



## Business Committee Minutes

Meeting	Business Committee	Date	26 November 2020
Location	MS Teams [Virtual]	Time	3.00pm
Membership	Tim Kent (Chair), Charles Buchanan, Gail Clarke, Joanna Worby, Graham Razey, Gregg Skinsley-Stephens		
In Attendance	Chris Legg, Chief Financial Officer Andrew Stevens, Chief Operating Officer Sharon Hollingsworth, Director of Governance Paul Sayers, Chief Strategy Officer [Items 5 & 8]		
Minutes Clerk	Nicole Leader – Executive Support Officer		

ITEM	COMMENTS	ACTION
1. Welcome and apologies for absence	The Chair welcomed members to the first meeting of the academic year.  There were no apologies.	
2. Declarations of interest	There were no additional declarations to the meeting other than those declared as standing.	
3. Minutes of the meeting held 2 <sup>nd</sup> June 2020	The minutes and confidential minutes of the Business Committee meeting held on 2nd June 2020 were reviewed by the members and approved as a true and fair account.  The remote e-signing of the minutes will be undertaken by the Chair following the meeting.	
4. Matters arising not covered by this agenda:	There were no matters arising.	
5. Property Strategy	<i>This item was considered confidential and will form Confidential Minutes Part A.</i>	
6a. Draft Financial statements	<i>This item was considered confidential and will form Confidential Minutes Part B.</i>	
6b. October Management Accounts to include Q1 re-forecast	CL presented the October Management accounts and highlighted the following key matters to the committee:  Q1 re-forecasts complete, mainly positive variances in income. Overall pay expenditure shows a negative variance with the primary cause being the new posts added across the whole Group funded through the 16-19 Tuition Fund.  Although the Colleges were reporting a significant increase in adult delivery at the Q1 meetings, the Group predict that the adult education budget will not be met due to the impact of Covid-19. A significant increase in AEB was added to our contract after the budget was set and this additional income will not be delivered as it is additional core funding for curriculum that is already taking place.  Premises costs forecasted to increase, mainly due to new the Employability centre in Folkestone.  Positive movement in the EBITDA of £280,000 which maintains the budgeted 8.0% EBITDA target.  Current month income total is a negative variance of -£250,000 and cumulative to-date is a negative balance of -£34,000.  A Governor asked if this is a running monthly loss or a just a hit for one month. CL responded that this is a true figure based on the Q1 re-forecast however, we are waiting on the 16-19 Tuition Fund payment.  The Group financial health achieved a “Good” rating for the previous financial year and is expected to be maintained at this level throughout this academic year-end. All banking covenants are currently being met.  The Commercial report shows a strong start to the year for the Yarrow Hotel. The refectories have had a poor start to the year due to low uptake from students and low usage of the mobile app in some Colleges. Nurseries financial performance continues to be at a satisfactory level.  A Governor was aware that other nurseries in the area had been forced to close due to the pandemic and questioned whether this had an impact on the nurseries within the Group. CL confirmed that Folkestone nursery is growing in number and becoming more profitable. The College has been flooded with new children from closed nurseries in the area.  A Governor asked for an update on recruitment. GR reported that recruitment is 7% up using the latest report but this is subject to possible additional student withdrawals. The final return reported 346 students above allocation. GR had a meeting with the ESFA to lobby for in-year funding. DfE making a case to the Treasury for in-year support.	
<b>NOTED: The Committee noted the October Management Accounts</b>		
7 Key staff statistics on wellbeing, performance and satisfaction at Group level to include staff survey results and management action plan	AS presented the staff survey 2019-20 results. For the purpose of the Business Committee a summary of the questionnaire had been provided to members. AS highlighted the following key items:  - High levels of staff satisfaction compared to other colleges. - Comparison with previous years data is difficult due to errors in previous EKC Group calculations. - Analysis of the data has identified the individual college/business unit where the response is greater than 5% lower than the overall EKC Group average for that question and, - Any Group response which is 5% or more lower than the response for comparison colleges. - The report has been shared with Principals and Business Unit Leaders.  A Governor asked if the Principals have been asked for tangible actions that flow from the report. GR responded that the Deputy CEO	

[Principals line manager] has been asked to monitor progress in their regular 1-2-1's with the Principals and Business Unit Leaders.

GR informed the Committee that the newly appointed Chief People Officer will pick this up in early February 2021 when he joins the Group and will form part of the evidence for the People Strategy.

**NOTED: The Committee noted the Staff Survey Report 2019-20**

8 Policy Report:  
Grievance Procedure (Staff)

PS presented the Grievance procedure for Business Committee approval. The policy has been subject to further review and update following legal advice. New wording has been added in paragraph 6.9 to ensure that counter grievances can be avoided. Any counter claims can be dealt with as part of the original grievance.

**AGREED: The Committee recommended the Grievance policy to be approved by FGB.**

[PS left the meeting at 3.50pm]

9 Any other business

CL referred to the Folkestone re-development Heads of Terms [HoT's] which had been shared with the FGB previously. CL advised that the HoT's had been returned with additional caveats relating to: additional security over Folkestone College and a request for the Group to cover the legal fees for the additional security. The DfE already has security over Folkestone College.

Santander would like project oversight and have requested the Group pays the fees for them to appoint their own Project Manager to oversee the project.

**ACTION: The Committee has requested a summary of security charged against all property in the Group portfolio to be presented to the Full Governing body in December.**

SH [add to  
FGB agenda]

**AGREED: The revised Heads of Terms to be submitted to the FGB on the 15th December 2020.**

10 Matters considered confidential

Item: 5 - Property strategy

Item: 6a - Financial statements time limited until published [January 31<sup>st</sup>, 2021]

Item: 6b – Section containing Capital cash for Folkestone college.

11 Date and time of next meeting

Date of next meeting 9.30am, 11th March 2021 Folkestone  
- start half an hour early for tour of Folkestone College development site [if possible].

There being no further business the meeting closed at 4.45pm.

Signed:  .....

Print: Tim Kent

Date: 



**Business Committee minutes**


**CONFIDENTIAL STATUS – PART B time limited until 31<sup>st</sup> January 2021**

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*Italics notes absence*

ITEM	COMMENTS	ACTION POINT REQUIRED
6a. Draft Financial statements	<p>CL presented the Financial Statements and highlighted the following:</p> <p>Statement of comprehensive income: There has been a significant increase in the pension charge which has resulted in a deficit in the overall income and expenditure account.</p> <p>Balance sheet: Tangible assets increased due to the acquisition of Ashford College and Spring Lane, Canterbury [Hadlow Site].</p> <p>Cash flow: due to college closures this year a majority of the capital projects have been rolled over to this year resulting in an underspend in Capital and a healthier than planned cash position.</p> <p>A Governor asked if the pension charge will be the same for future years. CL responded that this is dependent on two factors. Firstly, potential liabilities for people in the LGPS scheme such are longevity, mortality, and membership. Secondly, the contributions received by the fund are invested, if the investments outperform the liabilities will decrease, if investments underperform then liabilities will increase. The major impacting factor currently is the low interest rate, which may decrease further.</p> <p>Loans are due to be renegotiated in 2023. If the pension charge continues at the current rate, banking covenants may be breached in four to five years. CL suggests that we seriously consider the removal of this financial covenant in the future.</p> <p>CL reported that the Canterbury College merger financial recovery period was expected to be three years but is pleased to report that this has taken two years.</p> <p>This year has had challenging circumstances, however despite these challenges the Group financial position is back where it was budgeted to be at the beginning of the academic year due to some funding streams being protected and savings in the non-pay budget. The Committee would like to pass on their thanks for the hard work that has gone into preparing the financial statements.</p>	<b>ACTION POINT REQUIRED</b>

**NOTED: The Committee noted the financial Statements**

Signed by:  ..... Print: **TJKENT** ..... Date: **6 JAN 2021** .....


The FGB Chair, CEO and the Director of Governance have been given delegated authority by FGB to review confidential minutes on an annual basis. The following minute was released for publication following the review panel meeting held on 6 October 2021. The Business Committee Meeting Part C of 26/11/20 Confidential Minute Number 6b



**Business Committee minutes**  
**CONFIDENTIAL STATUS – PART C**

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*Italics notes absence*

ITEM	COMMENTS	ACTION POINT REQUIRED
6b. October Management Accounts to include Q1 re-forecast	The Committee noted that the net current liabilities position has turned into a significant net current assets position of £7million due to the cumulative cash inflow that is normal for this time of the academic year, the level of non-pay savings currently being accrued and the receipt of the FE Estate Condition Grant which is yet to be spent. It is envisaged that the position will reduce to approximately £4million by the end of the year if the capital plans are able to be implemented in a timely way.	
 Signed by: .....	Print: <b>TJ KENT</b> .....	Date: <b>6 April 2021</b> .....