

WALSALL COLLEGE
MINUTES OF A MEETING OF THE FINANCE & RESOURCES COMMITTEE
HELD ON TUESDAY 4 OCTOBER 2022 AT 0930 HRS
VENUE: BOARDROOM (A339)

PRESENT:	Dave Wheeler Jat Sharma Tony Sadla (until 1055 hrs) Stuart Pedley-Smith	Chair Principal
TOGETHER WITH:	Matthew Brown Jacky Leek Richard Brennan (observer) Deb Rajania (Item 11.22) James Norris (Item 12.22)	Director of Finance & MIS Head of Finance Assistant Principal Curriculum Director of Operations and Resources Assistant Principal Commercial Development

APOLOGIES: None.

01.23 CHAIR'S OPENING REMARKS

The Chair welcomed all to the meeting and thanked everyone for their attendance. There was a short reflection to mark the passing of Her Majesty Queen Elizabeth II.

It was agreed to bring forward discussion of Item 12, Insurance Renewal.

02.23 APOLOGIES FOR ABSENCE

None.

03.23 DECLARATIONS OF INTEREST

No changes were reported.

04.23 MINUTES

The minutes of the meeting held on 21 June 2022, having been circulated, were taken as read and approved.

05.23 MATTERS ARISING

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

Item 61.22

RSM would be facilitating a training session on risk appetite at the Governor Training session on 10 October 2022.

Item 62.22

KPIs would be presented to the Corporation meeting on 20 October 2022.

Item 64.22

The requested HR update would be presented in future reports.

06.23 CHAIR'S ACTIONS

Due to increasing rates available on short term deposit the Chair was asked via email to approve additional short-term cash deposits in excess of levels allowed in the current treasury management policy.

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

07.23 TREASURY MANAGEMENT POLICY

The Director of Finance & MIS gave a short update, confirming that the purpose of the paper was to propose a change to the College's Treasury Management Policy to maximise returns available on the College reserves.

With rising interest rates and inflation, the opportunity costs between keeping cash in the College current account vs term deposit facilities had increased significantly. It was proposed to allocate more cash to term deposit to maximise the return whilst ensuring the College had cash available as required.

It was proposed to predominantly use Barclays for deposits as this would remove fraud and transfer risks along with minimising management time on a monthly basis. However, other options would continue to be considered and a prudent approach would be maintained.

The Chair asked when banking arrangements were due for review. The Director of Finance & MIS confirmed his view that this was not needed and that in the current market there was no material benefit to such an exercise.

The Principal noted the likely ONS re-classification of colleges after November 2022. It was unclear what would happen to existing college reserves after this date or what the transition period to new arrangements might be.

Governors **resolved** to **approve** the Treasury Management Policy.

08.23 INSURANCE RENEWAL

The Director of Finance & MIS presented his report. The college insurances were due for renewal by 31 October 2022. Governors were asked to approve the renewal of insurances via the college's broker. No changes to the level of cover were proposed.

There were no firm figures yet available for 2022/23 but costs were expected to be in the region of £200k, allowing for some increase due to general economic conditions at this time.

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

09.23 FINANCE REPORT TO 31 JULY 2022

The Director of Finance & MIS presented his report, which showed the financial performance to 31 July 2022 and gave an update on 2022/23 to date.

2021/22 Outturn

The College had achieved its bottom line budget for the year. There had been a reduction in expected income following under delivery in nearly all

adult income lines. The AEB contract was expected to be at 97%, meaning that the full contract income could be claimed. To offset this, costs had been well managed despite a significant increase in electricity costs following the end of the College's fixed contract in March 2022. A full reconciliation between the July management accounts and statutory accounts would be presented as usual at the next meeting.

The external audit work was in progress. There were ongoing discussions about the accounting adjustments in respect of LGPS pensions and deferred capital grants. The impact of the accounting treatment for deferred grants was explained but this was not expected to have a detrimental effect on the college's financial health score.

Governors asked about the expected pension liability. The Head of Finance confirmed that the next triennial valuation was not until April 2023 and that this was expected to increase contributions.

2022/23

It was reported that recruitment to the 16-18 contract was on target. A small clawback on T Level recruitment was expected due to under recruitment, particularly for Health due to the national issues about 2022 results.

The Assistant Principal explained recruitment to date for T Levels. Unfortunately some students had not achieved the GCSEs needed to access the courses and in other cases, where there was an option for another type of course, this had been taken.

Delivery of the National Tuition Fund was going well so far, under the leadership of a different senior manager. As the available funds had been known by the start of the year, unlike last year, it had been easier to plan for this.

It was felt that there were growth opportunities in AEB and National Skills Fund in year.

The college had been undertaking a wide-ranging review of apprenticeships and work-based learning and some changes were being implemented to ensure that the college was meeting local skills needs in the best way.

Some cost pressures were coming through requests for more resource in some areas, such as Maths, safeguarding and pastoral care.

There were inflationary pressure on pay and non-pay costs.

A Governor asked about the impact of increasing energy costs. It was confirmed that a fixed price energy contract was now in place. The gas contract was due to be changed in March 2023. An energy panel had been set up in college to review usage.

An update on the pay review cycle was given. Staff eligible for increments in September had received these. There had been an increase in the Real Living Wage rate and it was proposed to pay this to eligible staff from 1 November 2022. This continued the agreed pay policy of ensuring that the lowest point on the pay scale was in line with the Real Living Wage.

Management also proposed a one-off cost of living payment in December 2022 to all staff of £250 (pro rata). The main harmonised pay scale review would be presented in January for consideration based upon affordability as normal. Senior postholders were outside of the college pay framework.

It was noted that the increased costs of the Real Living Wage from November would be largely offset by the recent Government decision to reduce National Insurance at the same time.

Governors **resolved** to **recommend** the pay recommendations to adopt the Real Living Wage increase with effect from 1 November 2022 AND to make a one-off cost of living payment of £250 (pro rata) to all staff in December 2022 to Corporation for approval on 20 October 2022.

The college had been selected at random for an ESFA funding audit. PWC would do this on behalf of the ESFA and the work would start on 31 October 2022. It was unlikely to be completed before the scheduled date for sign off of the statutory accounts.

Questions and comments were invited.

The Chair asked what the National Tuition Fund clawback amount was expected to be. The Head of Finance confirmed £0.5m.

The Chair asked about the expected outturn for CCM in 2022/23, noting that only 50% of the budget had been achieved in 2021/22. The Head of Finance stated that it was too early in year to say, but that the budget meeting held the previous week showed a strong start and that scaffolding courses were fully booked until May 2023.

The Chair asked about utilisation and class sizes, and this was discussed.

The Chair asked about risks to bank covenants and capital expenditure. The Director of Finance & MIS confirmed that there were no risks to bank covenants. The biggest risk to capital expenditure was inflation, but management would look to reduce costs through value engineering where possible.

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

10.23 COMMERCIAL ACTIVITIES

The Director of Finance & MIS presented his report, which reviewed the financial performance of non-teaching activities.

Catering had been an in-house service for a year. There had still been some Covid impact, but the overall performance for the year had gone well. It was hoped to break even this year.

The Nursery had an improvement plan in place.

The salons had plans to make them more commercial.

The Hub services had a less clear position. The sports hall and gym covered costs and supported students. The restaurant operated at a loss but there was no recovery plan yet for this.

The use of the restaurant, including for student work experience, its staffing and opening hours were discussed.

Governors confirmed that they wished to see a significant improvement on the Hub deficit in 2022/23.

There was a discussion about Christmas bookings for the restaurant and gym prices compared to other local facilities.

It was agreed that the performance of the commercial activities would continue to be monitored through the management accounts and that an improvement plan would be brought back to the February meeting.

Director of
Finance &
MIS

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

11.23 RESOURCES REPORT

The Director of Operations and Resources attended to present his report, The following were noted:

Construction Skills Academy

- The business case had been approved but the contract was not yet signed;
- The tender for the main contractor was due to be returned by 20 October 2022. Cost inflation had been identified as a risk to the project and it was expected that the tender returns would be above the current cost estimates;
- The contract was to be awarded on 23 November 2022;
- Planning approval had been received;
- The project timelines were noted.

The Director of Finance & MIS did not believe that there were any fundamental risks to the project, just possible timing issues.

(Tony Sadla left at 1055 hrs).

CCM new scaffolding building

- Tenders had been opened on 3 October 2022 and a sheet summarising the outcomes was tabled;
- Three suppliers had submitted tenders and it was proposed to award the contract to the one that had the lowest cost, subject to final discussions on some of the details;
- The lowest cost tender company was not known to the college but there were no concerns about it;
- Approval was being sought to award the contract for the main contractor within the agreed sum of £400k.

The Chair asked about the budget for this element, and this was confirmed as £600k.

Governors **resolved** to **approve** the awarding of the contract in line with the lowest received tender.

Electrical Vehicle Sustainability Centre

There were ongoing challenges as the college was continuing to negotiate the land purchase. The background to the current position was explained. There was consideration of the maximum affordable price and the possible elements of a package that could be negotiated.

Governors discussed the position at length and noted the three potential options proposed by management. It was **agreed** that the Director of Operations and Resources should continue negotiations, seeking Chair's Action for a financial offer if necessary. If all three options were offered and none were accepted, the matter would be brought back to the next Committee meeting in November for further consideration.

Capital Spending Profile

Governors noted the profile as set out in the written report.

Outsourced Service Contracts

Security and cleaning contracts had been extended for one year.

The electricity and gas contracts were due for renewal in March 2023 and would be market tested nearer the time.

College Way

The Director of Operations and Resources was in discussion with the Local Authority about changes to the adopted status of the road. Cost was not expected to be significant. An update would be brought back to a future meeting but a timescale was not yet clear.

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

12.23 APPRENTICESHIPS AND COMMERCIAL REPORT

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

- an update on sub-contractor performance for 2021/22 and into 2022/23;
- Internal apprenticeships performance including year to date recruitment, out of funding and caseloads;
- Overview of the new strategy for delivery of apprenticeships and work-based learning; and bids update.

The AEB sub-contractors had performed well and were over contract. This was due to disadvantage uplifts and generally good performance in year. There was a discussion about options for payment of over delivery, but this would depend on the final position at the R014 return date.

The sub-contract values for 2022/23 were noted as set out in the written report.

The apprenticeship recruitment targets in the agreed curriculum plan were explained.

Caseload utilisation was currently 87%

The number of out of funded learners continued to decrease.

The apprenticeships and work-based learning curriculum review was ongoing. Provision types were to be broadened but the baseline budget would not change. It was hoped that work-based learning would grow, but this was dependent on recruitment to vacancies.

The bids update was noted, including Multiply and boot camps.

There was a discussion about the development and delivery of new HTQs in health, and also progression in work-based learning.

Questions and comments were invited.

The Chair asked whether there were any risks to the overall budget for the year. The Assistant Principal Commercial Development thought not as there was scope for growth and the contribution levels had been reviewed with the Finance team. However, it was too early in year to say, particularly as 2021/22 had also started well but seen a change to the market in year.

Some aspects of the apprenticeships and work-based learning review were discussed. It was noted that the engineering offer had been re-aligned with some new areas added.

The areas within the Apprenticeships and Work-Based Learning Strategy were considered. The funding arrangements were complex for the areas within the strategy, but the college was trying to position itself better in a changing environment.

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

13.23 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 2022. 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.

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

14.23 COMMITTEE WORKPLAN 2022/23

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.

It was suggested and agreed that an additional committee meeting be held in January 2023, prior to Corporation, to discuss the proposed pay review. A date would be agreed.

Director of
Finance &
MIS

It was also noted that the timing of the next scheduled meeting, on 22 November 2022, may need to be reviewed, depending on progress of the funding assurance audit starting on 31 October 2022. If so, the Director of Finance & MIS would liaise with the Chair.

Governors **resolved** to **note** the Committee workplan.

15.23 DATE OF NEXT MEETING

Tuesday 22 November 2022 at 0930 hrs.

The meeting ended at 1205 hrs.

How Governors challenged management		Impact of meeting on College	
09.23	Asked about expected pension liability.	08.23	Approved insurance costs.
09.23	Asked about the impact of rising energy costs.	09.23	Agreed to recommend pay proposals for Corporation approval on 20 October 2022.
09.23	Questioned expected outturn for CCM in 2022/23.	11.23	Endorsed management approach to securing acquisition of land adjacent to Wisemore campus.
09.23	Questioned risks to bank covenants and capital projects.	13.23	Recommended Regularity Audit Self-Assessment Questionnaire for Corporation approval.