

WALSALL COLLEGE
MINUTES OF A MEETING OF THE FINANCE & RESOURCES COMMITTEE
HELD ON TUESDAY 23 JUNE 2020 AT 0930 HRS
VIA ZOOM

PRESENT:	Allan Pinnegar Alan Woods Jat Sharma Charlotte Bosworth Stuart Pedley-Smith	Chair Principal and Chief Executive
TOGETHER WITH:	Matthew Brown Jacky Leek Deb Rajania (Item 67.20) Richard Brennan (Item 67.20) Fiona Macmillan Alison Buick	Director of Finance & MIS Head of Finance Director of Operations and Resources Assistant Principal Curriculum Governor - Observer Clerk to the Corporation
APOLOGIES:	Dave Wheeler	

59.20 CHAIR'S OPENING REMARKS

The Chair had sent apologies and it was agreed that Allan Pinnegar would chair for this meeting. The Chair welcomed all to the meeting and thanked them for attending.

60.20 APOLOGIES FOR ABSENCE

Dave Wheeler.

61.20 DECLARATIONS OF INTEREST

Alan Woods declared that staff in his awarding organisation were discussing possible new provision with Walsall College. This related to Barbering and Beauty. No firm decisions had yet been made and the contract value was not known, but it was expected that the numbers involved would be modest.

62.20 MINUTES

The minutes of the meeting held on 7 May 2020, having been circulated, were taken as read and approved.

63.20 MATTERS ARISING

Governors reviewed the Action Points Record for Finance and Resources Committee and noted the following:

Item 69.19

The review of commercial activities had been deferred to the Autumn term, but aspects would be covered during the budget setting discussion later in the meeting.

Item 73.19

The committee self-assessment would be covered later in the meeting.

Item 04.20

A full report on staff wellbeing had not been included on the agenda but would be covered in the verbal update on re-opening later in the meeting.

Item 11.20

Some work had been done to review the exam fees but this was not yet complete so would be brought back to a later meeting.

Item 31.20

The next Bids and Projects updates was not due until February 2021.

Item 41.20

Changes to cashflow reporting had been agreed to take effect from October 2020.

64.20 CHAIR'S ACTIONS

There had been no requests for Chair's Actions since the last meeting.

65.20 FINANCE REPORT TO APRIL 2020

The report was presented by the Director of Finance & MIS, and covered the management accounts to April 2020. Performance broadly remained as previously communicated to Governors and within the revised budget envelope that had been approved.

Costs of around £50k had been incurred to date for the re-opening preparations needed to provide a Covid-secure college. Furlough payments of £64k had been claimed for the period to 31 May 2020. Further claims would be submitted for June and July. The financial health score was expected to be 210+ at year end, which would be classed as 'Good'. There were no cashflow concerns to year-end.

Questions and comments were invited.

It was suggested that some colour coding to highlight debtor days would be helpful. The Director of Finance & MIS was planning a refresh of the financial reports for next year, so would include this.

The Principal commented on subcontracting, staffing costs and cash generation. A strong cash position continued to support activity.

Governors noted that the 2019/20 position was unlikely to substantially change, and therefore that the focus should be on planning for 2020/21.

There was a discussion about staffing costs as a percentage of turnover. This remained higher than the sector benchmark suggested by the FE Commissioner some years ago. The Director of Finance & MIS confirmed that there was no specific college target for this. There were more FTE staff compared to last year, which reflected the staffing needs to deliver the required outcomes. The Teachers' Pension grant of £400k had covered the additional costs of pension contributions in this year and next, but was unlikely to continue thereafter. Staffing would be considered again as part of the budget setting discussion later in the agenda.

Governors **resolved** to **receive** the Finance Report to April 2020.

66.20 DRAFT BUDGET 2020/21

The report was presented by the Director of Finance & MIS, who requested that Governors recommend the proposed budget for Corporation approval on 2 July.

The proposed budget was to deliver Good Financial Health (no lower than 210 points on the ESFA scale) with an EBITDA of between 6.1% (2018/19 8.8%, 2017/18 7.4%). This reduction would need to cover increased adaptability and ongoing capital investment, potentially including building adaptations to accommodate social distancing and other Covid-19 related measures. There was also recognition of the need for some investment and re-evaluation of resources after the Ofsted inspection.

The budget was being presented as achievable in the expected climate. Management were as confident as possible of being able to deliver, albeit that it was extremely difficult to model the possible impact of Covid-19. Assumptions had been made, including that disruption would continue for term 1 but that a degree of normality would return from term 2.

There were several risks, including:

- Poor learner recruitment in September 2020 leading to significant cost cutting being required;
- Pension costs proving unaffordable, particularly with the TPS Grant not fully guaranteed for the 2021/22 year;
- The UK economy entering a deep recession impacting apprentice recruitment, job development and skills investment.

The operating model had assumed around a quarter of delivery for the year being online. This was as intense as face to face, so costs were being treated the same. The delivery model would be flexible and change if needed in year. A flexible budget would also be needed, with changes brought back to the committee if necessary.

There was no provision for a pay award in 2020/21. Contractual increments were included.

Consideration would be given to withdrawing from some aspects of commercial activity in year. No decisions on this were being requested at this meeting but the financial impacts had been included in the budget.

The areas that the committee was being asked to consider were summarised as:

- The Revenue Budget as detailed;
- Normal Capital Envelope of £750k;
- Agreement in Principle for £300k match investment for T-Level;
- Agreement in Principle to Sub-Contract circa £750k with Embark;
- Develop full proposal to exit non-viable commercial activities.

The overall budget proposal was a deficit of £633k.

The subcontracting arrangement had been requested by WMCA. It was deemed to be relatively low risk.

Enrolments for September looked reasonable for the time of year and current circumstances. Much effort was being put in to completing interviews, enrolling students progressing to year 2 and keep warm activities. There was a lot of uncertainty about the grades for current year 11 students, and the amount of catch up work that may be needed if they had been out of learning between March and September 2020.

The adult curriculum was fully planned.

An apprenticeships plan that was more ambitious than the budgeted position was in place. It was clear that the apprenticeships market was going to be challenging, but delivery would be flexible to meet demand as far as possible.

The Principal commented on the staffing priorities, which may need some adjustment in light of the Ofsted outcome. Key messages and expectations had been conveyed to staff at the Staff Conference on 10 June. Recruitment activities for September had been stepped up since this. Fortunately the cash position was strong. This would allow investment in teaching & learning, and in a flexible approach.

The Assistant Principal Curriculum confirmed the enrolment figures to date and the comparison to the same period last year. Acceptances for new places and re-enrolment to year 2 in September were on track. The number of walk-in enrolments expected over the summer was very uncertain, so this was the biggest concern.

Questions and comments were invited.

Governors asked about the reduction in HE learner loans, and noted that this was due to the flat profiling of HE in Walsall and the phased withdrawal from LCCA. The college's withdrawal letter had been issued and would be forwarded to the GUS Board. The OfS grant had been increased by £100k.

It was also noted that staff costs continued to be relatively high. The acquisition of WACC in 2018 had contributed to the upward trend.

The Director of Finance & MIS explained the accounting requirements that had led to the budget being a deficit, even though there would be a positive cashflow. The Principal added that the new integrated financial model return to ESFA was due by 31 July, and it was uncertain what the impact of that would be.

There was a discussion about the extent to which the budget fitted with the overall strategic plans. It was clear that circumstances mean that this was a stabilisation budget for 2020/21. However there was a need for staff development to deliver new ways of working. It was suggested that some strategic intent in future budgets would be helpful for Governors. Staff confirmed that strategic conversations were taking place, albeit that the strategic plan update was to be finalised in the autumn. The current economic outlook was very uncertain, but the college budget needed approval in July to meet ESFA requirements. A longer term view was agreed as needed and would be worked on further in the autumn, when the management team had more capacity than at present. The immediate priorities were to safeguard the future of the college.

A Governor commented on the importance of curriculum data analytics as a management tool.

Questions were asked about planned expenditure on upskilling staff to deliver online learning. It was not felt clear where this was within the budget. The Principal confirmed the appointment of 30 staff as Digital Educators to support the roll out of an extensive digital training programmes. This was already in progress. There was also time built into academic contracts for CPD as well as £80k budgeted for learning and development.

T Levels

A separate paper had been provided on T Level preparations, and specifically the need to develop a digital learning area at Wisemore.

The Director of Operations and Resources outlined the plans, which were for three separate rooms to be created from the existing learning deck on floor 3. The lost space would be re-created on floor 4.

The estimated cost was £600k. Funding for this was available from ESFA, if the college was able to match fund 50% of the total. The committee was requested to approve the match funding of £300k.

A Governor observed that providing the facility just for T Level students did not seem to be equitable and fair to other students, and suggested that further investment in other facilities to benefit all students needed to be considered. The Director of Finance & MIS confirmed that the management team had discussed the overall IT Strategy earlier in the week, and this had been part of the consideration. There was a possibility that unspent free school meals income and bursary funds could be re-directed to the purchase of IT devices for students.

Governors **resolved** to receive the Draft Budget for 2020/21, and to **recommend** its approval by Corporation.

Governors also **resolved** to **approve**:

- An agreement in principle for £300k match investment for T-Levels, specifically the development of a Digital Skills Centre at Wisemore;
- An agreement in principle to a new subcontracting arrangement of £750k in value with Embark; and
- The development of a full proposal to exit non-viable commercial activities.

67.20 COLLEGE RE-OPENING

The Director of Operations and Resources confirmed that the college had re-opened. Much planning work had been done to ensure that it was 'Covid-secure'.

A significant number of staff and students had already been into college. Staff were required to attend an induction session.

The five steps in the Government guidance had been complied with, these being:

1. Risk Assessments;
2. Cleaning;

3. Working from home where possible;
4. 2m social distancing (although this was expected to change);
5. Managing the risks of transmission.

68.20 BAD DEBT WRITE-OFFS

The report was presented by the Head of Finance. The report was for information only and was to comply with Financial Regulations requirements for the Committee to approve any debts over £5k.

Total debts written off in the year to April 2020 were £74k. Recoveries in the same period on all debts written off totalled £16k. These debts had been provided for in-year: the bad debt provision as reported in April was £180k, which was an increase of £56k from 1 August 2019.

Due to the COVID19 impact it was expected that a further £128k may prove to be uncollectable and written off during the remainder of the year.

It was confirmed that the college took all reasonable and practical steps to recover debts. A new debt collection agency had been appointed in year.

It was **resolved** that Governors **approved** the bad debt write offs to April 2020.

69.20 DATA PROTECTION AND FREEDOM OF INFORMATION ANNUAL REPORT

The annual report was presented by the Director of Finance & MIS.

Requests for information under the Freedom of Information Act had increased compared to the previous year. Many of the Freedom of Information requests had been for commercially sensitive information and therefore staff time had been required to ensure they had been dealt with correctly. The college had met all of its legal responsibilities, including for requests for information through Subject Access Requests.

CCTV requests had decreased compared to the previous year. Nine data breaches had been reported in year, a reduction from ten in 2018/19.

It was **resolved** that the Committee **approved** the Data Protection and Freedom of Information Annual Report.

70.20 FINANCE POLICY APPROVAL – FEES POLICY

The Director of Finance & MIS presented his report, which confirmed that there were no changes to the policy for 2020/21. However, an annual review was required to be presented to the committee. The policy related to tuition fees, and covered all areas, including HE. HE fees were as per the Access and Participation Agreement submitted to the OfS.

Governors were also asked to review the Supply Chain Fees and Charges Policy. No changes to this policy were highlighted.

It was **resolved** that the Committee **approved** the Fees Policy and the Supply Chain Fees and Charges Policy.

71.20 SELF-ASSESSMENT OF THE FINANCE AND RESOURCES COMMITTEE

The paper was introduced by the Clerk and comments were invited. It was noted that the report format this year had remained the same as last year

and included specific comments on the ways in which the Committee had fulfilled each of its terms of reference in the year to date. The only additional was the RAG rating on whether each area had been met or not. This had been introduced for all committees this year at Governors' request.

Governors discussed the need to ensure that members were receiving adequate training to fulfil their responsibilities, and what that training should be. There were some external options, such as through the ETF. It was also suggested that committee Chairs should speak to their members about individual needs. The Corporation Chair was planning one to one meetings with Governors, and this would also cover training needs. The Director of Finance & MIS observed that it was important that members were confident to ask questions of the professional management staff, which he felt they were, and also the need to have a broad appreciation of financial management.

Overall, Governors agreed that the self-assessment document was a helpful tool and an accurate reflection of the work in 2019/20.

Governors **resolved** to **receive** the Self-Assessment report.

72.20 DATE OF NEXT MEETING

Tuesday 6 October 2020 at 0930 hrs.

The meeting ended at 1130 hrs.

How Governors challenged management		Impact of meeting on College	
66.20	That there was a need for a clearer strategic intent in future budgets.	66.20	Recommended draft budget to Corporation for approval.
66.20	That it was not clear where in the budget there was provision for upskilling of staff.	66.20	Approved match funding for T level investment, new subcontracting arrangement and development of a full proposal to exit non-viable commercial activities.
66.20	That the new digital skills centre was for T Level students and there was a need to be fair and equitable in providing facilities for all students.	68.20	Approved Bad Debt write-offs for the year.
		69.20	Approved the Data Protection and Freedom of Information Annual Report.
		70.20	Approved the Fees Policy and Supply Chain Fees and Charges Policy for 2019/20.