

SOUTH WEST COLLEGE GOVERNING BODY

Minutes of an online meeting of the **Finance & General Purposes Committee**
held on Wednesday 08 April 2020 at 9.00 am

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

IN ATTENDANCE: Mr Aaron Black, Head of Business Development (*item 7.0 only*)
Dr Jill Cush, Deputy Chief Executive
Mrs Sharon McGrath, Head of Services
Ms Claire O'Donnell, Secretary to the Governing Body
Mr Sean O'Donnell, Head of Finance

PRELIMINARIES

At the outset the Chair extended his appreciation to Ms O'Donnell for arranging this, the first online committee meeting. He explained that the meeting would be audio recorded, with this recording deleted after the minutes had been finalised. He asked that members keep their contributions concise, explaining that he and fellow governors wished to extend as much support as possible to the Chief Executive and his team in these very difficult times.

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 26 February 2020.

There were no matters arising.

4.0 KEY STRATEGIC ISSUES

In giving his verbal update on the Covid-19 situation, the Chief Executive assured governors that things were going very well. All of the planning leading up to the period

of closure had been very effective he explained and all staff and students were currently working remotely. He explained that over the past few days there had been a decreasing number of key staff on site. At the request of the Department, and in anticipation of an increased PSNI presence when moving towards the peak of the virus, the College had identified 18 key staff who should be permitted access, including the five campus managers.

The Chief Executive then explained that a very effective Covid-19 Management Team had been established on 9 March 2020 and that this team met around three times per week. He paid tribute to the staff effort in moving online and outlined tremendously encouraging statistics, with student engagement ranging from 30-80% across the sector and South West College achieving 80% engagement. He also advised that the College was working on sector papers for the Department, looking at remote learning and marketing and communications.

In terms of the Erne Project, the Chief Executive advised that the site was now closed. He acknowledged that Tracey Bros had tried to keep the site open for as long as possible, adding that this was the last capital project to close. Tracey Bros made the decision to close for one week on 27 March 2020, immediately before the Erne Project Board Meeting. This closure period was subsequently extended to three weeks when it would then be reviewed. The Chief Executive advised that at this point in time (i.e. 27 March 2020), the project was on target and on budget. At the Project Board Meeting on 27 March 2020, CPD had advised that they were in the process of developing advice for all capital projects which would take the form of a matrix. In the case of the Erne Project, because the contractor suspended works it would be deemed as a compensation event. IST had notified the Project Manager of the extension and it was reasonable to assume that this would change prices and timelines. The Project Manager was therefore required to seek a quote for additional prices and timeline impact which would initially be timebound for the 3 weeks of the closure but could be reviewed. Importantly, the Chief Executive explained, CPD had indicated that it is assumed all public bodies will want to support this action. He advised that as part of this process, the contractor was also required to sign a C2 agreement which was currently being drafted. The contractor he added would also be required to submit to open book accountancy for any costs incurred, which would then initiate the release of the 3% retention. Insurance and security costs would be paid in monthly payments by the Department he explained and any additional ICT or IST costs would also have to be quantified too. He finished by assuring governors that everything on the site had been left in good order.

In relation to the Erne Project, Mr McGuckin commented that it was very encouraging to hear position all round and very reassuring to be in such a good position. He then queried if the College had any staff off ill. In response, the Chief Executive advised that there were a number of self-isolating staff and numbers could be provided. He added that there were sectoral protocols in place to keep registers of such staff and the reasons for absence, and assured governors that staff salaries would be honored. Mr McGuckin clarified that his query related to service provision and the Chief Executive assured governors that the majority of services could be delivered remotely and staff could support each other, with the statistics around engagement and delivery underpinning this. Mr McGuckin then commended the Governing Body Chair and the Chief Executive for their very prompt and efficient introduction in dealing with the issue. In response the Chief Executive advised that he and the Governing Body Chair would be issuing a communication to all staff later that day. In response to a query from Mr O'Hanlon about the effect on temporary and part time staff, the Chief

Executive confirmed that the sector had agreed to honor all salaries, including those of temporary and part-time employees. Dr O’Shiel echoed the Chief Executive’s summary, explaining that the College had responded extremely well from the start of the crisis and that they were in as good a position as could be expected in the circumstances. He acknowledged this with the Chief Executive and his team, adding that the Finance and General Purposes Committee and the wider Governing Body could take assurance from this.

5.0 MANAGEMENT REPORT

PREVIOUSLY ISSUED to all members:

- Paper 05 Management Report
- Paper 05.1 NDPB Report
- Paper 05.2.1 February 2020 Management Accounts
- Paper 05.2.2 Part Time Lecturing Costs by Faculty
- Paper 05.2.3 Erne Campus Finance Report
- Paper 05.2.4 Debtors and Creditors Report as at 31 March 2020
- Paper 05.3 2020 21 Budget Detailed Preparation Plan
- Paper 05.4.2 Review of Banking Mandates
- Paper 05.4.3 Payments Over £50k March 2020
- Paper 05.5 PFI Issue – NIAO Submission March 2020
- Paper 05.6.1 Financial Regulations – April 2020
- Paper 05.6.2 Fees and Charges Policy 2020-21
- Paper 05.7.1 Estates Report April 2020
- Paper 05.7.2 Capital Allocation SWC March 2020
- Paper 05.7.3.1 Hardship Report March 2020
- Paper 05.7.3.2 Technical Services Report
- Paper 05.7.3.3 Internal Audit Review of Private Finance Initiative
- Paper 05.7.3.4 Report on Environmental Projects

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 – February 2020 Monthly Monitoring Return

Ref: Management Report Section 1.1 and Paper 05.01

Mr O’Donnell reported an approved overspend of £322k which he explained would ease pressures for next year. He explained that March 2020 accounts were being finalized and assured governors that he was confident the College would meet budget targets. He also noted that the budget for 2020/21 was being prepared.

5.2 Management Accounting

5.2.1 Financial Management Report – 7 months to 29 February 2020

Ref: Management Report Section 2.1 and Paper 05.2.1

Mr O'Donnell advised that this additional paper had been included to inform governors of the financial performance to the College year end of 31 July 2020. He explained that the College was showing a surplus of £246k against a projected deficit of just over £2m after the first 7 months of the year. He added that the approximate benchmark at this stage of the year would be 58% spend, and that the College was very much in line with budget, showing a 59% spend.

5.2.2 Part-time Lecturing Report – 7 months to 29 February 2020

Ref: Management Report Section 2.2 and Paper 05.2.2

Mr O'Donnell explained that he had included this paper as part time lecturing was a focus for this committee, adding that he was aiming for more budget allocation next year. In explaining the position, he advised that an extra £305k had been allocated to part time lecturing budget allocation in January, but it was still showing an overspend of £608k across all faculties. However, he pointed out that compared to the same time last year, part time lecturing costs were £329k (15%) lower and teaching costs had also gone down by £117k. This had been achieved despite the increased employer pension contributions.

Mr McGuckin commented that the £117k reduction in teaching costs was very impressive when the College had allowed for a 7.1% increase in pension costs and some staff back pay. Mr O'Donnell clarified that the impact of these pension costs was around £800k. Mr McGuckin commended this result. Mr O'Donnell cautioned that this cost had not been baselined moving forward and added to the pressures the sector would be facing the following year.

5.2.3 Erne Campus

Ref: Management Report Section 2.3 and Paper 05.2.3

Following on from the Chief Executive's briefing earlier in the meeting, Mr O'Donnell advised that C2 agreement was being prepared by CPD to be submitted to Tracey Bros. He confirmed that £556k was being held in retention which would need to be released when the C2 agreement was signed. He advised that the expenditure profile accounted for an eight week delay to the project which would cost around £192k. The early warning for the Rock had also increased to £360k, along with a provision of £50k for legal fees due to increased likelihood of adjudication. He advised that projections had been on target to date, but any unallocated resources would now be absorbed by the extra costs of closure. Ongoing Covid-19 related costs, such as security, would hopefully be funded separately he added. The Chief Executive commented that some capital money may not be spent in the sector this year and that a reasonable capital allocation would be expected for the following year but that this would be kept under review going forward.

5.2.4 Debtors and Creditors Report

Ref: Management Report Section 2.4 and Paper 05.2.4

The Debtors and Creditors Report was noted.

5.3 Budget 2020/21

5.3.1 *Ref: Management Report Section 3.1 and Paper 05.3.1*

Mr O'Donnell advised that the new College financial year would begin on 1 August 2020. In outlining the budget preparations, and in addition to the £25m sectoral pressures, he outlined two additional pressures SWC faced: (i) potential commercial income loss as a result of Covid-19 in terms of cancelled courses and affordability and also; (ii) more cover was required for part time lecturing budgets. In relation to the second pressure and referring to a presentation from the Head of ACE Faculty at the last committee meeting, he explained that not enough cover had been given to part time lecturing costs in the past, and he added that in order to support the curriculum, he intended to look for potential savings in the support services budget. In doing so, Mr O'Donnell explained, he hoped to bring a realistic budget to the Governing Body in June 2020 for approval. In concluding, Mr O'Donnell also advised that he was looking at income generation too. This approach was welcomed by governors with Dr O'Shiel in particular welcoming the focus on the curriculum as core business.

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 Review of Banking Mandates and College Bank Accounts

Ref: Management Report Section 4.2 and Paper 05.4.2

Mr O'Donnell advised that there had been no changes to the Banking Mandates and these were duly noted by the Committee.

5.4.3 Payments over £50,000

Ref: Management Report Section 4.3 and Paper 05.4.3

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

5.4.4 Bad Debt Write Off Proposal

Ref: Management Report Section 4.4 and Paper 05.4.4

Mr O'Donnell proposed that the College write off debts to the value of £23k which he noted were all low value debts spanning four years that had been passed to the debt collection agency who had exhausted all avenues to recover.

AGREED: on the proposal of Mr McGuckin, seconded by Dr O'Shiel, to write off the debt as proposed.

5.5 PFI Financial Review

Ref: Management Report Section 5.1 and Paper 05.05

Mr O'Donnell advised that the Northern Ireland Audit Office representative for the College was now a Mr Brian O'Neill. Mr O'Donnell advised that he had presented his proposal to Mr O'Neill who asked him to bring it through PWC. Mr O'Donnell then spoke to PWC who asked the approach to be endorsed by DfE. DfE had endorsed the approach by email and this had been shared with PWC. The proposal was currently with the Technical Team in PWC and Mr O'Donnell was hopeful that in light of current circumstances, the small adjustment to the College accounts would be approved. Dr O'Shiel queried when a decision was likely to be made on the issue. Mr O'Donnell highlighted that there was nothing in the Financial Reporting Standards covering this proposed treatment, adding that he would again ask PWC for a decision.

5.6 Policy Matters

5.6.1 Financial Regulations

Ref: Management Report Section 6.1 and Paper 05.6.1

Mr O'Donnell pointed out a small number of amendments to the Financial Regulations as detailed in Paper 05.6.1.

AGREED: on the proposal of Mr McGuckin, seconded by Dr O'Shiel to recommend the Financial Regulations to the Governing Body for approval.

5.6.2 Fees and Charges Policy 2020/21

Ref: Management Report Section 6.2 and Paper 05.6.2

Mr O'Donnell advised of a small error in Paper 05.6.2 which he would amend. Mrs Lucas pointed out that there was a proposal to raise tuition fee threshold for direct debits from £150 to £200 which she explained could affect enrolments. Mr O'Donnell further explained that direct debit system for short courses was convoluted. Mrs McGrath added that students most in need would be unlikely to be paying their own fees and so should not be affected by this change.

AGREED: on the proposal of Mr McGuckin, seconded by Dr O'Shiel to recommend the Fees and Charges Policy 2020/21 to the Governing Body for approval.

5.7 Other Matters

5.7.1 Estates Report

Ref: Management Report Section 7.1 and Paper 05.7.1

In relation to Health and Safety, Mrs McGrath advised that a Critical Incident and Business Continuity Workshop had been held on 9 March 2020. An Audit of Business Continuity had commenced on 23 March 2020, and she expressed her gratitude to Mrs Lucas for her assistance in this. Mrs McGrath also advised that ISO 45001 would be revisited when back in buildings.

Mrs McGrath reported a limited update in terms of sustainability due to the Covid-19 crisis but added that terms of reference had been developed for the sustainability groups and engagement with key stakeholders was ongoing.

She explained that the Fairview Campus had completed declutter days as planned but that the Estates Team were now planning for Fairview to remain open for longer.

Mrs McGrath noted that the PFI audit was complete and the draft report which contained no recommendations had been circulated. She pointed out that this was an audit of the College's management of the contract. In terms of the action items from the annual review meeting with BES, she explained that the College were waiting on information from BES in relation to the catering and lifecycle issues. She noted that the oil consumption and security issues would require further meetings, as more recent meetings with the company had focused on campus closures. Mrs McGrath also advised that the joint risk register had been reviewed to include Covid-19 as an individual risk.

Finally, Mrs McGrath assured members that the Gortin Road facility should be available within one week of social distancing restrictions being lifted.

Dr O'Shiel extended his appreciation to Mrs McGrath and Mrs Lucas for the huge amount of work they had carried out in recent weeks.

5.7.2 Capital Funding 2019/20

Ref: Management Report Section 7.2 and Papers 05.7.2

Mr O'Donnell advised that the College had availed of an additional £200k in late March which had been invested in two firewalls, four MFD's and £20k worth of switches. He commented that this would really support cyber security concerns and save some money on normal software in the 2020/21 year. In response to a query from Mr McGuckin, Mr O'Donnell confirmed that these business cases, along with others, were prepared and ready for when additional money became available.

In concluding Mr O'Donnell pointed out that the minor works budget at the start of December 2019 was £165k and the out turn at the end of March 2020 was now £817k.

6.0 **BES UPDATE**

Mrs McGrath outlined progress since the last meeting as follows:

- (i) Solution to the VAT issue – College awaiting paperwork from BES
- (ii) Rising oil consumption would require an additional meeting
- (iii) Capital items – College waiting on paper from BES
- (iv) Security – John Moss, Pdraig McNamee, Sharon McGrath and Estates Team to meet with BES after Easter

AGREED: on the suggestion of Mrs McGrath to ask BES to the next meeting to update on progress.

7.0 **FINANCIAL PERFORMANCE OF THE BUSINESS DEVELOPMENT SECTION**

Mr Aaron Black, Head of Business Development, joined the meeting for this item.

PREVIOUSLY ISSUED to all members:

- Paper 07 Financial Performance of the Business Development Section

Through his presentation, Mr Black outlined very impressive financial performance in the Business Development Section, where targets had been exceeded and the funding outlook looked promising. He also outlined how the section was responding to the Covid-19 challenge, with increased demand on IT staff to support remote working.

Mr O’Hanlon exited the meeting during the course of this discussion.

The Chair thanked Mr Black for a very impressive presentation. He commented in particular that smarter working was a positive outcome of Covid-19 and that South West College should seek to be a leader in this field.

Mr McGuckin also commended Mr Black on very impressive key performance indicators and a positive funding outlook. He commented however that this was not an area he was very familiar with and suggested that he would benefit from Mr Black taking him through the vast range of work in the section. Dr O’Shiel added that he too would welcome this opportunity and he expressed his appreciation to Mr Black. The Chief Executive suggested taking the Finance and General Purposes Committee Meeting to Cookstown to meet some staff.

AGREED: that a future Finance and General Purposes Committee Meeting would be scheduled in the Cookstown campus with the opportunity for governors to be briefed on the work of the Business Development Section.

The Chair thanked Mr Black again and he withdrew from the meeting at this juncture.

8.0 ANY OTHER RELEVANT BUSINESS

8.1 Internal Audit Contract

Mr O’Donnell explained that the current internal audit contract with Grant Thornton expired in July 2020. CPD, he advised, were working on getting a new internal audit service in place for July 2020. He added that Grant Thornton were reluctant to extend the contract.

8.2 Hardship Report

Mrs McGrath noted that the Hardship Report had been provided for information. She advised that hardship applications for the final semester were being advertised that week, adding that the Department had been asked if the College could be flexible with criteria in the circumstances and consider small grants towards computer equipment, utility bills or internet access for students. Finally, she noted that hardship funding for the second semester had been received by students the previous week.

9.0 REVIEW OF OUTSTANDING ACTIONS

PREVIOUSLY ISSUED to all members:

- Paper 09 Outstanding Actions.

Ms O'Donnell noted that Mrs McGrath had updated on the BES contract.

The Chief Executive advised that financial summaries for the College and Erne Project had been prepared and could be shared. After discussion and on the suggestion of the Chair it was agreed that this should remain as an outstanding action.

Ms O'Donnell noted Mr O'Donnell's earlier update in relation to PFI profiling and suggested that this matter was nearing conclusion.

Ms O'Donnell also noted that the Technical Services Report had been presented to this meeting.

The resultant Summary of Outstanding Actions, including those arising from this meeting, is listed in Appendix A.

10.0 EVALUATION OF MEETING

Members conveyed their satisfaction with the proceedings of the meeting.

The meeting concluded at 10.37 am.

**CONFIRMED AND ADOPTED BY THE GOVERNING BODY AT A MEETING HELD ON WEDNESDAY
29 APRIL 2020**

CHAIRMAN _____

DATE _____

SUMMARY OF OUTSTANDING ACTIONS

Meeting Date	Minute Ref	Action
26/02/2020 08/04/2020	5.0 6.0	BES to attend next F&GP meeting to update on: (i) Solution to the VAT issue (ii) Rising consumption of oil in Omagh Campus over the past 6 years (iii) List and rationale for those capital items on the 30 year list which had been stood down after 3 years (iv) Responsibility for security (which the Chair noted was a critical issue)
26/02/2020	6.6	The Chief Executive, through the Key Strategic Issues Update, to present (i) a 5 year College Financial Summary and also; (ii) 5 year income and expenditure figures for the Erne Campus.
08/04/2020	7.0	A future F&GP Committee Meeting to be scheduled in the Cookstown campus with the opportunity for governors to be briefed on the work of the Business Development Section.