

**WALSALL COLLEGE  
MINUTES OF A MEETING OF THE FINANCE & RESOURCES COMMITTEE  
HELD ON TUESDAY 6 OCTOBER 2020 AT 0930 HRS  
VENUE: VIA ZOOM**

<b>PRESENT:</b>	<b>Dave Wheeler Jat Sharma Stuart Pedley-Smith Allan Pinnegar Charlotte Bosworth</b>	<b>Chair Principal</b>
<b>TOGETHER WITH:</b>	<b>Matthew Brown Jacky Leek Deb Rajania (Items 08.21 and 09.21) Natalie Priest (Item 09.21) James Norris (Item 10.21)  Alison Buick</b>	<b>Director of Finance &amp; MIS Head of Finance Director of Operations and Resources Head of HR Assistant Principal Commercial Development Clerk to the Corporation</b>
<b>APOLOGIES:</b>	<b>None</b>	

**01.21 CHAIR'S OPENING REMARKS**

The Chair welcomed all to the meeting and thanked everyone for their attendance. He commented on the excellent turnout for 2019/20, which would be covered in more detail later in the meeting.

**02.21 APOLOGIES FOR ABSENCE**  
None.

**03.21 DECLARATIONS OF INTEREST**  
None.

**04.21 MINUTES**  
The minutes of the meeting held on 23 June 2020, having been circulated, were taken as read and approved.

**05.21 MATTERS ARISING**  
Governors reviewed the Action Points record for Finance and Resources Committee and noted the following:

Item 69.19

It was agreed that it was difficult to predict a trading outlook for commercial activities due to the ongoing coronavirus, and therefore that the review should be deferred until March 2021.

Item 04.20

Not discussed.

Item 11.20

It was agreed to defer the review of exam fees until March 2021. At present, there was much uncertainty and disruption to assessments so making changes now was felt to be a risk. The management team would review this area as part of the next curriculum planning round from spring 2021.

Item 31.20

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

Item 41.20

Not discussed. To be covered in Finance Report later in the agenda.

**06.21 CHAIR'S ACTIONS**

There was one Chair's Action reported in relation to subcontracting, and this was noted.

Governors **resolved** to **approve** the Chair's Action.

**07.21 FINANCE REPORT TO 31 JULY 2020**

The Director of Finance & MIS presented his report, which showed the financial performance to 31 July 2020.

The outturn for financial year end 31 July 2020 was a deficit of £336k. This was well within the revised budget of £600k deficit approved in year following the coronavirus pandemic. A conservative view had been taken of the pandemic costs. Commercial and project income had been lost since March 2020. £104k had been claimed through the Government Job Retention ('furlough') scheme.

The bank balance at 31 July was extremely healthy. There were no loan covenant issues to report. Financial health at year end was 'Outstanding'.

The Chair questioned the financial health being outstanding when the final outturn was a deficit. The Director of Finance & MIS explained the adoption of FRS102 and the way in which the college now accounted for capital grants. This affected the reported figures. The calculation of financial health as outstanding was correct.

The Director of Finance & MIS commented on the pensions' valuation, which was received annually for the statutory accounts. The pensions' deficit had increased notably in the last 12 months and was now £20m. This had no cashflow implications but did raise questions about the affordability of the LGPS going forwards. This was an issue for all colleges, not just Walsall, so the committee needed to be aware.

Governors discussed the differences between the LGPS and TPS, and the implications of the current LGPS valuation and deficit. The Director of Finance & MIS noted that the increased deficit may be indicative of increased costs to the college at the next triennial review. However, the college was legally obliged to offer the LGPS to eligible staff and therefore pay the associated costs. Exiting the scheme was not a financially viable option due to the high expected crystallisation costs.

It was agreed that there were no real options for managing the position, but that Governors needed to be fully aware of it. The possibility of obtaining benchmarks in the sector for comparative purposes was considered, as was the option to insure against excessive costs. The Director of Finance & MIS would contact the insurance brokers to see if there were any insurance options to cover the risk and at what cost.

**Director of  
Finance &  
MIS**

The Principal noted that the college had no control over the LGPS position. Government were aware of the impact on colleges, and he would raise this again with the AOC at the next opportunity. The position with TPS was better, in that ESFA were funding the teacher's pension increases until at least April 2021 and possibly beyond. KPMG, the college external auditors, were expected to comment on this in their presentation on the audited accounts later in the term.

Director of  
Finance &  
MIS

The Director of Finance & MIS added that some commentary on the pensions' risks and context may be a helpful addition to the statutory accounts for this year.

Returning to the Finance Report, the Director of Finance & MIS noted that section 3 covered project income. In the budget there was £400k planned; however additional projects had since been secured.

The college was continuing to use cashless systems for payments where possible and may develop an online market place.

There was a possibility of an insurance payout for trading losses during lockdown.

£1.5m of capital funding had been allocated, which needed to be spent by 31 March 2021. This would be covered further later in the meeting.

The Chair asked about the consumable spend levels. This included additional costs due to Covid-19.

The Chair also commented on the figures within the balance sheet, which appeared to include an error. The Director of Finance & MIS would check this.

Director of  
Finance &  
MIS

#### Post Meeting note

The Head of Finance confirmed by email that on the balance sheet, one column showed the forecast budget and the other the original budget. Unfortunately, the column headings had not been updated to clearly reflect that. The Finance team apologised for any confusion that had arisen.

The Principal noted his thanks to the Finance team for maintaining an excellent service throughout the previous six months whilst largely working from home and with a number of vacancies.

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

## 08.21 RESOURCES REPORT

The Director of Operations and Resources attended to present his report, which covered the following:

#### Leases – WHG Skills Centre

It was proposed to take over the Skills Centre on a new lease basis with responsibility for the whole site, which WHG would no longer have a presence at. The annual costs would increase from £60k to £75k.

Governors **resolved** to **approve** the take up of the lease.

#### Leases – Cannock Campus

It was proposed to move the retail training provision in Cannock to new and more suitable premises, meaning that the current premise would be vacated by the end of October. The annual cost was £50.5k plus VAT per year.

The Chair noted the substantial increase in costs over the current arrangements and asked whether the expected revenues and gross margins were expected to similarly increase. The Director of Finance & MIS responded that it was too early to determine this with certainty, but that the move was in line with the approved Property Strategy. It was also a strategic move to embed the college's presence in the geographical area and in an area of skills need.

Governors noted the growth opportunities that were expected to follow from this move.

The Chair requested a progress report on this in six months' time.

Governors **resolved** to **approve** the take up of the lease.

#### Pleck Library

There had been a delay in the Council's hand over of the building to the college, but this was now expected to go ahead in the near future. It would be used for ESOL delivery. An update would be provided to the next meeting.

#### Outsourced Contracts

The Covid-19 impact to security and catering were noted.

All catering staff had been furloughed by the service provider during lockdown. There was now a discussion about the future of the contract as the revenue was reduced. This was year 3 of the contract. Aramark had given notice of intention to terminate the contract if a new cost criteria and financial return to the college could not be agreed. The contract tendering process was due to start in January 2021, but given the current circumstances with Covid-19 it was expected to be difficult to get meaningful tenders in. All options were being considered, including bring catering back in house. Negotiations with Aramark were ongoing. It was clear that other colleges were experiencing similar issues with reduced footfall in catering outlets.

The rationale for the original decision to outsource catering in 2007 was discussed. It was confirmed that a financial analysis of options would be undertaken, but that there were also quality aspects to be considered. Improving the quality of the food offer was a priority.

Governors **agreed** in principle to a management review of the position and to the consideration of different options via Chair's Action if needed.

#### Capital Grant Spend Proposals

The college had received £1,583.5k of capital grant allocation to spend on improvements and adaptations to the estate. Several projects had been identified and were in line with the Property Strategy. Governors were asked for in principle approval to go ahead with these projects.

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The Director of Finance & MIS identified some risks in completing the projects by the 31 March 2021 deadline, due to complexities in adhering to procurement rules and working within a disrupted market to deliver them.

Governors asked whether the projects were deliverable within the timescales without breaching any tender regulations. The Director of Operations and Resources expressed confidence in doing this. It was likely that expenditure could be committed by 31 March 2021, but not necessarily fully spent if projects were still being completed.

Governors **resolved** to **approve** the outline plans for capital grant expenditure.

## 09.21 HR REPORT

The Head of HR summarised the key areas in her report, which covered:

- Establishment;
- Sickness absence;
- HR caseloads;
- Turnover;
- Coronavirus, including steps to ensure a Covid-secure environment;
- Proposals for an in year staffing restructure, which were at an early stage.

The Principal commented on the rationale for the proposed re-structure, which had several elements as set out in the written report. Phase one would focus on curriculum activity. Strong teaching and learning, CPD, succession planning and curriculum innovation were all priorities.

Governors expressed support for the re-structure, acknowledging the need for a re-focus in some areas. It was noted that there was no Head of Student Services at present, and that this was a notable gap. The Principal would bring more details of proposals back to Corporation when they were more fully formed.

The Chair asked about the number of Covid cases in college and the impact on teaching. The Head of HR explained changes made to teaching as a result and confirmed that there had been no requirement to close whole sites.

The Director of Operations and Resources explained the interactions that the college had with Public Health and the local authority in managing the wider Covid issues in the Borough.

Governors acknowledged the significant additional workload created by the pandemic.

Governors **resolved** to **receive** the HR report.

## 10.21 APPRENTICESHIPS AND COMMERCIAL REPORT

The Assistant Principal Commercial Development presented his report, which gave an update on college sub-contractor activity for apprenticeships and AEB. There were a small number of approvals required as set out in the written report. The written report also included details of the apprenticeship and AEB activity for 2019/20, as well as the activity and approval for 2020/21. All new start contracts had been agreed previous at the

committee or through Chair's Actions. Governors were asked to approve the carry in contracts.

The Chair asked how confident management were about meeting the apprenticeships budget. The Assistant Principal noted that there had been a good start to the year for apprenticeships. Recruitment was broadly in line with the curriculum plan. However, the planning assumptions were prudent due to the pandemic impact. There was a potential and unknown impact when the Government Job Retention ('furlough') scheme ended in October. At this very early stage he felt optimistic.

The Chair's Action that had been necessary in this area had been discussed and ratified earlier in the meeting.

Governors **resolved** to receive the Apprenticeships and Commercial Report and to **approve** the carry in contracts as requested and set out in the report coversheet.

#### **11.21 INSURANCE RENEWAL**

The Director of Finance & MIS presented his report. The college insurances were due for renewal by 31 October 2020. Governors were asked to approve the renewal of insurances via the college's broker. The cost for the current year was £140.6k. An increase on this was expected, but there were no firm figures yet available.

Governors **resolved** to **approve** the necessary College insurance arrangements.

#### **12.21 REGULARITY AUDIT SELF-ASSESSMENT QUESTIONNAIRE**

The Director of Finance & MIS presented the document to the Committee and requested that the content be agreed prior to recommendation for Corporation to approve in November 2020. The document was a series of questions that had been reviewed and completed by members of SMT. All requirements had been met by the college. Governors could be assured that there were sufficient safeguards in place to protect the college from financial mismanagement.

The document would be reviewed by the external auditors and presented to Corporation in November for approval and then signing by both the Principal and the Chair.

Governors **resolved** to **recommend** the regularity audit self-assessment questionnaire to the Corporation for approval.

#### **13.21 FINANCE POLICY APPROVALS**

The Director of Finance & MIS noted the schedule of policy reviews as presented and that Governors were required to approve the policies for Hospitality and Travel & Subsistence for a further three years, and the Procurement Card policy for a further 12 months. The Finance team would review the Procurement Card policy in more detail during 2020/21.

Governors **resolved** to **approve** the policies for Hospitality and Travel & Subsistence for a further three years, and the Procurement Card policy for a further 12 months as requested.

#### 14.21 COMMITTEE WORKPLAN 2020/21

The Clerk introduced the paper, noting that the work plan attached had been shared with the Director of Finance & MIS during the summer. It remained flexible to allow items that arose during the year to be added where necessary.

Following a short discussion, Governors **resolved to note** the Committee workplan.

#### 15.21 DATE OF NEXT MEETING

Tuesday 24 November 2020 at 0930 hrs.

The meeting ended at 1150 hrs.

How Governors challenged management		Impact of meeting on College	
07.21	How the financial health score had reached outstanding when the college was reporting a deficit.	06.21	Approved Chair's Actions.
07.21	Discussed impacts of pensions deficits and how to manage these.	08.21	Approved property leases.
08.21	Whether gross margins and revenues from activities in Cannock were expected to increase.	08.21	Approved outline plans for capital projects.
08.21	Whether capital projects could be delivered by 31 March without breaching tender requirements.	11.21	Approved arrangements for procuring insurance cover.
09.21	Asked about impact of Covid-19 on the college.	12.21	Recommended Regularity audit self-assessment questionnaire for Corporation approval.
		13.21	Approved policies for Hospitality, Travel and Subsistence and Procurement Cards.