



Impact of Brexit on running a college, preparing colleges -podcast 3 transcript

Steve Frampton: Hello, and welcome to the AoC's podcast which is all about Brexit and its potential impact on colleges. This is the third and final podcast in the series and we're going to explain to you in this session about the impact that Brexit could have on the general running of your college, including its all-important data and finance.

I'm Steve Frampton, I'm the President of Association of Colleges and I'm here today, with Julian Gravatt. Julian's the Deputy Chief-Executive, and Emma Meredith, the International Director at the AoC.

We'd like to make it clear to listeners, that at the time of recording this podcast, it's before the 31st October Brexit deadline, and the AoC will ensure that the website and guidance documents are kept up-to-date once we know a bit more about what's going on in November.

Colleges are very busy places, and management realistically have got more pressing needs day-to-day perhaps than Brexit and a potential no deal. However, there are significant risks for colleges that governors, senior leaders and other key people do need to be aware of attached to our departure from the EU. And it would be really helpful, Julian, if you could, to identify some of those risk assessments. But before I ask you to go into the detail, perhaps Emma, you could have a comment on that from your experience working with colleges day in, day out, on perhaps the short and long-term impact?

Emma Meredith: You're quite right, Steve, that colleges have lots of things to consider, lots of scenarios to plan for, and lots of day-to-day issues. Brexit is an unknown at the time of recording, we still don't know exactly what's going to happen. So, the one thing that colleges can do to help prepare for what might happen with Brexit is to take a look at their business continuity plan. It's really good practice to have a look at that and look at the issues that we are talking about in our podcast and factor those into the business continuity plan to make sure that the college can

continue to run smoothly in the event of a no-deal Brexit. And maybe there won't be any disruption at all but at least they've thought about these issues and can factor them in.

It's also a really good idea perhaps to assign a senior member of staff to lead on this, so really good for colleges to be looking at this within their SMT. Also worth a discussion at governors' level, but give this as a responsibility to a senior member of staff so that they can then work with the different parts of the college that might be impacted by Brexit.

Steve Frampton: Who in organisations do you think might take that role?

Emma Meredith: It really could be anybody on the senior team, it could be the finance director, it could be the chief operating officer. It really could depend, but the important thing is that it's not going to be one person's responsibility, it's going to be a team activity because Brexit could impact potentially different parts of the college. So, bring in your HR director, bring in student services, curriculum areas, and probably your international team and your estates team as well.

Steve Frampton: I know many colleges have actually asked a governor to take some responsibility for that and join those sorts of groups that colleges have taken up, do you think that's good practice?

Emma Meredith: I think it is good practice that governors are aware particularly at a strategic level of what may happen without actually getting involved in the operational detail, that can be left to the running of the college.

Julian Gravatt: Yes, take I think it's really important that people focus on what they actually need to do here. Government is putting lots of advertising out to say that everybody's got to get ready, and so it's very important for colleges to work out and home in on what exactly it is that they need to do and why it is that they need to make any changes.

Steve Frampton: Julian, can I come back to this risk assessment point? Because obviously the other critical thing as well as the business continuity plan is the risk assessment. This will involve governors as well. Perhaps you could take us through from your vast experience on this, what sorts of things should colleges really be looking at in their risk assessment around this?

Julian Gravatt: Brexit's going to affect all 250 colleges in different ways, and some colleges will be more affected if for particular things, particular characteristics they have and particular issues.

The first one of that would be if they have quite a few staff who are EU nationals or quite a lot of students who come from specific EU countries. That may mean that they then have more people who are

slightly more worried and so they have to then think about what to do on those sorts of people issues.

Second risk area would be if they have quite a lot of people travelling to the EU, so the particularly big Erasmus+ programmes or student exchanges. The fact that the Brexit date is after half term or end of half term might make that a lower risk but this could be an issue, so that's number two.

A third area of risk is if colleges are in locations that will possibly have more disruptions, so they're near major ports like your college, Steve, or if they're particularly near certain points where there might be disruption, like the Dartford Tunnel is another one that governance highlighted.

The fourth area is if colleges have residential accommodation. If there is significant disruption, and Government keeps reassuring everybody there won't be, and then the fact that colleges have potentially got hundreds of people within their care, then they need to anticipate what consequences that could have if it's, for example, difficult for people to get back weekends or suchlike.

A fifth area which is possibly linked to the fourth area is if colleges have land-based colleges and have animals onsite and then there are going to be issues to do with veterinary supplies and they're going to be watching closely to make sure that there's the right, so vet and pharmaceutical things to make sure that outbreaks of disease are controlled.

Steve Frampton: Can we pick up on that one a little bit? Do you know whether the departments have been supportive of the land-based colleges over the Brexit proposals?

Julian Gravatt: I think the land-based colleges are pretty tied in to some of these arrangements. They had the experience 20 years ago of foot and mouth closing sites for weeks on end, and so as a result the whole sector had to adapt and change, and then the more recent swine flu epidemics and things.

So in a sense I think, as a sector, colleges are used to thinking about these sorts of issues but they need to make sure that they're tied into the Defra advice, and I'd be confident then the vast majority are, but it's just worth making sure that somebody's checking if anything new has come up.

In terms of a risk area, we covered the first five risk areas which is to do with people, travel, domestic travel, residential accommodation,

animals. Risk six then is if colleges have got a lot of work for particular employers whose business may be disrupted by Brexit. So, there are some colleges who have dozens of apprentices linked in for example to car companies who may then be adjusting their production and their routines and their schedules, and there are going to be issues then. If things do go particularly badly wrong, we may get situations where particular companies actually shut up entirely, and that could then have consequences.

Steve Frampton: Perhaps I could pick up on that a bit later and we can cover that in more detail, because a couple of colleges have contacted us about that very, very real risk.

Julian Gravatt: Then the seventh area of risk is if colleges have a particularly time-critical capital project and so they have particular supplies which they're expecting to get from other EU countries. I suppose it's then just understanding with the project managers and other people dealing with the project, what it is that those risks and issues might be.

Steve Frampton: Is that something particularly on the latter one that governors could explore? Is it these time-critical capital projects? And there will be a few of those in the sector at the moment?

Julian Gravatt: Yes, sadly because of shortage of government funding there are fewer of them than there might have been in the past, but I can definitely think of a couple of cases where people are pushing really hard to make sure that that facilities are ready in time, and this could be a disruptive factor.

In a sense, all that Brexit does is it amplifies some of the issues that colleges ought to be considering already through their business continuity plans and their other [risk] plans, and effectively what they need to do is to understand that certain things in the wider environment may change in a way that then means that other things need to happen within the colleges' activities.

Steve Frampton: Thank you, Julian. You mentioned funding there and I think this is obviously a critical one. Perhaps, Emma, I can come to you on this. While of course we all very much welcome the government's recent commitment to invest in colleges, long overdue, and we're actually talking in the middle of Love Our Colleges Week. It's been fantastic to see the colleges' response to that because of course funding is always a major concern. How might funding from EU sources change post-Brexit do you think, Emma?

Emma Meredith: We've talked quite a lot in our other podcasts on people and travel about the Erasmus+ programme and the need for colleges to make

sure they've registered with the government's guarantee that will underwrite that project in the event of a no-deal Brexit. Otherwise the projects continue, if we leave with a deal, until 2020.

The same applies to another important EU programme that many colleges have been involved with, and that's the ESF programme. The UK will continue to participate in ESF programmes if we leave with a deal until the end of 2020, so the programmes remain funded until the end of 2020.

For ESF, in a no-deal Brexit, again there's another government guarantee that would cover ESF until the end of 2020, and the processes by which the projects are managed would remain largely the same, make sure you've looked at that government advice about ESF and Erasmus so that your projects can continue.

Steve Frampton: Can you remind people where that government advice is, please?

Emma Meredith: Sure. For Erasmus+ it's through the Cabinet Office portal, so the Cabinet Office has got some information that colleges can access. Also, the National Agency Ecorys communicates with all the colleges that are participating in the programme as well. If anyone has any doubts, they can just contact us, we have a dedicated email address for Brexit planning, it's Brexit@aoc.co.uk, so any time colleges can contact us.

Steve Frampton: That would be great. Julian?

Julian Gravatt: One thing that sometimes people might think would be a good thing about Brexit is the fact that we'll escape the ESF bureaucracy, but unfortunately whether we leave with a deal or not with a deal we're going to have to make sure that the appropriate audit monitoring evaluation arrangements are up to standard up until December 2020 in any scenario.

Emma Meredith: Just to add to what Julian's saying, we know the government's intending to introduce a scheme called the Shared Prosperity Fund to replace ESF, so once we have more information about that, again, we'll be able to communicate that out to colleges, but the government has been looking into what that programme might contain.

Steve Frampton: When do you think we might hear more on that; do you have any idea?

Julian Gravatt: Well, it was promised two years ago and we're still waiting for a consultation paper, so I wouldn't bank on it coming out next week but I definitely know work is underway on it between DfE and the

communities and local governments departments, so at some point we'll have a bit more clarity on what happens with that.

Steve Frampton: Have we been involved in helping shape that?

Emma Meredith: We have, we've sent in a consultation paper about ESF and we work closely on Erasmus with the National Agency and with the Department for Education, so the government will have to look at how it replaces these two programmes that are great enablers of social mobility and community opportunity, how it's going to replace those if we leave the EU.

Steve Frampton: Thank you very much for that. Julian, there's likely to be significant potential disruption to college finances. The effects could be quite wide ranging, cash flow, procurement, European accounts. What do you see, is that the big three?

Julian Gravatt: Yes, I think for most colleges it will be business as usual on that, which of course means lots of pressure on cash and finances from other sources, you know, the process of keeping government funding just enough to cover their spending that they have.

But what colleges need to think through and anticipate is the fact that a no-deal Brexit could involve additional costs say in November or December, and could then affect apprenticeship income or EU student recruitment, people then not coming back, that that could then affect fee income in January.

So it's one of those things that as with anything that colleges do with cash flow, you have to assume the normal scenario and then just think through what would happen if these negative things happened and would the institution be covered for the period basically between now and Easter would be of a particular point.

Steve Frampton: You're thinking that finance teams and perhaps governing bodies need to model those potential impacts over that three to six-month period?

Julian Gravatt: Yes, the low point for college cash is always March, so it's just understanding what the position is likely to be and what would happen if things were slightly worse for worse, if particular additional costs hadn't been anticipated.

I mean it's normal business for a college finance team, but just making sure that they've added this to all the others risks and issues that they could face as an institution.

Steve Frampton: Yes, I would have thought therefore about contingencies that they need to put in place.

Julian Gravatt: Yes.

Emma Meredith: That goes back to the business continuity plan that we were talking about at the start, so factoring these kinds of financial controls into that plan and having conversation between the FD and the different budget holders amongst the college.

Steve Frampton: How are we sharing the best practice that exists on that, how are we getting that out to our members, Julian?

Julian Gravatt: That's a good question. Finance directors are tapped into the JISCMail, and that's a classic place where people sometimes see if they can share information. There's the normal AoC networks. We don't have a specific thing on Brexit but again I'd encourage people to ask us questions through Brexit@AoC.co.uk and we may be able to then help refer people to the right place.

Steve Frampton: But those networks are fairly well established now, aren't they, and people can be confident in them. I know my finance director never missed a day when something useful didn't pop up.

Emma Meredith: I think as well because we've got colleges all across the UK, colleges that are outwith England, it's important as well that we share best practice between the four countries within the UK because there's a lot that we can learn from each other and the different kinds of planning that's taking place.

Julian Gravatt: I'd also say that we're talking specifically for colleges but most of the issues that we've discussed also apply in other parts of the education space. The information on our website on Brexit is publicly available, and then it's also a matter of certain issues then picking up what it is that's available on the government website. That would, for example, apply to the procurement issues.

Steve Frampton: Supply chains, procurement, are there any particular issues? You've mentioned the larger capital projects, any other areas that colleges should really focus on?

Julian Gravatt: Yes, I think there's a whole set of, what I say are slightly tedious technical details about what happens if you're buying things from other parts of the EU and if in a no-deal scenario we start to have tariffs and different customs rates applied. And anybody who's bought something from Amazon finds accidentally it came from India or United States

sometimes finds that the package gets held up at the airport and then there's some kind of customs expected to be paid.

Colleges are going to have the same sorts of issues. Government advice on this is that businesses should apply for an EORI number and make sure that the suppliers that they're buying from know that number, and that then will help smooth through these things.

These issues will only really happen at the point at which either we have a no-deal Brexit which is still possible for 31st October, or if after we have had a Brexit, we have some kind of new trade arrangements. But it's effectively, the first point is understanding where it is that supplies come from and so dependent on the size of a college there will either be somebody who's particularly got control over that, or finance teams may know where the information is. It's just making sure that the people who need to think about this are thinking about it.

Steve Frampton: Can I take you back to that EORI, one of the many specific technical things you're infamous for, Julian? Is it a complex procedure to apply for?

Julian Gravatt: I think it's something that apparently takes five minutes to get, but I've not personally tested this myself, and I'm sometimes slightly sceptical about whether things are quite as simple. There's quite a lot of information from HMRC on this, so all I can do is to encourage people to think whether they need to do it, apply, and then if there are problems then do please come back to us.

Steve Frampton: I think that's the thing, we'd be really grateful to know when you are actually applying. Is it the five minutes, and Julian would be very grateful to know that.

What about euro accounts? Presumably currency fluctuations?

Emma Meredith: Yes, absolutely. We don't know obviously yet the final outcome of Brexit so currency levels may fluctuate like they did after the referendum vote. It's just something for college finance and probably international teams or any teams that are involved in Erasmus, perhaps in the college curriculum areas to look out for, that if they've got some amounts of money in euros that that might actually change depending on what happens with Brexit.

Or equally, if they are buying euros or paying with pounds into the EU, they might not get the same exchange rate, so particularly if a college is perhaps negotiating a contract and they need to pay it in euros or they're going to get paid in euros and they're looking at the value of the pound, it's worth thinking about looking ahead to what the likely rates

might be and just making sure that you have a bit of a buffer there so that you don't lose out.

Steve Frampton: Absolutely. Talking of time consuming and tedious technical detail, we can't really have a look at the issue without coming back to our good friend GDPR. Always high on the agenda of college senior managers and particularly finance managers and the person responsible in the colleges of course.

Will Brexit affect data transfer in or out of the UK, do you think, Julian?

Julian Gravatt: If there's a deal, then Brexit will effectively continue the existing arrangements, and the UK's Data Protection Act was made to be GDPR compliant, and so the assumption will be is that things would continue as they were set up last year.

If there's no deal, then there is a risk for those colleges who are transferring data into or out of the EU. The two particular scenarios that we've identified or think about are either if for some reason the data that they're collecting in the IT systems is based in the EU, which it could of course for these purposes include Dublin but it might include Germany, Holland, who knows.

The second case is where data has just been exchanged as part of a normal thing with the EU partners in terms of the Erasmus projects and student exchange and the like.

Steve Frampton: I've heard reference by several people to UK-EU27, Julian. With your eye for detail, what is UK-EU27?

Julian Gravatt: The EU27 are the 27 countries in the EU. So, if for example a German exchange partner is then going to be sending details to the college in advance of a visit, then what the college is going to need to make sure is that its contract's been amended and adjusted. This is mainly about helping the EU partners to be covered for GDPR, so it's data transfer from the EU27 into the UK is the thing that people need to be covered from. So the sort of defensive measure that colleges should take is to basically include these tedious contractual clauses into contracts and to make sure they explain to EU partners why it is they're doing that.

This is a really specialist area and there are lots of places colleges can get advice from. We're currently just confirming the contractual arrangements with the lawyers. AoC has, but the government website itself provides some standard contractual clauses which colleges need to include within contracts with EU partners.

Emma Meredith: It's worth adding it's probably going to make some of the contracts a bit more cumbersome and some colleges have been a bit worried about how that looks to their EU partners, but I think at the moment that's what we've got to go with and just adapt the contracts at the moment until we can see if there's any clarification from the government further down the line. It's just something to be mindful of just now.

Julian Gravatt: Neither Emma and I are experts on this subject, and likewise there are some GDPR experts and data protection experts in college, but sometimes it's worth just covering yourself in terms of making sure that if this is a significant activity, you've properly checked things through your lawyers.

Steve Frampton: We're doing that as well though?

Julian Gravatt: Yes.

Steve Frampton: When do you think we'll be able to share that legal ruling?

Julian Gravatt: We'll have something in the next couple of days available through the AoC Brexit website or through asking the enquiries through our advice line.

Steve Frampton: Excellent, and I think members will find that really useful. Can I take you back a little bit because you did talk earlier on about apprentices, and I know colleges are potentially concerned. One of the domestic consequences of Brexit could involve employers and their apprentices. How could a no-deal Brexit affect the employment of our apprentices?

Julian Gravatt: This is trying to work through some of the bad news that could be associated with Brexit in terms of disruption, and there are two particular areas. Either it would be a case in which an employer makes an apprentice redundant entirely, or the second thing would be in which cases of scheduled change meant that there was disruption to the training that was available.

In the first case, the redundancy case, there's some fairly clearly spelt out rules within the ESFA apprenticeship funding rules which say that if there's a short period of time which is possible for the college to then effectively transfer the apprentice, but if they haven't transferred them within that time then they have to record them as left, and that then has consequences of course that they can no longer claim the funding. So, there's a direct income hit and it will also potentially affect success rates.

But if the apprentice is only six months from their end date, and if a college can reckon they can complete them, then it's possible for the college to do that.

This is clearly set out in the rules but it'd be worth colleges thinking through the fact that this could be something that happens as a result of Brexit, there could be certain sectors where there are issues.

Emma Meredith: The average college works with over 500 employers, so it's definitely worth getting the business development team, or whichever team manages the apprenticeship work in the college, working with the curriculum teams to know who the employers are that you're working with locally, and just maybe trying to measure the scale of the number of apprentices you have and whether there could be any difficulties for the companies that are taking the apprentices, and then maybe have a conversation with those companies as well.

Again, this is a little bit of an unknown at the moment but it's certainly one colleges should be aware of.

Julian Gravatt: Then the second area of change is if the apprentice is still employed but the training or the assessment stops. I mean, a company says I know we're in the distribution business or something and the first priority is to do the job so we can no longer provide the training. If the college knows that the training or assessment has stopped, then they can't claim any more funding and they need to report the change via the ILR.

Apprentices in these cases have employment rights so they need to make sure the apprentice isn't still being paid an apprenticeship minimum wage and they're not actually getting any training.

Each case needs to be worked through but there are these two specific cases, one of which is for job loss scenario, and the second which is the training finish scenario. Those both come back to the fact that there could then be a hit to income that colleges are getting each month.

So that's why if we had disruption in November and December and that then fed through to less income in January and February and then to a low point in March, that's why you have to think through what those scenarios might be.

Steve Frampton: Absolutely, but making sure people can access that technical information is really important. So Emma, would you like to remind people and signpost them to where they can access it?

Emma Meredith: Sure. We have three podcasts that we've recorded about Brexit. This one is on running the college. We've got one on people and travel. You

could also look at the government's websites: Get Ready for Brexit, and the No-Deal Notices. Also at AoC we've produced a pack to guide colleges, a Brexit readiness pack, that's available on our website if you just Google "AoC Brexit" it'll come up. We've also got a webinar as well where we'll cover lots of these issues as well for colleges.

Steve Frampton: That will be really helpful. The other thing is we're really, really keen to learn from the sector about their experiences as they happen, and we'll facilitate sharing that information, won't we, Julian?

Julian Gravatt: Yes, definitely. Even if things change in the next couple of days, I guess we're going to be coming back to these same issues in the future, so let's just keep the dialogue going.

Steve Frampton: Yes, thank you very much indeed. I'd like to finish with a top tip from both of you. Julian, as you've got the microphone, what's your top tip for people?

Julian Gravatt: I think the top tip would be is don't just listen to the information but do just act and make sure that you've got, your business continuity plan is up-to-date and your risk assessment is up-to-date.

Steve Frampton: Emma?

Emma Meredith: Make sure you've talked about this with your senior management team and with your governors so that the leads for all the strategic and operational areas of the college are aware of what's going to happen.

Steve Frampton: The phrase you've used repeatedly with all of the podcasts, both of you, basically it's keep calm and carry on, and let's get the funding that we're going to need, no matter what the future's going to be so that colleges can be the vibrant community centres that they need to be.

Julian Gravatt: Yes, love our colleges.

Emma Meredith: Love our colleges.

Steve Frampton: Love our colleges. Signing off from the three of us, can we say a huge through to all our audience and we've enjoyed making this and we hope they've been very, very useful.

Thank you very much indeed.