experienced companies.

The full process and findings were previously distributed and noted.

The Board agreed that the tender processes were in-depth and full processes had been followed and therefore unanimously agreed the awarding of the contract and the relevant documentation was signed by the Chair.

Action 5: Martin Colbourne to present the Internal Audit Tender documents to the full Board for approval and signing at their next meeting taking place on 9 July 2019 (MC).

6.3 Governance and Search Update

6.3.1 Business Committee Self-Assessment

(Paper 09)

Governors are asked to review their performance and add comments and scores to the Self-Assessment document.

Following discussion, the following was agreed:

- Question 1: Score 4
- Question 2: Score 4
- Question 3: Score 4
- Question 4: Score 4
- Question 5: Score 4
- Question 6: Score 4
- Question 7: Score 4 – the Clerk agreed to amend the topics for this academic year.
- Question 8: Score 3
- Question 9: Score 4
- Question 10: Score 3 – Noel Bartram was appointed to the Business Committee and a Governor with property experience is being spoken to.
- Question 11: Score 4
- Question 12: Score 4
- Question 13: Score 4
- Question 14: - the Chair explained that all Committee members are free to speak with the him at any time, in confidence.

Action 6: The Clerk to update the Business Committee’s self-assessment (JS).

6.3.2 Review of Committee Terms of Office

(Paper 10)

The Committee are asked to consider if the Business Committee has met its objectives as set out in the Terms of Reference, previously circulated, and feedback to the next CCN Board Meeting accordingly.

Following discussion, it was agreed to:

- Remove Statement No 10.
- Statement to be written on risk.
- Cashflow sentence to be added.
- It was agreed that the Principal would review the intervention regime and new intervention policy to see if any changes were required to the Business Committee’s Terms of Reference.

Action 7: Clerk to amend the Business Committee’s Terms of Reference (JS).

Action 8: Principal to review the intervention regime and new Intervention Policy to see if any changes were required to the Business Committee’s Terms of Reference (CP).

7. Section B

7.1 Workforce Development Report

(Paper 11)

The Workforce Development / HR Report was presented as previously circulated and the full content noted.

7.2 Estates and Facilities Update

(Paper 12)

The Estates and Facilities Update Report was presented as previously circulated and the full content noted.

The DigiTech Factory Construction Project decision matrix was tabled at the meeting and discussed.

It was noted that the schedule sets out the delegated authorities and identifies which bodies are involved in key decisions associated with the project.

A Project Steering Group has been set up, involving a Governor Rep; the Principal; Jerry White; Martin Colbourne; Jon Bonham; John Pollitt and a Capital Accountant. Meeting will take place on a monthly basis and it was suggested that the Property Governor, when appointed, could join the Steering Group.

Martin Colbourne asked for the matrix to be uploaded to the agenda and any feedback to be forwarded to him before the full Board Meeting.

It was noted that Southwell Lodge is now empty and has been handed over for demolition.

Action 9: Sue Millions to upload the DigiTech Factory Decision Matrix to the meeting agenda, on OnBoard (SM).

8. Section C

8.1 Union Colleagues Meeting Minutes

(Paper 13)

The minutes from the Union Colleagues Meeting which took place on 17 June 2019 were previously distributed for information and the full content noted.

9. Other Urgent Business

Luke Mitchell - It was noted that today's Business Committee Meeting is the last CCN Meeting that Luke Mitchell will attend as Student Union President and the Chair and Committee members passed on his sincere thanks to Luke for his commitment to the College and his contribution to discussions and wished him all the best for the future.

Emily Staley, the new Student Union President, will join the Committee at their next meeting.

Denise Troughton asked if the Staff Survey will be completed this year and it was agreed that both CCN and NES staff will complete their surveys in the autumn term.

10. Summary of the Meeting

10.1 Review of Meeting Against Strategic Aims

(Paper 14)

It was agreed that all strategic aims have been discussed during the meeting, with emphasis on Aim 4 regarding the budget.

10.2 Items Identified for the Full Board

Following discussions, it was agreed that the following will be brought to the full Board's attention:

- Budget tenders
- Digitech Factory Construction Project decision matrix
- Budget for 2019/20
- Risk Register – CCN; Merger (talent flight) and DigiTech risks

10.3 Any Changes or Additions to be Considered for the Risk Register

Following discussion, it was agreed that no risks need to be changed or added to the Risk Register following today’s meeting.

11. Confidentiality

There were no confidential items tabled at today’s meeting.

12. Easton and Otley College Update

The Principal informed the Committee that Noel Bartram and Jill Lanning are representing the College on the merger Steering Group and a second Core Project Group Meeting has been held involving the Principal; Jodie Mitchell; Jacky Sturman and Martin Colbourne.

All work streams have now held at least one meeting, some up to three.

Student Voice meeting will be arranged once Suffolk New College appoints a representative.

It was agreed that it is a challenging timeline, with the majority of work to be completed by 30 November 2019.

11.2 Staff Forum Meeting Minutes (Paper 15)

The minutes from the Union Colleagues’ Meeting which took place 17 June 2019 were presented as circulated previously and the full content noted.

12. Date of Next Meeting

Business Committee: Tuesday 8 October 2019 at 5.30 pm in the Thetford Building

All business having been concluded, the meeting finished at 7.55 pm.

CHAIRMAN: **DATE:**
(signed)