

WALSALL COLLEGE
MINUTES OF A MEETING OF THE FINANCE & RESOURCES COMMITTEE
HELD ON TUESDAY 23 FEBRUARY 2021 AT 0930 HRS
VENUE: VIA ZOOM

PRESENT: Dave Wheeler Chair
Jat Sharma Principal
Allan Pinnegar
Stuart Pedley-Smith (until 12pm)
Charlotte Bosworth (until 12pm)

TOGETHER WITH: Matthew Brown Director of Finance & MIS
Jacky Leek Head of Finance
James Norris (Item 37.21) Assistant Principal Commercial Development
Deb Rajania (From Item 39.21) Director of Operations and Resources
John Adams (Item 41.21) Director of Commercial Projects
Alison Buick Clerk to the Corporation

APOLOGIES: None

29.21 CHAIR'S OPENING REMARKS

The Chair welcomed all to the meeting and thanked them for their attendance. It was noted that Government had recently announced that colleges could fully re-open on 8 March, which was welcome news.

The committee observed a minute silence as a mark of respect to Dale Coverdale, Estates and Facilities Manager, who had recently passed away.

30.21 APOLOGIES FOR ABSENCE

None.

31.21 DECLARATIONS OF INTEREST

None.

32.21 MINUTES

The minutes of the meeting held on 24 November 2020, having been circulated, were taken as read and approved.

33.21 MATTERS ARISING

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

Item 69.19

The commercial activities review would be deferred until the October 2021 meeting.

Item 04.20

There was no update on the Staff Wellbeing Strategy. This would be deferred until the October 2021 meeting.

Item 11.20

The suggested review of exam fees would be deferred until March 2022.

Item 31.20

Bids and Projects would be covered later in the agenda.

Item 07.21

Contact was to be made with the insurance brokers.

Item 08.21

The progress review of Cannock activities was not yet due.

Item 22.21.1

AEB funding would be covered as a future Governor training topic.

Item 22.21.2

Pay award had been discussed at January Corporation.

Item 24.21

The statutory accounts narrative had been updated as agreed.

Item 26.21

There was no update on the Health and Safety Annual Report.

34.21 CHAIR'S ACTIONS

The Director of Finance & MIS reported a Chair's Action that had been necessary since the last meeting, relating to work at Green Lane. The details had been attached to the written papers and Governors were asked to note these.

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

35.21 FINANCE REPORT TO DECEMBER 2020

The Director of Finance & MIS presented his report, which covered the financial position to December 2020. The January management accounts had now been published and were being reviewed. Some clarity would start to emerge with the Government announcement on 22 February that colleges could re-open fully on 8 March 2021.

It was expected that there would be additional delivery from March until year end and beyond due to the need for catch up work with students. This would result in overtime for staff. There would continue to be other Covid related costs, for example to administer the lateral flow tests required. Catch up funding was expected for next year as well as the £517k already allocated for this year. The organisation would be extremely busy from March to May, as significant efforts would be needed from an already tired staffing body. There were many uncertainties as Government needed to provide details on expectations for the rest of the academic year.

The Principal commented that due to robust finances, the outturn for this year was expected to be reasonable, but that planning for 2021/22 would be challenging. Staffing and space, with continuing social distancing measures, would be needed for catch up work. How catch up activity would actually be delivered was to be agreed, but could include summer work and longer days. There was some uncertainty still around AEB funding tolerance, and this could affect the final outturn. It was expected to be a turbulent planning period alongside challenging delivery for the rest of the year.

Governors asked how the impact of lost learning was being assessed. It would not be possible to make up the amount of time lost by some students by the end of this year or over the summer. Diagnostic testing would be used to enrol students, and they would then be able to progress to the next level in due course.

Governors wished to support catch up work using the college's finances as appropriate. The Director of Finance & MIS commented on funding being provided by Government. This was very much welcomed, although it was difficult to spend on resources that were already in short supply. Most Walsall teachers were at capacity and finding new staff of the right quality and experience could be difficult. In addition, there was a limited amount of flexibility within the system due to fixed academic years meaning whole cohorts could not be held back.

There was recognition that it was not appropriate to put more pressure on staff but that students needed to be a priority as they returned. There was a balance to achieve between catch up and staff wellbeing.

The importance of student attendance was recognised.

Governors asked if the £517k catch up funds received had been spent and what other Covid expenditure had been incurred. The Director of Finance & MIS confirmed that it would fund approximately 10 teachers, with on costs, which was 8,000 teaching hours. It was expected that these hours would be delivered. 3,000 had been completed so far. Non-staff Covid costs to January were £140k. These costs would increase when the college fully opened, and a similar amount was expected to be incurred to the end of the financial year. Some funding may be available towards the lateral flow tests.

It was noted that there were other indirect Covid costs. Many things were less efficient so cost more. An example was lateral flow testing, which would delay students arriving in classrooms, and another was social distancing, which restricted numbers in rooms.

Returning to the management accounts, Governors noted:

- The cash at bank position was healthy and the college continued to generate cash;
- The EBITDA was falling;
- Starting costs for next year's budget were high and Covid cost pressures would continue. There was a need to find efficiencies against the backdrop of Covid.

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

36.21 BUDGET SETTING APPROACH 2021/22

The Director of Finance & MIS gave a brief overview of the aims of the budget setting round for 2021/22. These included to plan for an ESFA financial health score of 220 points plus a target EBITDA range of between 6% & 8% and staff costs below 70% of income. It was hoped that this would allow for a universal pay rise and continued capital investment of £750k.

The number and level of uncertainties remaining at this stage were noted. However, with the recent announcement of re-opening from 8 March and

the Budget in March, some details would begin to emerge. There was no certainty that the budget objectives could be achieved.

The Principal commented on the staffing re-structure, which was not yet finalised. The need to invest in more curriculum advanced practitioners would push the staffing cost ratio higher, although some savings would be made through changes at senior level.

Overall, the budget for 2021/22 would be challenging, with additional activity expected to meet funders expectations regarding catch up. There was still much work to do on the operating model for next year before a final draft budget would be ready.

Governors discussed the new advanced practitioner posts and noted that there were expected to be 55 in total. One of their roles would be to support curriculum innovation.

The Chair asked if the impact of CCM could be separated out in the budget, so that the position in relation to the original business case for acquiring the CITB business could be considered. This was agreed. The Head of Finance gave an update on CCM business to date, and it was noted that there had been a significant increase in bookings since November 2020.

Director of
Finance &
MIS

Governors **resolved** to receive the Budget Setting Approach Report.

37.21 APPRENTICESHIPS AND COMMERCIAL REPORT

The Assistant Principal Commercial Development presented his report. The report gave an update on subcontracted activity for apprenticeships and AEB. It also included an update on sales and recruitment activity for internal Apprenticeship provision to show progress against Curriculum Plan and progress toward meeting the budget for 2020/21.

There were no contract variations to be considered at this time.

Governors asked whether there were any expected impacts from the recently published Government White Paper. The Assistant Principal had identified some opportunities for further partnership working for higher level apprenticeships.

The apprenticeship start activity had been very good for quarter 1 but had declined in quarter 2 due to uncertainty in the economy around Brexit and the ongoing pandemic. The written report showed the cumulative performance against targets.

Governors asked about apprentices that were now out of funding. There were some, but not a significant amount. Most were still within the 90-day parameters and waiting for end point assessments.

The ability of the team to have kept within budget and to have generated additional business at a difficult time was noted. Staff had worked hard and this was recognised. Business was strong in areas of growth such as healthcare.

Governors **resolved** to **receive** the Apprenticeships and Commercial Report.

38.21 TREASURY MANAGEMENT UPDATE

The Director of Finance & MIS gave a short update, reminding Governors that this was the annual update against the Treasury Management Strategy.

The current policy and position were both noted. There was £5m of loan debt to be settled, but the costs of repayment were high. Liquidity was a priority for at least the next two years. Debt repayment options would be considered alongside possible capital investment.

It was expected that the year-end cash balance would again be healthy. Governors were pleased to note this. However, the new corporate strategy was ambitious and would also require some investment. Having funds available increased the options for the college.

Governors **resolved** to receive the Treasury Management Update.

39.21 RESOURCES REPORT

The Director of Operations and Resources presented his report and commented on the following:

Cannock

The lease on the new premises had been signed as agreed.

Pleck Library

There had been a delay but it was expected to be operational after Easter.

Capital Grant Works

It had been confirmed that the deadline for expenditure had been extended to September 2021. All projects shown in the report appendix were being worked on and the college was confident of delivering projects to use the £1.6m allocated by 30 September 2021. The priority was to complete work needed at the college. This would be funded through the budgeted capital envelope if it could not be done with the additional grants.

Property Strategy Projects

The affordability of a number of projects was being tested. There were some pre-requisites and enabling works needed, for example purchase of some adjacent land and the purchase of College Way, which after 20 years would become a public road. The history of this was explained and it was noted that the cost was around £100k. Governors **agreed** that the college should pursue discussions with the Local Authority about purchase of College Way and with the land owner regarding the area needed for a football pitch. More information would be brought back when available.

It was confirmed that the Property Strategy was unchanged.

The areas being discussed were identified for Governors' information on the map included with the written report.

There was discussion about a possible electrical vehicle facility. This was included within the Town Centre plan, which had been scored highly by ESFA in their initial evaluation.

Governors were reminded of the measures in place to ensure a Covid secure workplace. Room capacity for social distancing was being reviewed ahead

of the planned full re-opening on 8 March. Preparations were being made for the required lateral flow testing of students and staff in line with Government guidance.

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

40.21 CAPITAL EXPENDITURE REPORT

The Director of Finance & MIS updated the committee on the capital expenditure in year.

The College was progressing as expected with Capital Expenditure across several initiatives, including CITB, T-Level Capital Fund, College Condition Improvement Fund and College Funded Annual Expenditure.

The agreed capital budget for the year was £750k.

There had been expenditure of £150k in the year to date on Chromebooks.

Governors **resolved to receive** the Capital Expenditure Report,

41.21 BIDS AND PROJECTS UPDATE REPORT

The Director of Commercial Projects presented his report, and commented on the revenue funded elements.

External Funding in terms of income generation from activities other than central Government grants now accounted for a considerable amount of activity and funding Walsall College received. Funding for Adult Education Budget and Apprenticeship provision was increasingly subject to procurement and tendering processes. It was also noted that funding now came from a broader group of stakeholders, all of which mean an increasingly complex activity to manage in terms of relationships and day-to-day activity. This was necessary to secure funding from all available sources and be less reliant on traditional funding streams such as those from the Department for Education (DfE).

It had been a successful year with £1.5m of bid income won. Bidding had become more complex and funding was more dependent on securing outcomes, which in turn required more monitoring returns.

The External Funding Strategy had been included in the papers for information. It had been in place for a year and was unchanged.

Governors noted that the committee meeting schedule did not always fit in which the approvals required for bidding activity, and therefore that a flexible approach was needed.

The Apprenticeships Levy was another part of the work carried out by the Bidding team, as it was now necessary for the college to bid to be on purchasing lists for many employers, including the NHS and Highways England.

The Director of Commercial Projects noted and commented on the questions raised by the Chair on Convene. In particular, it was noted that the college had won a bid through the College Collaboration Fund to lead

12 colleges to support digital delivery as a response to Covid-19. This was a high profile and successful project.

The Chair commented that the progress in growing this area of work was excellent.

The Director of Operations and Resources discussed the elements to the capital funded projects. Some funding had already been received. Tenders would need to be issued for some projects that were expected to cost over £100k. Approvals via Chair's Action may be needed, and this was noted. The Chair noted the need to ensure compliance with Financial Regulations in respect of procurement. It was also important that although the committee had already approved the capital budget envelope, it also needed oversight of the tendering process.

Other elements of the capital plan were already in the approved Property Strategy and were progressing through the approvals stage within the Town Centre plan. There had been £25m allocated each to Walsall and Bloxwich for town centre projects. The college elements of these were:

1. Moving provision at Hawbush to a new central location;
2. Expansion of Green Lane; and
3. An electric vehicle and transport technology centre.

If the projects were accepted, full business cases and financial plans would be required. Consultants may be needed to assist with this, as all would be large projects. There would also be a need for the college to part fund each project, and it needed to be clarified that this funding was available and affordable. Various funding bids for submission in March were being prepared.

It was **agreed** that the individual business cases would be brought back to the committee at an appropriate time to enable an informed decision. All final decisions would need to be approved by Corporation.

There was a discussion about the upcoming Mayoral election, bidding processes, possible timelines and the need for Chair's Actions between meetings. A pragmatic approach to managing the projects was recognised as needed, whilst being mindful of all procurement and Financial Regulations requirements.

It was suggested and **agreed** that if necessary, Chair's Actions would be discussed more widely between the Committee Chair, Corporation Chair and Vice Chair.

Governors **resolved** to **receive** the Bids and Projects Update Report.

42.21 DATE OF NEXT MEETING

It was **resolved** that the next meeting would be held on Thursday 29 April 2021.

The meeting ended at 1200 hrs.

Director of
Operations
and
Resources

How Governors challenged management		Impact of meeting on College	
35.21	Asked about how the impact of lost learning was being assessed	34.21	Approved Chair's Actions