

MEETING OF THE FINANCE, RESOURCES AND COMMERCIAL COMMITTEE

TIME/DATE 10.30AM Wednesday 17th March 2021

VENUE remote by Microsoft teams due to coronavirus pandemic.

Mr. P Han (Chair)	External Governor
Mr. S Pierce	Principal
Mr. J Pinsent	External Governor
Mr. N Shore	External Governor
Mrs. E Brocklehurst	External Governor
Mr. K Sanderson	External Governor
Mrs. S Jee	External Governor

IN ATTENDANCE

Mr. I Johnson	Head of Finance
Mr. R Garcha	CFO
Mrs. L Lloyd-Williams	Governance Director
Mr. M Doyle	Deputy Principal
Mr W Sullivan	Head of Estates
Mrs J Callaghan	Director of Marketing
Mr J Hays	Director of HR
Mrs P Odulinski	Board Reviewer

Italics denotes absence

DRAFT MINUTES

	The meeting of the FR&C committee opened at 10.31 and was quorate with a minimum of 3 Governors present, the majority of whom were external.
1.	APOLOGIES FOR ABSENCE There were no apologies. It was noted that Mr Shore would need to leave the meeting for an hour at 11am and that Mr Sanderson would have to step out of the meeting at 11.30.
2.	DECLARATIONS OF INTEREST There were no declarations of interest.
3.	NOTIFICATION OF URGENT BUSINESS There was no urgent business.
4.	MINUTES OF THE PREVIOUS MEETING HELD ON 27th January 2021 The minutes of the meeting on the 27 th January were approved as a correct record and for signature by the Committee Chair.

5.	<p>MATTERS ARISING</p> <p>The Governance Director advised that there was a report on health and safety on the agenda and a report on estates.</p>
6.	<p>MANAGEMENT ACCOUNTS & HALF YEAR FORECAST</p> <p>The committee considered the management accounts for the 6 months to 31 January 2021. The consolidated 6-month management accounts for the College Group, [REDACTED]</p> <p>[REDACTED] The positive variance was largely attributable to staff cost savings, against the budgeted provision for sickness/maternity cover and employer pension costs. Also, overhead savings had resulted from the lockdown of the College due to Covid-19. [REDACTED]</p> <p>[REDACTED]</p> <p>The forecast outturn for year ending 31 July 2021 for the group was £359k which compared to a budgeted surplus of £133k. [REDACTED]</p> <p>[REDACTED] The projected cash flow for the remainder of 2020/21 indicated that the Group would remain solvent and could continue to trade. The Government's financial health-score for the consolidated Group continued to be assessed as 'Requires Improvement' for the year ending 31 July 2021. It was noted that the Group and the College were predicted to meet all the bank's covenant tests based on the forecast.</p> <p>Governors asked about cashflow and asked how comfortable the College was that when the positive effect of the extra cash received this year had worked through, that the College would still be in a good cash position. The CFO advised the cash forecast went beyond 12 months and after all the cash receipts had worked through, he was comfortable that the college cash flow would still be positive. [REDACTED]</p> <p>[REDACTED] The committee also discussed the impact of the financial health rating and the Principal advised that it had less of a detrimental effect in terms of public perception than the College's Ofsted rating.</p> <p>Governors commented that in relation to cash balances there was a general trend that cashflow seemed to be down and asked whether there was an underlying trend that needed to be considered.</p> <p>10.57 Mr Shore left the meeting and it remained quorate.</p>

Governors asked about action 9 and 10 and questioned why it was assumed the College would make those savings in the next year. Governors asked about the level of confidence in achieving these savings. The Head of Finance advised Covid had made an impact and that it was difficult to make the savings this year as the contracts were for this year. He added that once the College move on from the conditional capital funding applications it should be able to make good savings through the use of Tenet.

Governors enquired further about the 21/22 projection and the two 2 items that would cause most of the half a million gap, commenting that there needed to be some sort of response to fill the gap and that if the College were not going to achieve this aspect of the recovery plan it would need to make sure that income compensates for this. Governors explained they were making an observation and not asking for a solution now. Governors also raised two concerns:

1. The College had used the more desirable items from its contingencies and there was not much left except for unpaid holidays. How confident was the College that it could still meet the forecast considering this?
2. How could Governors be sure that the lack of savings which happened this time was not a fundamental issue?

The CFO advised that the accounts represented one month into the financial recovery plan (FRP) and advised of the position in relation action 1 and the savings that had been made already. [REDACTED]

[REDACTED] The CFO added that it was recognized that the College will need to do a lot more, but it had made good progress so far.

Governors asked for assurance that at this time the College was not seeing anything that would undermine or be a fundamental change in what the College was striving for. The CFO gave this assurance. The Principal added that he felt curriculum planning would have an impact on savings as it was anticipated that the College has an oversupply of staff. The Head of Finance advised he was certain that the College could achieve this year's forecast subject to the AEB claw back. The Principal advised that this was a risk because of Covid-19 and the lockdown and the sector was still waiting to see if there would be any lowering of the tolerance level.

In relation to the forecast for April 2022 and the monthly low point, it was noted that the [REDACTED] was now to be included as well as some bursaries which would result in a minimum low point of half a million pounds.

7.

KPI DASHBOARD financial recovery plan

The CFO spoke to his report and highlighted the two items showing as red and the one item showing as amber which were explained as follows:

- RED RATING

	<p>Increase average class size to 16 – 13.8 was achieved at Q2 and was attributable to the fact that student recruitment was below target. The target of 16 would not be achieved and 13.8 is also lower than the 2020 outturn of 14.7.</p> <p>Each curriculum area to have a contribution of 50% or above – Q1 performance registered a contribution of 44% compared with a Q1 target of 47%. The position has improved to 45% but was still short of target. Given the impact of COVID and the lockdown on adult recruitment, this position was not expected to improve in 2021. As the majority of the FRP actions will crystallise in financial year 2022, the position will improve and there is an expectation that the 50% target will be achieved.</p> <ul style="list-style-type: none"> • AMBER RATING <p>Improve staff utilisation to 97% - the position at the end of Q2 was 92.8% and improvement from 89.82% as at Q1 target. The College expects to achieve the 2021 target of 95%, which means it would be on track to meet 97% in 2022.</p> <p>Governors asked about the analysis of contribution from curriculum areas and commented that there were two areas that stood out and suggested this was something to explore. The CFO advised A levels were having a negative impact but the College would not be continuing with these into the next academic year. In relation to foundation learning, it was explained that this was mainly because some grant money had not been applied to this area. The CFO confirmed that he would look at this for the next meeting.</p> <p>Action CFO</p> <p>11.46 Mr Sanderson left the meeting and it remained quorate.</p> <p>11.49 Mr Sullivan and Mrs Callaghan joined the meeting.</p>
<p>8.</p>	<p>HR REPORT</p> <p>The Director of HR spoke to his report the purpose of which was to provide an update of key staffing data for the period August 2020 to January 2021. The following was highlighted:</p> <ul style="list-style-type: none"> • Staff turnover was currently down on the same period in the previous year. • Sickness absence was above the target of 3.5%, but below level for the same period in the previous year. • Short-term absence was currently 1.24% and long-term absence 2.99% <p>The figures included Covid-19 related absences where an individual had tested positive and was too ill to undertake work. At the time of writing the report there had been 32 sickness absences due to COVID-19 since August 20.</p>

	<p>The committee were updated on the further measures that had been put in place since the Government had announced that schools and colleges would return from the 8 March 2021. The following statistics were noted:</p> <table border="0" style="margin-left: 40px;"> <tr> <td>Instances of staff having to self-isolate (3/8/20 to 22/2/20)</td> <td style="text-align: right;">353</td> </tr> <tr> <td>Staff tested positive</td> <td style="text-align: right;">49</td> </tr> </table> <p>The committee were advised that the wearing of face masks by students was now much more consistent. The committee were also updated regarding the Covid-19 testing and the Health and Safety governor had earlier in the meeting commended both Mr Sullivan and the estates team and Mrs Callaghan and the events team for their work in dealing with all the logistical arrangements for Covid-19 testing. The committee expressed their thanks.</p> <p>The committee was also updated on the redundancy programme.</p>	Instances of staff having to self-isolate (3/8/20 to 22/2/20)	353	Staff tested positive	49
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8a	<p>Annual review of Modern Slavery Statement for recommendation to the Governing Board</p> <p>The committee noted that over the last year there had been no amendments to the legislation and the College statement remained valid. It was</p> <p>Resolved to recommend the Modern Slavery Statement to the Board for approval.</p>				
9	<p>HEALTH AND SAFETY REPORT</p> <p>Mr Sullivan, the College’s lead on health and safety, spoke to his report which detailed health and safety matters at the College for the Autumn term 2020; September – December 2020. The committee were advised that there was nothing of significance to be reported and that there had been a downward trend in accidents, incidents and near misses, however it was noted that this could be because of the pandemic and lower numbers of students and staff on site. It was noted that there was nothing in the report which required intervention.</p> <p>Governors asked whether there were any signs that Covid-19 and the regulations because of this would become part of incidents or near misses in the near future. Mr Sullivan advised that the College has many robust measures in place and he did not envisage seeing any impact.</p> <p>12.07 Mr Sullivan left the meeting.</p>				
10	<p>COMMERCIAL UPDATE REPORT</p> <p>The Director of Marketing spoke to her report which provided an update on commercial outlets, full cost curriculum enrolments and other commercial partnerships and activities the College is currently engaged with. The pandemic was noted to have had a significant impact on commercial and full cost curriculum delivery, along with lower than</p>				

	<p>expected recruitment activity for some of the College's partners that was contributing to the expected reduction in business planned, full cost income. However, the committee were advised that the College was encouraged by the opportunities beginning to come through and the committee were given the details of some of these.</p> <p>[REDACTED]</p>
<p>11</p>	<p>SUBCONTRACTOR PERFORMANCE REPORT</p> <p>The Director for Commercial, Marketing & Customer relations spoke to her report. The committee were advised that the original total planned budget for subcontracting for the 2020/2021 academic year was [REDACTED]. This was increased midyear; however, following the latest lockdown and the likelihood of lower tolerance levels, this budget now remained at [REDACTED]. The committee were informed that the College was awaiting confirmation of the 2020/21 'tolerance' levels for AEB funding which was expected after Easter. It was explained that the new tolerance levels would influence whether the College would need to issue any further sub-contracts over and above what has already been issued. It was anticipated that the College will achieve the LCR tolerance level, however, for non-devolved AEB, the College has budgeted for around £100k possible claw back.</p> <p>Governors asked to be informed off the new tolerance levels as soon as the College was made aware.</p> <p>Action: CFO</p>
<p>12</p>	<p>ESTATES UPDATE</p> <p>The CFO spoke to his report which provided a summary of the main estates issues as follows:</p> <ul style="list-style-type: none"> ■ [REDACTED] ■ [REDACTED] ■ [REDACTED] <p>It was noted that an environmental and sustainability plan was being developed. Governors were advised of the scheme for potential grants and asked to agree to a recommendation to submit two stage one applications for [REDACTED].</p> <p>[REDACTED] Governors were advised that these were fully funded grant applications as part of the new DfE Capital Transformation Fund launched in February 2021. [REDACTED]</p> <p>[REDACTED]</p>

13	MATTERS ARISING UNDER FINANCIAL REGULATIONS			
	The committee were advised that the College had completed tenders in partnership with its approved procurement specialist (Tenet) and the workstream and recommended suppliers were as detailed below:			
	No.	Workstream	Recommended Supplier	Value of Contract (inclusive)
	1			
	2			
	3			
	It was			
14	URGENT ITEMS			
	There were no urgent items.			
15	DATE & TIME OF NEXT MEETING			
	Wednesday 23 rd June 10.30am			
	The meeting closed at 12.38			