

**WALSALL COLLEGE  
MINUTES OF A MEETING OF THE FINANCE & RESOURCES COMMITTEE  
HELD ON TUESDAY 12 OCTOBER 2021 AT 0930 HRS  
VENUE: VIA BOARDROOM (A339)**

**PRESENT:** Dave Wheeler Chair  
Jat Sharma Principal

**TOGETHER WITH:** Matthew Brown Director of Finance & MIS  
Jacky Leek Head of Finance  
Deb Rajania (Items 9 and 10.22) Director of Operations and Resources  
Natalie Priest (Item 10.22) Head of HR  
James Norris (Item 11.22) Assistant Principal Commercial Development  
Alison Buick Clerk to the Corporation

**APOLOGIES:** Stuart Pedley-Smith, Allan Pinnegar

**01.22 CHAIR’S OPENING REMARKS**

The Chair welcomed all to the meeting and thanked everyone for their attendance. It was particularly pleasing to be back in college after such a long absence due to Covid.

**02.22 APOLOGIES FOR ABSENCE**

Stuart Pedley-Smith, Allan Pinnegar.

**03.22 DECLARATIONS OF INTEREST**

None.

**04.22 MINUTES**

The minutes of the meeting held on 22 June 2021, having been circulated, were taken as read and approved.

**05.22 MATTERS ARISING**

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

Item 69.19

Commercial activities would be discussed later in the agenda.

Item 04.20

Staff wellbeing would be discussed later in the agenda.

Item 11.20

The review of exam fees had started but was not yet complete or due to be reported back to this committee. A refund had been received from one awarding body in respect of last year so far. The exams budget had increased to £2.5m, largely due to the increases in costs for End Point Assessments (EPA).

Item 61.20

Staffing information would be covered later in the agenda.

## 06.22 CHAIR'S ACTIONS

There were no Chair's Actions to report.

## 07.22 FINANCE REPORT TO 31 JULY 2021

The Director of Finance & MIS presented his report, which showed the financial performance to 31 July 2021.

The College had out turned the year with income in line with budget (with some variations across different streams) and costs slightly favourable resulting in an overall bottom line of (£477k) deficit against a budget of (£632k) deficit. Taking into account the disruption to the year from Covid-19, which had been greater than originally expected, and associated additional costs, management were satisfied that this was a good financial outcome. The additional £600k which was approved by the Corporation in year was not needed due to strong performance with Adult Education Budget delivery, staff savings of £279k, high needs income £200k better than predicted and lower depreciation due to capital projects not completing until the new academic year.

The financial health score was Good. Some changes to the methodology for calculating financial health scores were expected, but the college anticipated remaining at Good.

The cash position remained strong and had increased on the previous year. There had been capital grants and some other funding received in advance.

Staff costs as a percentage of income were 69.2% and EBITDA was 6.16%.

The college continued to invest to re-gain outstanding Ofsted status.

Questions and comments were invited.

The Chair noted the comments he had made on Convene. He also stated his view that the committee focus needed to remain on ensuring efficiency and growing income and margins, whilst being mindful of the Learning and Quality Committee's views on maintaining excellent quality. There was also an important aspect relating to staff wellbeing, as discussed at the recent Governor Training event. A roadmap to incrementally review progress and scenario planning at each meeting was suggested.

The Director of Finance & MIS commented that for this meeting, the focus was on the outturn for the previous year and an early view of the current year. An emerging concern was the likely effect of inflation on non-pay costs. Staff and pay costs would also be reviewed.

There was a discussion about the need to manage costs versus the intent to grow the college through efficient investment. Value for money from investment would be key. There was a focus on curriculum investment being reviewed to ensure that it was delivering impact. This would apply to the proposal to introduce A Levels.

There continued to be much uncertainty in the sector, including from increases to national insurance, rising inflation, de-funding of certain Level 3 qualifications and the Comprehensive Spending Review. All of these

external pressures meant that the college needed to be as efficient as possible internally.

Curriculum planning was discussed. There was potential for efficiency through increasing group sizes, reviewing the breadth of the curriculum and growing apprenticeships. However, all of this needed to be balanced against the desire to re-gain outstanding. The fact that the funding methodology appeared to be moving towards more focus on job outcomes was noted. The Exec team did not think it likely that the Ofsted EIF would change at the moment.

The Director of Finance & MIS commented on the external audit, which was ongoing and had continued to be done online again this year. Additional work was required as the ESFA had withdrawn assurances previously provided on funding.

Other matters noted were:

- Uncertainty over prices for capital projects;
- The impact of increases to national insurance, which would be £200k for a full year;
- Government decisions on re-directing some education funding into social care;
- The bringing of college catering in house and the plans to move this to a cashless system;
- Capital grants;
- That the college had been unsuccessful in its plan to purchase land adjacent to Green Lane.

The Chair suggested a section in future finance reports to look at the wider outlook, with supporting tables, data and narrative. This would be considered.

The Chair also noted the level of resource allocated for apprenticeships, and suggested the committee could look at assessor caseloads.

Governors discussed the financial health in year, which was budgeted to be Good by 31 July, the level of provisions and the financial health indicators.

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

## 08.22 COMMERCIAL ACTIVITIES

The Director of Finance & MIS presented his report. Due to the Covid disruption there was no useful data in the last two years. The figures in the written report were the budget. The following aspects were noted:

- The Francesco hair salon covered costs but had an important educational impact;
- The catering was now in house and would be carefully monitored in the first year. The self-service aspect was not yet fully up and running;
- The Nursery was covering costs but some efficiencies may be possible;
- The gym and sports hall were covering costs due to their commercial use;

Director of  
Finance &  
MIS

- It was difficult to split out the costs of the overheads for the Hub building;
- The restaurant was covering its direct costs;
- Large scale events had not returned, so some of the available space was being used by curriculum;
- A full year of trading data would be needed before any decisions on possible changes could be made.

The Chair asked about catering costs at Portland Street. It was confirmed that the offer was largely self-service.

The use of the commercial spaces for student placements was discussed. Placements were available in Francesco's but not the Nursery.

The calculations for gross margins and contributions were considered. The Chair felt that there was a need to demonstrate a budget transfer of some of the income. The budget showed a genuine overhead of over £100k from the existence of the commercial activities. The educational benefits of the commercial facilities were clear, if not easily quantifiable. The Principal was not concerned that any were making substantial financial losses.

It was agreed to continue to monitor the budget in year and to bring back an update for the committee when more data was available

Governors **resolved** to receive the Commercial Activities Report.

## 09.22 RESOURCES REPORT, INCLUDING ESTATES AND CAPITAL PROJECTS UPDATE

The Director of Operations and Resources attended to present his report, aspects of which had been covered at the Governor Training session earlier in the week. The following were noted:

### Capital Grant Work

Most work at Green Lane had been completed but there had been a delay to the brick workshop extension. The estates uplift funding was £1.6m and this was due to be reported to ESFA by 15 October 2021. There was no formal requirement for match funding, but the ESFA did expect to see how the college had contributed to the costs.

### T Level Funding – Deck 3 Digital Hub Project

There had been a delay to this project due to steel availability. It was expected to be fully completed by the end of November 2021. A new Deck 4 area exclusively for HE students was being created. Deck 3 would house the Digital Innovation Hub delivery as well as the T Level programmes. Once Deck 3 was operational as the Digital Innovation Hub, the existing Innovation Hub would be converted into a health suite for T Level programme delivery. The T Level funding from the DfE was being used to fund 50% of the Deck 3/4 project costs.

### Property Strategy Projects Update

The Community Learning Campus project was now on hold, but Governors noted updates to the other two projects – the Construction Skills Academy at Green Lane and the Advanced Electric Vehicle Sustainability Centre. The costs and funding up until 2024/25 were also noted.

The Committee was asked to;

- i) Agree to continue planning for the two projects;
- ii) Agree to appoint a design team for the initial design work for the business cases;
- iii) Agree to spend up to £80k including VAT for the design and planning works;
- iv) Agree to start negotiation to acquire the necessary land adjacent to Wisemore campus.

It was confirmed that the college was not yet fully committed to the projects, although they were progressing. No funding would be released until later.

Governors discussed the costs and timings of the projects. The approach and requests as outlined were **agreed**.

#### Catering Contract

The contract had been brought in-house from 1 August as previously agreed. It was going well so far, with point of sale income for September higher than expected. Work was planned to increase the take up of free school meals, as this was relatively low at present.

#### Sustainability Initiative

The initiative was ongoing across the college and the AOC's Roadmap had been adopted. The committee was due to meet in mid-November. The Link Governor, Alan Woods, would be invited.

#### Energy Supplies Market

The impact of the market upheaval on the College was expected to be mostly with the electrical supply as the main gas contract was fixed until March 2023. The electric supply contract was due for renewal by 31 March 2022. This was expected to increase costs by 15-20%, which would be an additional cost of £30k for the four months (April to July 2022) of the current financial year, with the renewal of contract at the end of March 2022.

The approval for renewal of the electrical supply contract would be brought back to the committee meeting in February 2022.

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

## **10.22 HR REPORT, INCLUDING STAFF WELLBEING STRATEGY**

The Head of HR attended to present her report, which covered:

- Head count, which was 886 at the time of writing;
- Sickness absence. The average lost time to date was 2.98% and the year-end average days lost for academic year 2020/21 was 6.23. The Office for National Statistics Labour Force Survey 2020 showed a fall nationally in absence rates. The coronavirus pandemic had affected the sickness absence data in a number of ways; while the virus may have led to additional sickness absence, measures such as furloughing, social distancing, shielding and increased homeworking may have helped reduce other causes of other absence resulting in a slight overall reduction in average days lost. The types and duration of sickness were noted, including mental health factors;
- The Wellbeing and Mental Health Strategy 2021-24 was provided for information. It's aims, the college's planned approach, timeline and

measurable outcomes were noted. Year one would include a wellbeing survey;

- There were no live formal disciplinary or grievance cases;
- There were no tribunal cases;
- Staff turnover was 10%, including staff who had left after the re-structure;

The Chair commented that most of the leavers had been those with one to two years' service and were in business support areas. The Head of HR confirmed that exit interviews looked at reasons. The Director of Finance & MIS added that for some term time only roles pay was relatively low so staff tended to move on.

The probationary process was discussed. Some changes to this were being proposed, including that teaching staff had to pass two graded observations. It was confirmed that this had been discussed with unions.

- The college Covid response, which aligned to the new Government measures that had been in place since August. On site student testing had been completed in September and staff were now required to work in college. Staff guidance had been issued;
- The need for staff and students to be vaccinated was being considered where their roles took them into workplaces in the health and care sectors;
- Covid cases, which were starting to increase both in college and in the wider Walsall area. The college was in regular contact with the Walsall Public Health team;
- Phase one of the staffing re-structure had been completed. A second phase had started and would review individual teams.

The Principal commented on the Wellbeing Strategy, which was an area of particular interest for Governors. It would be formally launched after October half term.

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

## **11.22 APPRENTICESHIPS AND COMMERCIAL REPORT**

The Assistant Principal Commercial Development presented his report, to provide the Committee with:

- an update on College sub-contractor activity for Apprenticeships and Adult Education Budget (AEB) closing down the academic year 2020/21;
- an update on sub-contractor activity for the year ahead;
- the start position for apprenticeship recruitment for 2021/22; and
- an update for CCM and bidding activity.

The committee would be asked to formally approve and note the college's involvement in the Black Country Skills Accelerator Project.

The performance against contracts was explained. As there had been regular reporting on this during 2020/21 there were no surprises at year-end. For subcontractors, success and achievements were high.

There had been good recruitment in apprenticeships to date. The position was good currently, as there was £4.8m of carry in activity. Government had recently announced the extension of enhanced apprenticeships incentives until July 2022. The college had immediately responded with a marketing campaign on this. The apprenticeships outturn for 2020/21 was above budget, thanks to the hard work of the staff team throughout the pandemic.

The range of current bidding opportunities was noted, as set out in the written report.

The College was a delivery partner, along with Sandwell, Wolverhampton and Dudley Colleges, in the Halesowen College led DfE funded Skills Accelerator project. The colleges would be offering support for local businesses with a focus on SMEs to support them in the return to prosperity following the pandemic and associated lockdowns. The Walsall element had a financial value of over £100k to engage with 20 employers and 40 outcome focused participants. To date, the bid had been approved and the contract was expected by the end of October. It would be a tight turnaround to deliver by 31 March 2022.

An update on activities at CCM was given. Management were pleased with the results to date. There had been some investment in tidying up and refurbishing the site. Plans were in place to extend the commercial offer and to explore becoming an End Point Assessor, for scaffolding and roofing initially.

Questions and comments were invited.

The Chair suggested some further information on net margins in future reports. It was agreed that the Assistant Principal and Director of Finance & MIS would look at this.

Assistant  
Principal  
Commercial  
Development

The budget for apprenticeships in 2021/22 was discussed. It was agreed that this had been set at a challenging level, but it was felt to be realistic. There were no concerns about quality of provision at this stage.

Assistant  
Principal  
Commercial  
Development

The Chair commented on assessor caseload and how this could be reported at future meetings. The Assistant Principal agreed to look at this. A cost centre margin analysis may be a more useful tool.

Assistant  
Principal  
Commercial  
Development

The Chair wished to arrange a visit to CCM and this was agreed.

Governors **resolved** to receive the Apprenticeships and Commercial Report and to **approve** the Black Country Skills Accelerator Project

## 12.22 INSURANCE RENEWAL

The Director of Finance & MIS presented his report. The college insurances were due for renewal by 31 October 2021. Governors were asked to approve the renewal of insurances via the college's broker.

The College's policies in 2020/21 cost £165,000 with a subsequent adjustment in year for the Construction College Midlands of an additional £11,017 (covering 11 months). There were no firm figures yet available for 2021/22 but costs were expected to be £175k to £200k.

Governors **resolved** to **approve** the necessary College insurance arrangements within the expected cost envelope up to £200k.

#### 13.22 **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 2021. It was part of the external audit process. 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.

The questions were in line with previous years, with the addition of one relating to Covid. The Head of Finance explained the new question, which related to Covid recovery funding streams, and the management processes in place to track these.

There was a discussion about college funding and how the auditors would be seeking assurances of this for 2020/21, given that the ESFA had withdrawn its own funding statement this year. Further information on this would be provided before Governors were required to approve the accounts in November.

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

#### 14.22 **COMMITTEE WORKPLAN AND TERMS OF REFERENCE 2021/22**

The Clerk noted the draft workplan that had been provided. It would be used as the basis for agenda setting in year but was flexible if changes were needed. As usual, Governors were reminded that they could request agenda items.

The terms of reference had been reviewed in line with the agreed three-year cycle. Minor amendments had been made.

Governors **resolved** to **note** the Committee workplan and to **recommend** the terms of reference for Corporation approval.

#### 15.22 **DATE OF NEXT MEETING**

Tuesday 23 November 2021 at 0930 hrs.

The meeting ended at 1220 hrs.



How Governors challenged management		Impact of meeting on College	
07.22	Suggested section in future Finance Reports to look at the wider financial outlook.	09.22	Agreed to further work to progress the two property strategy projects.
07.22	Suggested review of assessor caseloads.	12.22	Approved insurance costs.
08.22	Suggested budget transfer of some commercial income.	14.22	Recommended committee terms of reference for Corporation approval
11.22	Suggested further information on net margins for apprenticeships and commercial work.		