

**WALSALL COLLEGE MINUTES OF A MEETING OF THE FINANCE & RESOURCES COMMITTEE
HELD ON TUESDAY 21 FEBRUARY 2023 AT 0930 HRS
VENUE: A339 (BOARDROOM, WISEMORE CAMPUS)**

Attendance Present: **Attendees**
 Dave Wheeler - Chair
 Jat Sharma - Principal
 Stuart Pedley-Smith
 Tony Sadla

Together with: **Matthew Brown - Director of Finance & MIS**
 Jacky Leek - Head of Finance
 James Norris (Item 40.23) - Assistant Principal Commercial Development
 Alison Buick - Head of Governance

Apologies: **None.**

Item	Subject	Who
31.23	CHAIR'S OPENING REMARKS The Chair welcomed all to the meeting and thanked them for their attendance.	
32.23	APOLOGIES FOR ABSENCE None.	
33.23	DECLARATIONS OF INTEREST There were no additional declarations made.	
34.23	MINUTES The minutes of the meetings held on 22 November 2022 and 18 January 2023, having been circulated, were taken as read and approved.	
35.23	MATTERS ARISING Governors reviewed the Action Points Record for Finance & Resources Committee and noted the following: <u>Item 10.23</u> Commercial activities would be discussed at a later agenda item. <u>Item 24.23</u> The HR report would be discussed at a later agenda item.	
36.23	CHAIR'S ACTIONS There were no Chair's Actions to report.	
37.23	FINANCE REPORT TO DECEMBER 2022 The Director of Finance & MIS presented his report, which covered the financial position to December 2022. The January management accounts had now been published and were being reviewed. Before reviewing the management accounts, Governors were advised of an error in information sent to the OfS. Unfortunately, when submitting the Annual Fee Information Return (AFI) to the OFS for 2023/24 the college had mistakenly included the fee levels approved by the Committee for the 2022/23 academic year. Committee approval was sought to leave the fees for 2023/24 at the same level as 2022/23.	

Item	Subject	Who
	<p>Governors resolved to maintain the HE fee levels for 2023/24 at the same level as for 2022/23.</p> <p>The Management Accounts showed a year to date overall management accounting deficit higher than that budgeted. Funding for apprenticeships was still lagging behind due to timing differences with data on the ILR. An improving picture was being seen in January. The Assistant Principal would cover this in more detail later.</p> <p>EBITDA for the year to date was lower than planned but expected to be on track by year-end.</p> <p>The AEB funding uplift was not yet included in the figures.</p> <p>Pay costs were below budget, but some of these savings would offset the February pay award and may be needed to support more delivery in some areas. The pay award approved at January Corporation had been implemented. There were some staff vacancies that were hard to fill, including at SMT level.</p> <p>The Chair asked what the general picture across the sector looked like in respect of pay awards. The Principal responded that colleges were taking different approaches and at different times. A wider view of staff terms and conditions needed to be taken. Flexible working was an area that was frequently asked about at interviews. Teachers pay in FE continued to lag behind that in schools.</p> <p>A Governor asked whether holidays could be traded for additional pay or if additional small wellbeing type activities could be run for staff. Management had considered this, but were not convinced that this would improve output and that it could have a detrimental effect on timetabling, as available hours were already at capacity with curriculum, CPD and exam needs.</p> <p>The Principal noted discussions at the previous Corporation meeting regarding management of students and pressures on staff. The finance-quality-people triangle was under pressure from all sides. Further work was in progress to look at staffing, flexible working and wellbeing. The Chair requested that the Head of HR be asked to look at this area, including what best practice could be learnt from other colleges, and report back to the next meeting.</p> <p>Governors discussed recruitment processes. It was noted that staff were concerned about salary, given current cost of living pressures, but also options for flexible working, the values of the organisation and the organisation's green credentials.</p> <p>Governors also discussed the income position reported as at December, but noted improvements that were being seen in January's draft figures. The financial health score had reduced for December but was expected to be higher in January. Management had no significant concerns about this.</p> <p>Governors resolved to receive the Finance Report to December 2022.</p>	Principal/ Head of HR
38.23	<p>BUDGET SETTING 2023/24</p> <p>The Director of Finance & MIS gave a brief overview of the aims of the budget setting round for 2023/24. These included</p> <ul style="list-style-type: none"> • EBITDA of at least 5%; 	

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	<ul style="list-style-type: none"> • Staffing costs at 69.5% or less; • Average class sizes of at least 17; • Investment of around £1.5m in resources; • Outstanding financial health. <p>The budget setting approach was unchanged from the previous year. Curriculum planning was ongoing, with that for adults having started earlier, in line with the WMCA timescale.</p> <p>Utility prices were still a significant risk to the budget, with prices unknown after March 2023. The broker had estimated a £0.5m increase.</p> <p>Overall, there was a need to balance the budget with the resources being requested to deliver quality in anticipation of Ofsted.</p> <p>There was a discussion about energy prices.</p> <p>The Chair noted the increasing pressures to deliver quality and a range of support services for students at a time when costs continued to rise. Pastoral and wider support were more difficult to deliver than teaching and learning, and were harder to plan for. Assessing impact and value for money was also harder. There was general agreement that the delivery model needed to adapt and change, but that recruiting vocational specialist teachers remained difficult. Many teaching staff were dealing with the impact of Covid. This disruption, including behavioural and support needs, was expected to continue for 3-4 years. Post Covid learning gaps were very evident.</p> <p>Governors commented that a five-year budget would be helpful for scenario planning, but recognised the difficulties in this.</p> <p>Governors resolved to receive the Budget Setting Report.</p>	
39.23	<p>TREASURY MANAGEMENT UPDATE</p> <p>The Director of Finance & MIS gave a short update on how the college was managing cash reserves in line with the policy. Amounts on deposit and interest earned were noted.</p> <p>The cashflow model in use was being re-worked by the Finance team.</p> <p>The Head of Finance outlined plans to use the Amazon business portal for staff making purchases with college procurement cards. Setting up the portal would give the Finance team better control and oversight of the purchases being made, as well as allowing the college to benefit from a discount of 2-4% and access to prime delivery for an annual fee. At this stage, the savings were difficult to assess, but the team felt that the enhanced financial controls were beneficial.</p> <p>Governors were asked to consider a proposal to reduce the 90-day minimum treasury deposit balance by £1m to £3m.</p> <p>Governors resolved to receive the Treasury Management Update and to approve the change as requested.</p>	

Item
40.23

Subject
APPRENTICESHIPS AND WORKBASED REPORT

Who

The Assistant Principal Commercial Development presented his report. The report gave an update on sub-contractor performance, internal apprenticeship performance including year to date recruitment and out of funding, bids update and Construction College Midlands.

- There were no concerns with subcontractor performance for the year to date;
- WMCA approval had been received for additional work with Embark within their agreed contract value;
- An additional £500k had been added to the RO6 return. Around 100 further apprentices were due to be added to the ILR;
- Recruitment was going well and there was a healthy pipeline of vacancies;
- Staffing capacity continued to be challenging in some areas. This could push back start dates for three groups;
- The funding audit commissioned by ESFA and being undertaken by PWC was still in progress. It was hoped that it would conclude soon. Governors were advised of a likely clawback, for which there was a provision in the accounts. The audit report would be presented at the Audit Committee in March.

There was a discussion about the audit, which had been very staff intensive. The college had been randomly selected as part of the cyclical work commissioned by the ESFA. There were some areas for improvement identified but no significant concerns. The internal controls needed to be improved to prevent future clawbacks. Some changes to the MIS and ER teams were planned.

- The number of out of funding apprentices had dropped;
- Bids were in progress in a number of areas, including for Multiply and the Strategic Development Fund Round 2, for which activity had been paused;
- CCM activity was positive and expected to increase further once the new facility was opened in April.

Questions and comments were invited.

The Chair asked if the CCM contribution would be back on budget by year-end. The Head of Finance expected this to be the case. There were currently some timing differences affecting the reporting and also there would be more full cost courses when the new scaffolding building was open. The budget had been flat phased, when in reality more income was expected towards the end of the year. The current order book supported this view.

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

41.23

RESOURCES REPORT

The Director of Finance & MIS presented the report in the absence of the Director of Operations and Resources. The report covered the following:

Green Lane Construction Skills Academy

Governors were reminded that the Corporation had approved the project at an authorised sum of £5.8m with no contingency.

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	<p>However, the underground works planned for the building to have a ground bearing floor slab and it had since been advised that a suspended ground floor slab was required because the ground conditions were less stable than anticipated. As a result, more steelwork and groundworks had been needed, with a delay of five weeks to the tendered dates and additional cost of £234k plus VAT.</p> <p>To manage this, the Finance & Resources Committee was asked to authorise a contingency of 10% for the project (£450k). The floor slab would take up £281k (£234k plus VAT) of this contingency. All other cost parameters were as authorised previously. With contingency, the revised authorised sum would now be £6.25m.</p> <p>Governors resolved to approve the contingency as requested.</p>	
	<p>The Chair commented on a paper prepared by the Director of Finance & MIS 12 months previously. This had provided a helpful analysis of the college's financial strength and ability to fund capital projects. It was suggested and agreed that an updated version be brought back to the next meeting.</p>	<p>Director of Finance & MIS</p>
	<p><u>Human Resources</u></p> <ul style="list-style-type: none"> • Head count and FTE staff had reduced; • Sickness continued to run high. 40% related to long term sickness and 60% to short term. Most short term absence was due to minor illness. Mental health was being cited in an increasing number of cases. This was split between work and non-work related issues; • There were ten HR cases in the year to date; • A tribunal case had been withdrawn; • There were 78 new staff in the year to date and a high number of current vacancies. Staff turnover figures and reasons were noted; • EDI data had been included in the written report. <p>Governors discussed reasons for staff turnover and noted the departments most affected, which were largely business support.</p> <p>Governors resolved to receive the Resources Report.</p>	
42.23	<p>COMMERCIAL ACTIVITIES REPORT</p> <p>The Director of Finance & MIS presented his report. In house catering, Nursery and Salon activities were all trading reasonably well. The sports hall was well used. There were concerns about the financial contribution of the restaurant and conferencing activities.</p> <p>Governors discussed the restaurant, which was also used for training purposes. A Governor outlined a sponsorship scheme seen elsewhere, where large hotel chains had sponsored catering training facilities to benefit students. It was confirmed that a more detailed review would take place as part of budget planning for 2023/24, and that an update would be brought to the next meeting in May.</p> <p>Governors resolved to receive the Commercial Activities Report.</p>	<p>Director of Finance & MIS</p>

Item	Subject	Who
43.23	DATE OF NEXT MEETING It was resolved that the next meeting would be held on Tuesday 2 May 2023.	
	The Chair thanked staff for their reports and made final comments relating to the current financial position and challenges, risk ratings, financial health score and the need for Governors to continue to monitor and question performance.	
	The meeting ended at 1120 hrs.	

Item	How governors challenged management
40.23	Questioned contribution of CCM.

Item	Impact of meeting on college
37.23	Approved HE fees.
39.23	Approved updates to Treasury Management policy.
41.23	Approved contingency sum for Green Lane Construction Skills Academy project.