

# List of Signatures

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## Minutes\_Resources Committee\_030322.pdf

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# Resources Committee

Thu 03 March 2022, 17:00 - 18:30

MS Teams



**Present:** Diane Brennan (Governor - Chair), Alison Chambers (Governor), Susan Spibey (Governor), Harinder Dhaliwal (Governor), Anna Dawe (Principal)

**In attendance:** Joanne Platt (Clerk to the Governing Body), Steven Scott (Finance Director), Louise Brown (Vice Principal Corporate Services), Dave Harrison (Assistant Principal - MIS and IT)

## Meeting minutes

### 1. Apologies for absence

RC22-03-01

There were no apologies for absence.

### 2. Declarations of Interests

RC22-03-02

There were no declarations of interests.

### 3. Minutes of the previous meeting and matters arising

RC22-03-03

The minutes of the previous meeting were agreed as a correct record, save that Susan Spibey asked for her apologies to be recorded. In relation to the actions, it was noted that the additional information under Minute No. R21-11-06 had been sent to the Chair but had not been received due to issues with the Chair accessing her college email account. It was agreed that this would be provided again.

**RESOLVED:** Subject to the recording of Susan Spibey's apologies, the minutes of the meeting held on 18 November 2021 were approved as a correct record.

### 4. Management Accounts

RC22-03-04

The Committee considered the Management Accounts to the end of January 2022, noting a year to date operating surplus (before FRS102 adjustments) of £1.136m against a budget £666k which is a positive variance of £470k. Cash balances at the end of the period were £10m (111 days) and ESFA key performance indicators showed the College's financial health will maintain a minimum of good at year-end and all bank covenants are compliant with the terms of the facility agreements. The Committee noted that January, February and March are historically the three months when the ESFA funding for colleges is at its lowest as a result of the way funding is allocated, but the College is nevertheless forecasting a strong cash position during that period.

The Committee noted that income gains on apprenticeships were as a result of both new starts but also improvements in the enrolment process and more timely sign ups. Fluctuations in relation to the pay line are as a result of recruitment issues but are likely to be resolved over the course of the year. The impact of the social fund levy will cost the College £70k in the current year, increasing to approximately £210k per annum in future years based on the current pay bill.

The Committee noted the College's strong position particularly in light of the pandemic. In response to questions from Governors, it was acknowledged that increased utility costs are a concern and have been factored into the budget reforecast to be considered under Item 5 below.

It was noted that the College is doing some work on reducing energy use both to reduce its energy footprint and to reduce costs and Governors noted that any surpluses would be re-invested into more efficient equipment.

**RESOLVED:** The Management Accounts to the end of January 2022 were approved.



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## 5. Mid-Year Budget Re-Forecast

RC22-03-05

The Committee considered the budget reforecast for the current year, noting that the budget approved by the Governing Board at its meeting on 12 October 2021, forecast an in year deficit after FRS102 adjustments of £303k. A review of the original assumptions based on the current FE environment together with some clarification on previous expectations, has resulted in a forecasted improved position with a predicted deficit of £275k, and a predicted minimum ESFA financial health grading of "good" whilst also allowing the College to operate within the terms of its banking covenants.

The Committee noted that a lot of gains had arisen from improved efficiencies. However, there were very few further efficiencies available for the College to pursue.

The Chair noted that the October budget report had shown an increase in employers NI contributions and questioned if this was as a result of the social fund levy. It was agreed that the position would be checked and reported back to the Chair.

In response to a question from the Chair, it was confirmed that resource bids are funded from the gains the College has made against income lines to allow for £150k re-investment in curriculum areas. Allocations are made on a bid basis from various budget holding areas.

Governors asked what the main risk areas are and it was confirmed that in-year changes to the adult education funding rules and impact on the budget (both national and devolved funding) create uncertainties. Whilst not a substantial risk, it is an unknown that is closely monitored. The other risk area is in relation to rising utility costs.

**The Committee noted the report**

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## 6. Fees Policy

RC22-03-06

The Committee considered the Fees Policy for 2021-22, noting that it has been prepared taking into account the latest available guidance and policy changes issued by the ESFA and the GMCA. It was noted that the changes have no impact on equality and diversity.

In response to questions from Governors, it was noted that there does not appear to be a trend in the sector of increasing fees due to rising costs and that the College is not proposing to increase HE fees at this time. It was noted that there will be an increase in the base funding rate next year for the first time on 10-years, which was welcomed by the Committee.

**RESOLVED:** To recommend the Fees Policy to the Governing Board for approval at its meeting on 22 March 2022.

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## 7. Finance KPI Dashboard

RC22-03-07

The Committee reviewed the Finance KPI dashboard, noting that there is an improved position with only three amber KPIs compared to seven in Q1. Performance in relation to recruitment of self funded students has deteriorated since Q1 and both this and recruitment of students on FE loans are unlikely to recover before the end of the year. Debt charges as a percentage of income has increased from Q1 and in response to a question from a Governor, it was noted that the College's interest rate is fixed at base rate plus 2.25%. It was noted that the cost of this increase is not shown in the budget reforecast and it was agreed that this information will be provided to the Chair.

**The Committee noted the report**

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## 8. HR KPI Dashboard

RC22-03-08

The Committee reviewed the HR KPI dashboard, noting that absence rates had increased since Q1 as a result of the Omicron variant of COVID, which was now starting to settle. Staff turnover has also increased and analysis of this is underway. However, it was noted that this is a general trend as a result of the economy starting to recover post COVID and higher salaries and career opportunities being offered. Newly appointed staff are however being retained as a result of a variety of support measures in place and the Committee noted that two of the Colleges apprentices had now moved into permanent roles and that recruitment of new apprentices was underway.

Governors noted that the College isn't on a level playing field and is unable to compete with salaries offered by the private sector. However, a lot of effort is put into making working for the College a good experience and the Committee thanked the Team for their efforts to support staff, the results of which was evident during the recent link visits attended by Governors.

**The Committee noted the report.**

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## 9. Strategic Chapter: Mid-Year Update



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## 9.1. Investment for the Future

RC22-03-09

The Committee considered the Strategic Plan update, with a focus on the actions in the Investment for the Future chapter. It was noted that most had been covered in previous reports and that all actions are currently on track.

The Committee noted the report

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## 10. Capital Projects - verbal update

RC22-03-10

The Vice Principal Corporate Services gave a verbal update to the Committee, noting that in relation to the DfE Transformation Project, the College was still waiting for confirmation from the DfE on the option to be pursued and the College's financial contribution. There is a further meeting with the DfE Team next week but in the meantime, the DfE team is in discussions with planners and the current indicative timeline is for a start on site in January 2023. The Committee noted that a fuller report will be provided at the 22 March meeting of the Governing Board when it is hoped that more information will be available.

The Committee noted the update.

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## 11. Any other business

RC22-03-11

There were no items of other business.

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## 12. Date and time of next meeting: Thursday 9 June 2022 at 5.00pm

RC22-03-12

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## 13. The meeting closed at 5.48pm

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## 14. Actions:

### RC22-03-07:

Provide information to the Chair on the cost of the increase in debt charges as a percentage of income.

Action by: Finance Director

RC22-03-05: Confirm if the October 2021 Budget report included the impact of the social fund levy on employers NI contributions and report back to the Chair.

Action by: Finance Director



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