

MEETING OF THE RESOURCES COMMITTEE

5.00PM ON THURSDAY 18 NOVEMBER 2021

ON MS TEAMS

PRESENT:

| | |
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| Diane Brennan (Chair) | Governor |
| Harinder Dhaliwal | Governor |
| Anna Dawe | Principal |

IN ATTENDANCE:

| | |
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| Joanne Platt | Clerk to the Governing Body |
| Steve Scott | Finance Director |
| Louise Brown | VP Corporate Services |
| Dave Harrison | Assistant Principal IT, MIS and Subcontracting |

The meeting was quorate.

| Item | Minute No. | Minutes |
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| 1 | R21-11-01 | APOLOGIES Apologies for absence were received from Alison Chambers and Susan Spibey. |
| 2 | R21-11-02 | DECLARATIONS OF INTERESTS There were no declarations of interests |
| 3 | R21-11-03 | MINUTES OF THE MEETING HELD ON 10 JUNE 2021 The minutes of the meeting held on 10 June 2021 were approved as a correct record for signature by the Chair. |

| Item | Minute No. | Minutes |
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| 4 | R21-11-04 | <p>MATTERS ARISING:</p> <p>The Committee reviewed the action sheet and noted that the information requested by the Committee was a matter for the Curriculum and Student Matters Committee, albeit that the issue was raised by the Committee as it impacted on income.</p> <p>The Principal nevertheless gave an update to the Committee, confirming that performance in relation to Level 4 and Higher Degree Apprenticeships which had been adversely affected by the Pandemic, was now improving.</p> |
| 5 | R21-11-05 | <p>ANNUAL REPORT AND ACCOUNTS 2020-21</p> <p>The Committee considered the draft Annual Report and Financial Statements for the year ending 31 July 2021, noting that this had been considered by the Audit Committee at its meeting on 17 November.</p> <p>The Committee noted the reconciliation between the July 2021 Management Accounts (as presented to the Governing Board in October 2021), and the Financial Statements for 2020-21, which showed movement in surplus between the two sets of accounts relating to FRS102 pension charges which are split between pay (current service costs) and non-pay (interest) lines.</p> <p>It was noted that the FRS102 pension adjustment is a non-cash entry and is not taken into account as part of the ESFA's Financial Health assessment or as part of the calculation of the College's banking covenants.</p> <p>In relation to the amortisation of the revaluation reserve, it was noted that the net impact of the changes has resulted in no differences in the forecast surplus reported to the Board in October 2021. There is no impact on cash balances and these results are not subject to any additional audit adjustments. The total operating deficit for the year was £618k.</p> |

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| | | <p>The College's Financial Health will continue to be 'Outstanding' based on these results for 2020-21 and the College will remain compliant with all its banking covenants.</p> <p>The Committee noted that £4.4m of capital had been spent on upgrades to the estate during the year.</p> <p>Year-end cash balances were £10.1m, although it was noted that some of this may need to be returned to funders and there had been a year on year improvement on cash days which were 120 days at the end of 2020-21.</p> <p>The Committee noted that the financial statements require approval by the Governing Board at the meeting on 7 December 2021 prior to submission to the ESFA by 31 December 2021.</p> <p>The Chair congratulated the Finance Director and his team for their work. She confirmed that it was helpful for the Committee to see the year-end financial statements before they go to Board for approval, to close the loop and confirm that the management accounts the Committee reviews throughout the year are true fair and accurate.</p> <p>The Committee noted the report.</p> |
| 6 | R21-11-06 | <p>MANAGEMENT ACCOUNTS</p> <p>The Committee considered the Management Accounts to the end of October 2021, which showed actual spend and variances compared to the approved budget.</p> <p>It was noted that the accounts show a year to date operating surplus (before FRS102 adjustments) of £2.095M against a budget £1.975M which is a positive variance of £119k.</p> <p>Cash balances at the end of the period were £11.145M (123 days). This is higher than the originally budgeted £7.4M (82 days) and remains within the 30 day threshold adopted by the College and reported in the annual financial statements.</p> |

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| | | <p>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.</p> <p>In response to a question from the Chair, it was confirmed that differences in relation to cash flow compared to the budget forecast is a timing issue, linked to adjustments for debtors and an increase in accruals.</p> <p>The Chair also noted the high figures for payments in advance. It was agreed that this will be broken down into categories and details sent to the Chair, to provide greater clarity.</p> <p>In response to a question from the Chair in relation to the impact of inflation on pay and the budget overall, it was confirmed that the annual staff pay award (if approved)' has been budgeted for in the forecast, although the new 'health tax' which will apply for a quarter of the current financial year has not been budgeted for in the start of year budget but will be included in the January re-budgeting exercise. .</p> <p>The Committee noted that the proposed pay rise was affordable and was expected to be in-line with, if not above the AoC's recommended pay rise.</p> <p>The Chair noted an anomaly in the report in relation to cash balances and it was agreed that the Finance Director will clarify the figures to the Chair.</p> <p>The Chair also asked if there are any areas of concern in relation to income and it was confirmed that the only area of uncertainty relates to the Adult Education Budget (AEB), as it is not yet clear if the GMCA will seek to clawback funding due to the impact of the pandemic. This will be taken into account when the re-forecast is considered at the next meeting, but may be in the region of £250k, with an additional £250k potential clawback from the national AEB. Over performance in other areas will however help to mitigate against this potential loss in income.</p> <p>RESOLVED: The Committee approved the Management Accounts to the end of October 2021.</p> |

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| 7 | R21-11-07 | <p>ESFA DASHBOARD</p> <p>The Committee considered the ESFA Dashboard, noting that following the ESFA review of the College's financial plan submitted in July 2021, it had been concluded that the College's financial health grade for 2020-21, based on the outturn forecast, was 'good', but that this has been upgraded to 'outstanding' following a review of the College's audited financial statements.</p> <p>It was noted that there was an anticipated national downward trend of colleges 'requiring improvement and satisfactory'. The indicators used in the dashboard may be changed in the future but if not, the College can forecast outstanding financial health for the foreseeable future. The Committee noted that the College is above national average on all measures with the exception of pay costs where it is below the national average.</p> <p>In response to a question from the Chair in relation to actions to be taken by Governors to effectively oversee the College's financial health, it was confirmed that the trigger points for Governors are the financial plan submitted to the Committee and Governing Board in June and July each year, and the actual outturns reported in the management accounts and the year-end financial statements.</p> <p>It was noted that the analysis of the College's approach against the model management accounts considered under Item 15 below confirms that the College is doing everything it should to provide assurance to Governors. However, a new transparency framework is expected to be published which may result in new financial health criteria.</p> <p>The Committee noted the report.</p> |
| 8 | R21-11-08 | <p>FINANCE KPI DASHBOARD</p> <p>The Committee considered the Finance KPI Dashboard, showing performance to the end of October 2021, and focused its attention on those measures currently showing as amber on the dashboard.</p> |

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| | | <p>In relation to the EBITDA target, it was expected that the College will meet the target as the year goes on, as income is likely to increase which will reduce the debt charge to income ratio.</p> <p>ESFA target will be met by year end hence the amber rating on the dashboard. However the enrolment target for next year will still increase marginally and the 3 year budget has assumed no growth. There is also a reduction in the national contribution to the AEB. However, both HE and apprenticeship income are on track to perform above budget. Loans are £5k below budget.</p> <p>The Committee noted the report.</p> |
| 9 | R21-11-09 | <p>HR KPI DASHBOARD AND REPORT</p> <p>The Committee considered the HR KPI Dashboard, showing performance to the end of October 2021. It was noted that there has been a focus on continued engagement and enrichment for staff wellbeing post COVID.</p> <p>Absence rates have nevertheless risen to 4.8% above the sector benchmark of 3%, which reflects the influence of seasonal viruses post pandemic, which have had an impact nationally. The College continues to monitor this and manages absences in accordance with its absence management policy.</p> <p>The Committee noted a new Ethnicity Pay Gap KPI added to the Dashboard. Although this data is not yet mandatory, the College is starting to collect and model this data and to develop an action plan in preparation for this becoming mandatory.</p> <p>Other KPIs added include employee engagement measures in preparation for The Education Staff Wellbeing Charter, which is due to be launched this term. This asks Education providers to sign up to the charter to signal intent to come together with people across the system with the shared aim of improving wellbeing at work.</p> |

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| | | <p>The Chair congratulated the VP Corporate Services and her team for the excellent engagement work they have done, noting that an increase in absences is not unexpected in light of the pandemic.</p> <p>In response to a question from the Chair in relation to the College's own apprenticeship target, it was confirmed that this is an aspirational target, aligned to the College's commitment to talent and succession planning.</p> <p>In relation to staff counselling, it was noted that no sessions have yet taken place but that the pilot had been well received by staff and accordingly, it is anticipated that the target will be met as the year goes on.</p> <p>The Committee noted the report.</p> |
| 10 | R21-11-10 | <p>ANNUAL HEALTH AND SAFETY AND ESTATES REPORT</p> <p>The Committee considered the annual report for Estates Management and Health and Safety, for the year up to October 2021.</p> <p>It was noted that the College continues to maintain COVID-Secure facilities across all College sites and operations to protect learners, staff and others attending or using its premises. Improvements have been made to ventilation across all buildings and the College will be installing CO2 monitors issued by the DfE in designated areas across all College sites.</p> <p>Progress is underway as part of the feasibility study for the DfE Transformation Project which will see the replacement of the School for the Arts building and the remodelling and refurbishment of the Parsons Walk campus.</p> <p>Extensive surveys have been undertaken by the appointed project team and the College is currently engaging with the DfE to develop the feasibility study and the formulation of a detailed project design with a view to the works commencing in the summer of 2022.</p> |

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| | | <p>In response to a question from the Chair, it was confirmed that some of the amber targets on the estates dashboard are linked to the capital works and will be addressed in the longer term when the building works are completed.</p> <p>The Committee noted the report.</p> |
| 11 | R21-11-11 | <p>CAPITAL PROJECTS UPDATE</p> <p>The Committee considered this item under Item 10 above.</p> |
| 12 | R21-11-12 | <p>HEALTH AND SAFETY POLICY</p> <p>The Committee reviewed the College's Health and Safety Policy, noting that there have been no legislative updates requiring significant amendment to the Policy. Minor changes have been made to reflect the COVID19 Pandemic and the control of other respiratory viruses.</p> <p>RESOLVED: to recommend the Health and Safety Policy to the Governing Board for approval at its meeting on 7 December 2021.</p> |
| 13 | R21-11-13 | <p>COMMITTEE TERMS OF REFERENCE</p> <p>The Committee considered its Terms of Reference which have been reviewed alongside all other Committee Terms of Reference. It was noted that for ease of reference, the policies relevant to the Committee's Terms of Reference have been set out in a table at the end, which is aligned to a revised Scheme of Delegation also to be submitted to the Governing Board for approval in December 2021.</p> <p>RESOLVED: That the draft Terms of Reference for the Committee are recommended to the Governing Board for approval at its meeting on 7 December 2021.</p> |

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| 14 | R21-11-14 | <p>LETTER FROM THE FE COMMISSIONER</p> <p>The Committee considered a letter recently received from the newly appointed FE Commissioner, who had written to all chairs and principals of Further Education and sixth-form college corporations to set out her thoughts and expectations in respect of College management accounts good practice.</p> <p>It was noted that the guide referred to in the letter, sets out the key principles of good practice to support the sector to improve the consistency, quality, and effectiveness of in-year reporting of financial performance. It is expected that College finance directors will periodically review the format and content of their management accounts and consult governors and senior leaders on whether they meet their needs.</p> <p>The Committee noted that an analysis of the College's approach compared to the guide had been undertaken and that the College is fully compliant with the regulations and recommendations. There are four areas where it is suggested that additional information is included within the management accounts and it was confirmed that this additional information will be included within the management accounts from next month.</p> <p>The Committee noted the report.</p> |
| 15 | R21-11-15 | <p>ANY OTHER BUSINESS:</p> <p>There were no items of other business.</p> |
| 16 | R21-11-16 | <p>DATE OF NEXT MEETING: Thursday 3 March 2022 at 5pm</p> |
| | | The meeting closed at 6.10pm |

ACTION LIST

| Date of meeting | Minute No. | Action | Responsibility | Timescale |
|-----------------|------------|--|------------------|-------------------|
| 18-11-21 | R21-11-06 | Provide a summary of payments in advance broken down into categories, to the Chair of the Committee. | Finance Director | End November 2021 |
| | | Clarify the actual cash balances at the end of the period | Finance Director | End November 2021 |