

Meeting: Board of Directors		Venue: Virtual Meeting via Zoom		Date: Thursday, 26 November 2020		Time: 4.30pm	
Minute Taken By: Jackie Kane		Sederunt: Brian Lister (Chair), Marian Docherty, Sandra Grieve, Joyce Clark, Tommy Angus, Terry Brotherstone, Richard Butt, Richard Dockrell, Angus Donaldson, Marlene Gill, Gill Hogg, Gary Husband, Andrew McGoff, Duncan Robb, Pete Smith, Dorothy Welch, Student Rep - Tony Anderson, HMI Margaret Rose Livingstone		Apologies: Stuart Capperauld, Jean Urquhart, Neil Hargraves		Absences: George Archibald	
FOR DECISION							
No.	Agenda Item	Action	When	By Whom	Status		
1.	Apologies and Welcome	The Chair welcomed the Student Representative and the college's HMI.	26.11.20	BL	Complete		
		Apologies were received from Stuart Capperauld, Jean Urquhart and Neil Hargraves.	26.11.20	JK	Complete		
		It was noted that George Archibald was absent.	26.11.20	Board	Complete		
2.	Minute of Previous Meeting (Paper 1)	Minute of previous meeting held on 24 September 2020 was approved as an accurate record.	26.11.20	BOD	Complete		
3.	Matters Arising						
	Principal's Report, including draft Financial Recovery Paper (Paper 2)	The Principal spoke to her Report and draft Financial Recovery Paper and the following was noted: Current Health & Safety Arrangements Session 2020-21 started positively, despite restrictions imposed as a result of the Coronavirus. All college arrangements align with national guidelines. Students in all courses are studying on a blended learning basis and are satisfied with these arrangements, as indicated in recent evaluation reports. Staff in all teams work from home, where feasible, and attend college on a rota basis, where this is demanded. A Covid Working Group, involving staff and students, meets regularly to monitor	26.11.20	MD	Information		

		<p>the implementation of health and safety arrangements and no significant issues have been raised to date.</p> <p>The Education Scotland Quality Framework for colleges has been suspended following COVID 19 and HMI links have been altered. HMI Margaret Rose Livingstone has attended the Learning and Teaching Committee and will continue to support and advise the college throughout the session.</p> <p>Arrangements for testing students prior to the Christmas holidays are now being finalised nationally and will be implemented once details are available. To date, there is no information about arrangements for returning to college in January.</p> <p>Financial Impact All commercial business, constituting 52% of annual income, effectively stopped in March 2020. It is not anticipated that any international business will resume before summer 2021. The college continues to pursue commercial business, where feasible, including providing a venue for film locations.</p> <p>The Board held a Scenario Planning Day on 5 November 2020 to consider college finances and further options for reducing costs and generating income. It was agreed that any further staff reductions would have a major impact on college operations and that the current SFC funding model for Newbattle was inadequate. The Board agreed that SMT should consider further options for furloughing staff and that the Chair should request an urgent meeting with SFC to seek a response to the recovery plan submitted to SFC in July.</p> <p>SFC Update On 22 September 2020, SFC requested further details from the college relating to the use of capital funding before it could make a formal response to the recovery plan. These were provided and a meeting with SFC, the Chair of the Board and the senior management team was</p>			
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finally arranged for 12 November 2020. At the meeting, SFC indicated the following:

- No additional credits were available to colleges and our current funding model would remain the same.
- The SFC budget was itself affected by college deficits.
- The capital allocation for 2020/21 could not be used to offset college deficits.
- Newbattle could request a short-term cash advance from SFC, as several others colleges had done this session. We could request the advance, based on our financial forecasts, when we require it, but this will have an impact on 2021-22 SFC funding.
- SFC asked the college to: refresh the estates survey conducted 5 years ago in order to confirm capital priorities for 2020-21; aim to spend the capital allocation by March 2021, although there may be some flexibility with this date; produce a revised financial strategy, specifying how the college planned to improve sustainability over the next 2 years; provide refreshed financial forecasts.
- The criteria for previous capital programmes excluded ICT. SFC indicated that the college could include ICT in its 2020-21 capital spend if it were seen to be essential to the student experience and curriculum development.

Capital Programme

All aspects of the 2019-20 capital programme are scheduled for completion by January 2021. The residency refurbishment has already been completed.

The college has been allocated £1.4m in 2020-21. Staff have now been consulted about priorities. Subject to the findings of the refreshed condition survey, it is likely that our priorities will include: digital development across the college; repair of masonry and flat roofs in the main building; extension of external learning and teaching facilities.

FE/HE Review Phase 1 Report

In June 2020, Scottish Government announced that SFC would conduct a review of FE and HE, focusing on coherence and sustainability across both sectors. The first stage of the review ended in August 2020 and a related report has now been published.

- 2020-22 are described as ‘emergency years’ across the sector.
- Widening access, equalities and social inclusion have been prioritised.
- Institutions should consider a ‘range of mitigating actions’ to secure financial stability.
- Supporting digital development ‘is an essential core strategy for every institution’.
- Extending collaboration across FE/HE is highlighted.
- A single tertiary education budget and a national Outcome Framework for FE/HE are being explored.
- A Transformation Investment Fund will be set up to support change across the sector.

Partnerships

Throughout 2019-20, SMT continued to discuss partnership options with a range of agencies. The following have now been prioritised:

- Edinburgh University: development and delivery of new HNC Working with Communities
- Queen Margaret University: building on existing partnerships in HNC Arts & Social Science and Primary Education to include an HNC in Early Years with Outdoor Learning.
- We are in discussion with Wisconsin University about accommodating their off-season and summer residential programme (40+ students in spring/summer/ autumn) from Sep 2021. This would include the residency and designated teaching areas and have a major impact on corporate business. We have now submitted costs and expect a response in January 2021.
- Our Adult Achievement Awards and Forest and Outdoor Learning Awards continue to develop and partnerships have extended across the country. We have now appointed a 1-year full-time Forest College Co-ordinator, with funding from Scottish

	<p style="text-align: center;">Government.</p> <p>Trustees The Trustees have decided not to develop the Business Park for other purposes and have explored the costs of refurbishing the area. This would increase rental income and present opportunities for the college to extend teaching facilities in the grounds. An initial report of refurbishment options was discussed at the Oct meeting of the Trustees, who have now committed to the following priorities in the Business Park: improving the roads; removing overhead electricity cables; refurbishing Unit 9 to create 5 additional units for rental. SMT have also been asked to submit a rationale for the extension of learning and teaching/commercial opportunities in the Business Park.</p> <p>The Board agreed that the Planning & Resource Committee (PARC) hold a meeting to discuss the following key priorities: capital spend 2020/21, commercial activities and International House. Comments will be submitted to the Board following the PARC meeting.</p> <p>The Community Woodland Ranger has won the Youth and Education Award at the 2020 Nature of Scotland Awards for Newbattle's Forest and Outdoor Learning Awards.</p> <p>Financial Strategy</p> <p>Corporate Business Despite the impact of the Coronavirus, Newbattle has several opportunities to develop corporate business in the next two years:</p> <ul style="list-style-type: none"> - With support from our Trustees, the extensive residency refurbishment has now been completed. This offers the opportunity to extend options to corporate clients and increase annual income. - Wisconsin Scotland Trust, a residential study programme run by Wisconsin University, has approached Newbattle in relation to 			
		December 2020	PARC	Ongoing
		26.11.20	MD	Information
		26.11.20	Board	Information

		<p>the college accommodating its annual programme for students and staff from September 2021. Following two planning meetings, the college has submitted costs for the proposed partnership and awaits a response in January 2021. If this bid is successful, it will generate approximately £300K every year. This would replace our existing international partnership and provide secure annual income. It would also greatly reduce the staff time involved in pursuing and managing small corporate business throughout the year. If the Wisconsin partnership is not achieved, we plan to extend our existing contract with International House and develop off-season business with UK Language Courses.</p> <ul style="list-style-type: none"> - The Business Park, which Newbattle manages for the Trustees, generates approximately £180,000 for the college every year. The Trustees have now committed to a major refurbishment of the Business Park in 2020-21. This will upgrade the roads, replace overhead cables and refurbish a disused unit. The unit in question will be subdivided into 5 units, each generating approximately £5K annually for the college. This will increase our total annual income from the Business Park to £215K and also afford the college the opportunity to increase rents for all units. - Newbattle's innovative Forest College programme and 125 acre estate offer corporate potential for a range of partners. Options include: residential team-building programmes; outdoor learning programmes for people of all ages; outdoor cultural courses; heritage crafts. In collaboration with The Institute for Outdoor Learning and NHS Lothian, we are also exploring the potential of outdoor learning programmes to improve mental health and well-being. These include a range of therapies and outdoor counselling activities for both the public and private sector. <p>Curriculum Developments</p> <p>Newbattle has been successful over the past 10 years in expanding and enriching its curriculum, in partnership with a wide range of local and</p>			
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<p>national agencies. We now plan to prioritise two developments, in collaboration with HE partners. Both are enhanced by the college's Forest College programme and residential facilities:</p> <ul style="list-style-type: none"> - In partnership with Queen Margaret University, we plan to develop and deliver an HNC Childhood Practice with Outdoor Learning, offering progression to an Early Years degree course. - In partnership with the University of Edinburgh, we plan to develop and deliver an HNC Working with Communities, offering progression to the new MA Learning in Communities. <p>Both courses offer further options to develop transition links from community-based childcare and community development programmes. The HNC Childhood Practice is also central to Scottish Government's commitment to expand childcare places. We continue to explore the potential of developing an outdoor learning nursery, in partnership with Midlothian Council. As well as generating commercial income, the nursery could offer work placement opportunities for students on the HNC Childhood Practice with Outdoor Learning.</p> <p>Our online awards programmes (Adult Achievement Awards/Forest and Outdoor Learning Awards) have increased in popularity across Scotland since March 2020. With funding from Scottish Government, we have appointed a Forest College Co-ordinator, who is extending partnerships with the public and private sector. Given the national focus on the green agenda and the unique nature of both awards, we anticipate that income from both awards programmes will increase to £40K by 2022.</p> <p>Capital Programme</p> <p>With support from SFC and our Trustees since 2018, the college has undertaken a major refurbishment of the main building, residency and external teaching areas. This enabled Newbattle to extend course provision and corporate opportunities prior to the Coronavirus. Our 2020-21 capital grant (£1.4m) offers further opportunities to enhance the sustainability of the college in several ways:</p>			
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		<ul style="list-style-type: none"> - The extension of online learning is now crucial to curriculum development and to the learning experience of students of all ages. We will prioritise the development of our ICT services in our 2020-21 capital programme. Our current ICT arrangements have been identified as high risk in the College Risk Register. Amongst other things, we need to develop a virtual learning platform to enhance the student learning experience and offer opportunities to deliver courses across Scotland and beyond. - We will establish additional learning and teaching areas in the grounds to extend curriculum and corporate opportunities for the college, as detailed above. 			
	Proposed EIS Recognition Agreement (Paper 3)	<p>The Board noted the proposed EIS Recognition Agreement.</p> <p>The Board discussed the Chairs' proposal around members joining the union and suggested that it is up to the individual whether they join or not. SMT should not advise staff that it is desirable to join a union. The committee also noted that time limits were only given as minimum and not maximum.</p> <p>The EIS Branch will be advised of the Board's proposals.</p>	26.11.20	Board	Information
			26.11.20	Board	Ongoing
			26.11.20	MD	Ongoing
	Board Membership	<p>The Chair advised the Board of Jean Urquhart's resignation.</p> <p>An advert has been placed with Good Moves and My Job Scotland and through the college's social media. The Business & Resource Manager will update the committee as and when any applications are received for new Board Members.</p>	26.11.20	BL	Information
			26.11.20	JC	Information
4.	Audit Committee Report				
	Minute of Meeting held on 12 November 2020 including Audit Annual	The Chair of the Audit Committee advised that the Audit Meeting took place before the SFC Meeting. This meant that the Audit Committee were unable to consider the Financial Statements and Annual Report.	26.11.20	Audit Committee	Information

	Report (Paper 4)				
	College Financial Statements 2019-2020 (Paper 5)	<p>The External Auditor spoke to the Financial Statements for 2019-20 and the following was noted:</p> <p>The results for the year indicate a net deficit of £675k and reserves of £118k, and a deficit before other gains and losses of £50k. The outbreak of the COVID-19 pandemic and subsequent government imposed restrictions saw the loss of all International School income as well as other income sources including Adult Achievement Awards and Forest College. Costs savings were made where possible including furloughing of staff. Operationally, the college delivered its teaching remotely from 23 March 2020 with a blended learning approach now adopted in the new term. The budget for the year ahead forecasts a deficit of £332k in light of the COVID-19 pandemic, and all core and student support funding has been secured.</p> <p>The viability of the college needs to be resolved before the accounts are signed off. The Board agreed that written assurance from SFC is required. This will assure the Board and the Auditors that the college is a going concern for the next 12 months.</p>	26.11.20	Board	Ongoing
	College Annual Report on External Audit 2019-2020 (Paper 6)	The Board endorsed the Letter of Representation included in the Annual Report on External Audit 2019-2020.	26.11.20	Board	Complete
	Credits Audit Report 2019-2020 (Paper 7)	The Board endorsed the Credits Audit Report 2019-2020.	26.11.20	Board	Complete
	Student Support Funds and Education Maintenance	The Board endorsed the Student Support Funds and Education Maintenance Audit Reports 2019-2020.	26.11.20	Board	Complete

	Audit Reports 2019-2020 (Paper 8)				
	Internal Audit Annual Report 2019-2020 (Paper 9)	The Board endorsed the Internal Audit Annual Report 2019-2020. The Board noted their concern with Edinburgh College's ICT support and are aware that this is being addressed by the college.	26.11.20	Board	Complete
FOR DISCUSSION					
5.	Risk Register (Paper 10)	<p>The Board acknowledged that the ICT high risk is discussed at every sub committee meeting. The Business & Resource Manager has commenced talks with an external consultant to address the college's ICT support. As a high priority, ICT will be discussed at a PARC meeting in December 2020.</p> <p>It was agreed that the external consultant will be invited to attend the Board Planning Day on 21 January 2021 to help with the college's digital ambition.</p> <p>It was noted that JISC have good guides on IT strategy in the FE context.</p> <p>PARC will also consider the college's commercial income during their meeting in December 2020 as this is a high risk.</p>	<p>26.11.20</p> <p>December 2020</p> <p>21.1.21</p> <p>26.11.20</p> <p>December 2020</p>	<p>Board</p> <p>PARC</p> <p>Board</p> <p>Board</p> <p>PARC</p>	<p>Information</p> <p>Ongoing</p> <p>Ongoing</p> <p>Information</p> <p>Ongoing</p>
6.	Planning Day - Theme for 21 January 2021	The Planning Day themes for 21 January 2021 will include developing a digital strategy; produce a new Strategic Plan; International House and the college's wider vision.	21.1.21	Board	Information
FOR INFORMATION					
7.	Chairs' Committee Report from meeting held on 19 November 2020 (Paper 11)	The Board noted the Chairs' Committee Minute from the meeting held on 19 November 2020.	26.11.20	Board	Information

8.	Learning & Teaching Committee Report from meeting held on 11 November 2020 (Paper 12)	<p>The Board noted the Learning & Teaching Minute from the meeting held on 11 November 2020.</p> <p>Terry Brotherstone updated the Board on discussions held with SMT and funders in relation to the Declaration of Arbroath Conference. The conference will take place virtually from 22-23 April 2021 with the assistance of CDN. The Board agreed to discuss this at their Planning Day on 21 January 2021.</p>	26.11.20	Board	Information
			22-23 April 2021	Board	Information
			21.1.21	Board	Ongoing
9.	Planning & Resource Committee Report from meeting held on 2 November 2020 (Paper 13)	The Board noted the Planning & Resource Committee Minute from the meeting held on 2 November 2020.	26.11.20	Board	Information
10.	Health & Safety Committee Report from meeting held on 13 October 2020 (Paper 14)	The Board noted the Health & Safety Minute from the meeting held on 13 October 2020.	26.11.20	Board	Information
11.	AOCB				
	Brief Summary on International House (Paper 15)	<p>The Business & Resource Manger spoke to her Summary on International House and the following was noted:</p> <p>Newbattle Abbey College (NAC) have a contract with International House London (IHL) for five years commencing 2019 through to 2023 inclusive.</p> <p>The contract commenced in summer 2019. However, due to the timing of the termination of the contract with OSCARS, the college missed IHL's marketing 'window'. This resulted in fewer bookings than may have been expected had this window not been missed. Following on from the summer season, we did expect to get off-season business.</p>	26.11.20	Board	Information

<p>However, this did not happen. There were some provisional bookings and enquiries for the start of 2020, which did not go ahead due to Covid-19.</p> <p>The college closed in March 2020, and IHL asked if we would be prepared to ‘mutually’ agree to non-payment of the £100k minimum guarantee amount for the summer. As the college was not open and could not accept students even if IHL had bookings, it was fair and reasonable to accept this proposal.</p> <p>Communication between the college and IHL has continued throughout 2020 to ensure the relationship continues. A new Director of Young Learners has been appointed, and he has visited the college and was impressed with our refurbished residency and our other facilities. However, he was very cautious about the recovery from Covid-19 and did not expect things to go back to pre-Covid until at least 2022.</p> <p>IHL have now asked us to consider a reduction in the minimum guarantee to £50k. This is as a result of IHL’s revised forecasts for 2021 and an expectation of decreased numbers as the market recovers and trust and confidence in international travel return. They would consider reviewing the ‘exclusivity’ aspect of the contract for the summer, which would mean we could look at other organisations. We have been speaking with UK Language Courses, who have a different business model to IHL, and appear to be more confident re numbers. However, everything will depend on how quickly the travel market starts to recover from Covid-19.</p> <p>The college is now in talks with Wisconsin University, about the use of the college. We have given them costs and hope to hear from them in January 2021. If this were successful, the college would want to terminate the contract with IHL. We took legal advice as to our position with regard to the minimum guarantee amount, working with another language school and Wisconsin University.</p>			
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		<ol style="list-style-type: none"> 1. If IHL do not pay the minimum amount in 2021 or advise us in advance they are not paying it without our agreement, they will be in breach of contract. However, asking us if we would accept a reduction is, in itself, not a breach. 2. If NAC accept the £50k reduction, we will be waiving our right to rely on this as a breach. 3. Unless IHL formally says they will not pay (an anticipatory breach), they will not be in breach until they have actually failed to pay the minimum sum. This will not be until Summer 2020. 4. We need to get IHL's written permission to allow UK Language Courses to use NAC in the summer, when IHL have exclusivity. However, as NAC have to accept the 50% reduction in the minimum guarantee, we are in a good position to negotiate. We could also push, at this point, for a permanent amendment to the contract re exclusivity. 5. With regard to Wisconsin, there are limited circumstances in which the agreement can be brought to an end. Clause 13 in the contract is a 'Force Majeure' clause, however, neither IHL nor NAC relied on this clause in 2020, so we would not be entitled to invoke this clause retrospectively. If there are still restrictions in place in Summer 2021, there may be grounds for relying on this clause, but that would not help us in the immediate term. 6. There is a clause of the contract relating to the failure of IHL to pay an invoice. However, non-payment of an invoice would not happen until the invoice had been issued, again this does not help us. 7. There is also a clause re it being impractical for the agreement 			
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		<p>to continue due to an event having occurred which is due to the fault, omission, or negligence of IHL. Again, this does not help us.</p> <p>At this point in time, legally, there does not appear to be any scope for NAC to terminate the agreement without exposing ourselves to a claim for damages for breach of contract/wrongful termination. We would need to negotiate an early termination if we were successful with Wisconsin University.</p> <p>The Board considered the following:</p> <ol style="list-style-type: none"> 1. We are under no obligation to agree to IHL’s request for a reduction in the minimum guarantee amount, and although IHL may want to discuss this now, there is no contractual requirement for NAC to do this. We can review this request again at the January 2021 Board. There may be some risk to our relationship with IHL if we do this, especially if we are not successful with Wisconsin. 2. If we said no to any change, it would be up to IHL to decide how it wished to proceed. There are obviously financial issues for IHL, given the current situation. If NAC has not done anything to justify IHL terminating the agreement, and the college is open for business in summer 2021, IHL may say the continuation of the contract is ‘demonstrably unviable’ from their perspective as they cannot meet the numbers previously agreed. If we are successful with Wisconsin, this may be to our advantage. If we are unsuccessful, it would damage the relationship. 3. We could open negotiations, asking for a meeting to have a ‘without prejudice’ commercial discussion with IHL and attempt to negotiate changes to the contract with them. If these discussions could be extended over Dec/start Jan, we may know our position with Wisconsin, which would help shape what we are looking for. 	December	PARC	Ongoing
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		The Board agreed that this would be considered at the PARC meeting to be held in December 2020.	2021		
	Internal and External Auditors	The Board thanked the Internal and External Auditors for their contribution during these challenging times.	26.11.20	Board	Information
12.	Date of Next Meeting	Thursday, 21 January 2021, 9.00am - 12.30pm (Planning Day).	21.1.21	Board	Information