

**WALSALL COLLEGE  
MINUTES OF A MEETING OF THE FINANCE & RESOURCES COMMITTEE  
HELD ON TUESDAY 22 JUNE 2021 AT 0930 HRS  
VIA ZOOM**

<b>PRESENT:</b>	<b>Dave Wheeler Allan Pinnegar Jat Sharma Stuart Pedley-Smith (from 1030 to 1145 hrs)</b>	<b>Chair  Principal and Chief Executive</b>
<b>TOGETHER WITH:</b>	<b>Matthew Brown Jacky Leek Deb Rajania (Item 63.21) James Norris (Items 63.21, 64.21 and 65.21)  Alison Buick</b>	<b>Director of Finance &amp; MIS Head of Finance Director of Operations and Resources Assistant Principal Commercial Development  Clerk to the Corporation</b>
<b>APOLOGIES:</b>	<b>Charlotte Bosworth</b>	

**55.21 CHAIR'S OPENING REMARKS**

The Chair welcomed all to the meeting and thanked them for their attendance.

**56.21 APOLOGIES FOR ABSENCE**

Charlotte Bosworth.

**57.21 DECLARATIONS OF INTEREST**

None.

**58.21 MINUTES**

The minutes of the meeting held on 29 April 2021, having been circulated, were taken as read and approved.

**59.21 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 was not due until October 2021.

Item 04.20

The staff wellbeing strategy was not due until October 2021.

Item 11.20

The review of exam fees was not due until March 2022.

Item 07.21

The Director of Finance & MIS confirmed that insurance against excessive pension costs was not practicable

Item 08.21

Cannock activities would be covered in the Resources report later in the meeting

Item 26.21

It had been confirmed that as Health and Safety was a whole board responsibility, the Annual Report should be approved at Corporation. The process would therefore revert to that previously, whereby the committee would review the detail and then recommend approval at Corporation.

Item 36.21

CCM would be covered as part of the budget discussions later in the meeting.

Item 51.21

The budget would be discussed later in the agenda.

**60.21 CHAIR'S ACTIONS**

The Chair had given approval for two actions in May 2021, relating to a College Collaboration Fund bid of approximately £10k and also a UK Community Renewal Fund bid. The CRF bid was a joint bid with a training company that the college had previously worked with on ESF funded projects. The bid had two elements, for the Black Country and South Staffordshire, and as such the separate elements could be for up to £500k each.

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

**61.21 FINANCE REPORT TO APRIL 2021**

The report was presented by the Director of Finance & MIS, and covered the Pay Review and the management accounts to April 2021.

Pay Review

The pay review had been discussed and approved at Corporation on 25 May 2021. The award was 1% or £250 for all staff, whichever was the greater, with effect from 1 June 2021. This had been enacted for June's payroll.

The effect of this had put all staff above the National Minimum Wage and had concentrated the bottom end of the pay scale, which would add pressure to future pay claims at every level of the pay scale. It was also the case that where some salaries were directly funded, changes needed to be discussed with the funders.

It was confirmed that there were over 800 employees.

The Corporation Chair asked for some work to be done to clarify the number of staff per pay band for Governors, which would help to put the 1% award into context.

Corporation had also asked for the effects of the Living Wage to be considered. The Director of Finance & MIS felt that this should form part of the next scheduled pay review (1 Feb 2022), and the committee **agreed** to this.

**Director of  
Operations  
and  
Resources**

### Management Accounts

The Director of Finance & MIS commented on the management accounts and addressed the comments previously submitted by the Chair. The surplus shown for CCM related to the year to July, inline with the Colleges reporting year. Demand for scaffolding provision was strong and was booked well into the next calendar year.

Governors noted the following:

- The college expected to end the year comfortably within the £1.2m revised budget. The May management accounts were now complete and supported this view;
- The exercise to complete Teacher Assessed Grades had now been completed, so the staff overtime implications of this were expected to be known in July pay roll
- The financial health score was expected to remain at good.

Governors asked if there was a risk of the financial health score reducing to satisfactory, but the Director of Finance & MIS thought that this was minimal. Non Pay Expenditure to the year-end was largely discretionary and therefore controllable.

The Chair asked if the deficit could be reduced to £1m, what would the impact on the health score be. The Director of Finance & MIS did not have metrics on this to hand, but confirmed that the impact would be minimal

The Principal added that the cash position was healthy and that the situation going into 2021/22 was fine. However, the two years after that would be challenging. The college had largely absorbed the financial effects of the pandemic.

Governors **resolved** to **receive** the Finance Report to April 2021.

### **62.21 PROPOSED BUDGET 2021/22**

The report was presented by the Director of Finance & MIS, who requested that Governors recommend the proposed budget for Corporation approval on 8 July. The elements within this were the revenue budget, capital envelope of £750k (which was the usual amount) and an agreement in principle for a subcontract arrangement of £750k with Embark (endorsed by WMCA).

The proposed budget was to deliver Good/Outstanding financial health (subject to revised financial health measures), generate between £1m and £1.5m of cash inflow and support the majority of the investment to return the College to Ofsted Outstanding by the next inspection

The Committee was asked to note specifically the in-year benefits of T-Level forward funding and subsequent year pressures from the removal of the Tuition Fund, Capacity Delivery Fund and inflationary pressures. These were material despite the growth in apprenticeship income to £6.5m by 2024 as outlined in the new Strategic Plan.

The Director of Finance & MIS commented on the movement between the previous version of the draft budget and this final draft. Much work had

been completed to review the position with the curriculum teams, and there had been full costing of all curriculum elements. There were many costs and uncertainties, but the bottom line had not moved significantly.

There was budgeted growth in apprenticeships income, up to £6.4m by 2024.

The budget was within the EBITDA range of 6-8% and would generate cash.

Staffing costs were at 67.8% of turnover.

The T Level funding and expected enrolments were explained in detail. There was in year forward funding, which was beneficial. However, if the college did not recruit to the level expected for 2021/22 there was a risk of losing funding in future years, which could result in a funding reduction in absolute terms despite increasing student numbers. The implications of this were noted.

There was a discussion about the recruitment of T Level students and the extent to which they may be new students, as opposed to students that may have enrolled on equivalent existing vocational qualifications and study programmes anyway. This was difficult to assess. Maintaining an efficient curriculum model with a broadening mix of qualifications was challenging and had been extensively discussed during planning discussions with staff.

Questions and comments were invited.

The Chair asked if budgeted T Level enrolments were included within the budget and it was confirmed that they were as funding was secured. Costs of delivery would continue to be monitored. There would be no in year clawback from below target enrolment As long as the courses run.

The Director of Finance & MIS discussed other income elements of the budget and the following were noted:

- AEB had been fully planned and agreed with WMCA. There was a small chance of some additional funding in year;
- A community learning strategy had also been discussed and agreed with WMCA. This was within the proposed budget;
- The HE offer had been simplified with the withdrawal from LCCA. The budgeted number of HE students reflected that enrolment had remained stable at around 220 per year for several years. There was expected to be more HE provision in apprenticeships;
- The apprenticeships market had been difficult for the past year but performance had been in line with expectations. Activity at CCM had contributed to this. £3m of carry in to 2021/22 was budgeted for apprentices already recruited plus £0.4m of new starts. This growth would increase EBITDA and reduce costs. For 2021/22, £5.1m of apprenticeships income was felt to be achievable.

The Principal commented that the apprenticeship figures were realistic at this stage.

- High Needs funding had been impacted by Covid-19 and the reduced demand for delivery. However, the cost base for staffing this area

remained. It was expected that demand would increase again to existing levels but probably not over a single year

- On other income lines, there were some small grant contracts, income of £1.5m for CCM and some commercial income;
- The catering contract had been reviewed and the service would be brought in house from August 2021. More detail of this would be provided in the Resources report later in the meeting.

The Director of Finance & MIS outlined the expenditure elements of the budget.

- Phase 1 of the staffing re-structure was complete and the senior staff were now largely confirmed. Phase 2 would look at further efficiency plus investments needed to return to outstanding;
- A notional 1% pay award for February 2022 was included;
- There was pressure on both pay and non-pay costs;
- There was little indication that funding would reflect inflation, which was a strategic issue for Governors to be aware of moving into the following two years;
- There was some additional Covid catch up funding for next year but this was unlikely in future years;
- Capacity Delivery Funding was also time limited but there would continue to be demand for work placements;
- Efficiency measures were needed beyond 2022 to manage the budget and the financial metrics.

The Chair referred to the questions he had submitted and asked about the impact on High Needs funding if less SLDD students were recruited. The Director of Finance & MIS explained the funding methodology in place. Local Authorities commissioned places with the college. The budgeted Element 3 High Needs funding was 25% lower for 2021/22 compared to 2019/20 following a 50% reduction in 2020/21.

Clarification was provided on budgeted income for CCM and commercial areas. The Chair felt that the margins at CCM appeared low for a commercial activity and suggested that these be reviewed. The Director of Finance & MIS explained the basis of overheads allocation prevented a direct comparison with the other curriculum areas and expected these to increase these over time to the circa 202% of the original business case.

Governors noted that some Covid related costs, such as enhanced cleaning, were likely to remain but that others would reduce as social distancing and other restrictions were eased.

There was a discussion about EBITDA and how this compared to previous years. The Head of Finance stated that anything below 5% may be deemed a concern and that 10% was aspirational. The budget included EBITDA between 6 and 8% but may be affected by apprenticeship growth.

The Chair noted the potential issues within the budget for 2022/23 and 2023/24 if no actions were taken. However, it was clear that management had a range of areas under review and the position as currently stated was the “status quo” scenario.

Governors **resolved** to receive the Draft Budget for 2021/22, and to **recommend** its approval by Corporation.

### 63.21 RESOURCES REPORT

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

- Pleck Library;
- Pioneer House;
- Capital Grants work;
- Catering contract;
- Property strategy;
- Covid security;
- Staff restructure.

#### Pleck Library

The lease had been completed.

#### Pioneer House

This was now operational.

#### Capital Grants work

All three projects were expected to complete within the timeframes agreed with ESFA.

Chair's Action had been given to award the contracts for work at Green Lane. Governors **resolved to approve** the Chair's Action.

#### Property Strategy Update

There were three projects:

1. Construction Skills Academy (ie the extension at Green Lane);
2. Advanced Electric Vehicle Technology Centre; and
3. Community Learning Campus (ie the proposal to re-locate Hawbush).

Walsall Council had received confirmation that £21m of the £25m Town Centre funding bid had been awarded. The three college projects were within scope to be funded as part of this.

The rationale for the projects was outlined.

(The Assistant Principal Commercial Development joined the meeting at 1110 hrs).

The Committee was asked to approve the project funding for the Green Lane extension up to £3.9m subject to minimising the use of College reserves spend. This was considered in detail and the affordability of funding options within the college's financial strategy were thoroughly reviewed.

It was noted that there was no detailed business case at this time, which made it more difficult for Governors to give the approval requested in the written paper. A detailed business case was requested before a final approval to proceed was given.

The Director of Finance & MIS noted that there had been £25k of funding already received to explore the project. The project fitted with the local skills

plans. Curriculum and labour data also supported it. A complete re-location of Green Lane was prohibitively expensive so expansion was the preferred option. Work needed to start on site by August 2022 to complete by August 2023, the date by which funds had to be spent.

The Chair of Corporation thought it would be helpful to have a more detailed timeline for the project. However, this was difficult to confirm at present, as the funding was via the Local Authority and largely outside of the college control at this time.

The Director of Finance & MIS confirmed that at this point, Governors were being asked for in principle approval for the Green Lane extension, rather than a firm approval to spend up to £3.9m. This project was the highest priority of any that were being considered.

The Chair noted that the Local Authority would potentially provide up to £1.4m of the total cost but that it was difficult to give approval up to £3.9m without a full business case.

The Principal agreed, and confirmed that a full business case would be brought to the committee in due course. He and the Assistant Principal Commercial Development had a meeting with the Local Authority for further discussion later in the day. It was expected that a Memorandum of Understanding and Heads of Terms would be required to be signed with the Economic Board. However, no projects involving the college would go ahead without detailed scrutiny by this committee and approval of Corporation. The Local Authority were aware of this, and also aware that the college was not in a position to fund Green Lane extension without the Town Centre funding element.

The Director of Operations and Resources noted that planning aspects of the project needed to commence now to enable it to be completed by August 2023. The costs of this were confirmed as already being included within the budgets for capital and revenue expenditure.

Governors **resolved to approve** the proposal for an extension to Green Lane at a maximum cost of £3.9m. **However**, this was an in-principle approval only, to allow further detailed discussions to progress with the Local Authority. The project would not be fully approved until receipt of a business case with detailed income and expenditure proposals. Such a proposal would require detailed scrutiny at this committee prior to a recommendation to approve being made to Corporation.

#### Catering contract

The catering contract would be brought in-house from August 2021, as agreed at the previous committee meeting. Planning for this was under way.

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

## **64.21 APPRENTICESHIPS AND COMMERCIAL REPORT**

The Assistant Principal Commercial Development presented his report, the purpose of which was to provide the committee with an update on College sub-contractor activity for Apprenticeships and Adult Education Budget (AEB) for the academic year 2020/21. The report also indicated potential

contract values for sub-contracting activity in 2021/22 which the Committee would need to approve for contracts to be issued in August.

The committee would also be asked to approve the College's Subcontracting Policy for 2021/22. This policy was subject to annual approval by the committee at this time of year. It had been updated in minor respects and was aligned to the new college corporate strategy.

In response to questions it was confirmed that there was no out of area AEB and some out of area apprenticeship delivery. There were no major concerns with sub-contracted delivery. Apprenticeship performance was in line with profile and year end budget expectations.

Governors **resolved to approve** the sub-contractor activity for 2021/21 and the Subcontracting policy for 2021/22.

#### **65.21 BIDS UPDATE**

The Assistant Principal Commercial Development presented the report on behalf of the Director of Commercial Projects.

The report gave an update on several bids that the college team was working on, as set out in the written paper. The Walsall Town Deal had been discussed as part of the projects referred to in the Resources report earlier in the agenda. Other potential projects were at early stages and were being prepared in collaboration with other local colleges.

Governors **resolved to receive** the Bids Updated report.

#### **66.21 BAD DEBT WRITE-OFFS**

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

In the 12-month period to the end of April 2021 the College hadn't written off any bad debts. This had been a conscious decision due to the impact of the pandemic on students and the wider economy.

At the end of April 2020 £180k had been provided for and this had increased to £241k by the end of April 2021. The majority of this increase related to individual student debt.

No debts had been referred to the collection companies during the period, however the College continued to recover against previously referred debts and had made renewed efforts on this since March 2021.

It was **resolved** that Governors **received** the Bad Debt Write Offs report and **noted** that on this occasion there were no write offs for approval.

#### **67.21 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 slightly decreased compared to the previous year. The college had met all of its legal responsibilities, including for requests for information through Subject Access Requests. The volume of Subject Access Requests continued to be



high. However, the Director of Finance & MIS was confident that the area was well managed.

The Chair asked if data protection was included within the internal audit plan, and it was confirmed that it was. Advisory work had been carried out in 2018 before the GDPR had come into force and there had been a later follow up of actions agreed. The area would continue to be reviewed on a cyclical basis by the internal auditors.

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

**68.21 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 Clerk also commented on the allocation of timings for individual agenda items, the length of meetings and the need for more coverage of HR matters in year.

The Chair agreed the need for the Head of HR to attend at least every other meeting.

The Principal commented that some agenda items could benefit from a pre-meeting discussion to avoid the need for lengthy explanations of context at the committee.

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

**69.21 DATE OF NEXT MEETING**

Tuesday 5 October 2021 at 0930 hrs.

The meeting ended at 1230 hrs.

How Governors challenged management		Impact of meeting on College	
61.21	Asked for further information on number of employees per pay band.	60.21	Approved Chair's Actions.
61.21	Asked about the risks of changes to financial health score.	62.21	Recommended draft budget to Corporation for approval.
63.21	Noted that approval for Green Lane extension could not be given without a fully costed business case.	63.21	Approved Chair's Actions.
		63.21	Gave in-principle approval for the Green Lane extension.
		64.21	Approved the Subcontractor Policy for 2021/22.
		67.21	Approved the Data Protection and Freedom of Information Annual Report.