WALSALL COLLEGE MINUTES OF A MEETING OF THE FINANCE & RESOURCES COMMITTEE HELD ON TUESDAY 22 NOVEMBER 2022 AT 0930 HRS
VENUE: A339 (BOARDROOM, WISEMORE CAMPUS)

Attendance	Attendees
Present:	Dave Wheeler - Chair Jat Sharma (from 1100 hrs) - Principal Tony Sadla Stuart Pedley-Smith (on Teams)
Together with:	Matthew Brown - Director of Finance & MIS Jacky Leek - Head of Finance Natalie Priest (Item 24.23) - Head of HR Alison Buick - Head of Governance
Apologies:	James Norris, Deb Rajania

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16.23	CHAIR'S OPENING REMARKS The Chair welcomed all to the meeting and thanked them for their attendance.	
17.23	APOLOGIES FOR ABSENCE James Norris, Deb Rajania.	
18.23	DECLARATIONS OF INTEREST None.	
19.23	MINUTES The minutes of the meeting held on 4 October 2022, having been circulated, were taken as read and approved.	
20.23	MATTERS ARISING Governors reviewed the Action Points Record for Finance & Resources Committee and noted the following: <u>Item 64.22</u> The HR report would be covered later in the agenda. <u>Item 10.23</u> An update on commercial activities would be brought back to the meeting in February 2023. <u>Item 14.23</u> An additional meeting to consider pay proposals was agreed for Wednesday 18 January 2023, 10am on Teams.	
21.23	CHAIR'S ACTIONS No Chair's Actions had been requested since the last meeting.	
22.23	FINANCE REPORT TO OCTOBER 2022 The Director of Finance & MIS presented his report, which covered the financial position to October 2022.	

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	The picture was mixed with most income lines except apprenticeships higher than the same time last year but overall behind budget. Apprenticeships were still being processed and would not be on the ILR until the funding was secured. A clawback of T-Level funding was expected in year due to lower than funded starts although most of this was provided for in the budget. National Tutor Fund had made a strong start with all funding on track to be utilised, a much better position than in the previous year. AEB was ahead of last year but behind the budget profile. HE numbers were down compared to target and previous years. Pay expenditure to date showed a positive variance but some of this saving would be needed to fund a possible February pay review. Additional posts may also be needed to maximise the funding available. There were no significant concerns so far for non-pay costs but the winter energy costs would be the major risk element in this. The Head of Finance commented on the Chair's question about the HE Strategy and funding. HE staff were embedded within curriculum areas and not just employed for HE courses. Costs were therefore not easy to pull out but some analysis of this was being completed. Governors were assured that HE was not operating at a loss. The withdrawal from LCCA had shrunk the HE numbers considerably. The HE income budget was £1.2m but around £900k was expected based on current numbers. There was a discussion about the administration requirements of OfS, which were the same for the college's small number of students as for large universities, and therefore felt disproportionate. The priorities of the WMCA and other stakeholders were also considered. The college's HE provision was well rated but small. Growing it would require investment at a time where finances were stretched with inflation and other cost pressures. Financial health was expected to be at least good by the year-end. Class sizes were larger this year and almost at the average size target of 16. There was a discussion about the numbers of T Level students and apprentices. The apprenticeship numbers could not accurately be predicted at this time of the year but the picture was expected to be clearer in January. Activity at CCM was strong. Apprenticeships were on track and full cost courses were recruiting, albeit that the profile of delivery was more heavily weighted to the end of the year. Given that the budget profile was flat this showed a variance but management were not unduly concerned. Governors were pleased to see growth at CCM. Questions and comments were invited. The Chair asked about costs of running commercial activities. The Director of Finance & MIS noted that the salons were essential for curriculum use and that	

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	they needed to provide experiences as close as possible to the real world. This was under review. The Nursery staffing had changed and the area was operating well. In house catering was now in its second year and also operating well. Hub operations were also being reviewed and there would be an update in the new year. A Governor asked about the impact of inflation on the current budget. The Director of Finance & MIS commented that the energy cost increases had been included in the budget and that costs were fixed for gas and electricity until March 2023. No Government support was currently available but this could change if ONS reclassified colleges as public sector. It was expected that the peak of the cold winter weather would be within the fixed price contracts in place. Pressures were also being seen in other non-pay costs but these were being managed. Details of a possible pay award, subject to availability, would be brought back to a meeting in January. Overall, it was expected that the budget would be delivered, although this may create some pressures on the corporate plan and the entry point for the 2023/24 budget. The Head of Finance presented the bad debt write-offs for approval. This related to £86k of student debt that was incurred for or connected to provision that was impacted by the Pandemic. Despite the best efforts of the Finance team, it had not been possible to recover this. Governors **resolved** to receive the Finance Report to October 2022 AND to **approve** the bad debt write-offs as set out in the written report.	
23.23	COLLEGE DRAFT STATUTORY ACCOUNTS 2021/22 The Director of Finance & MIS presented his report. Both the Accounts and the Year-End Audit Report had been considered by the Audit Committee at its meeting the previous week. KPMG, external auditors, had been present at this meeting. <u>Walsall College Draft Operating and Financial Review and Financial Statements</u> Governors' attention was drawn to the following: • It was planned to sign off the accounts as approved after the Corporation meeting on 24 November; • The audit had gone smoothly and KPMG were expected to issue a clean audit opinion, subject to completion of the ESFA funding audit. The Finance team had again managed the audit process well; • The report cover sheet showed a reconciliation between the management accounts position reported at 31 July 2022 and the statutory accounts figure. The final statutory accounts figure, after adjustments for FRS102 and FRS17, was a surplus of £30.1m. This was largely accounted for by pension, capital grant release and Lenartz VAT adjustments; • There had been one minor control related recommendation made and agreed with management; • Governors would need to consider carefully the going concern status of the college, and be confident of this, before approving the accounts. KPMG had provided a document that showed some scenario and sensitivity analysis, based on questions they had asked during the audit. Governors discussed the going concern considerations. The statutory requirement was to take a view for 12 months from the Balance Sheet date,	

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although KPMG asked for a longer period, being 12 months from the date the accounts were signed.
The KPMG analysis document was felt to be helpful and did not identify any areas that the committee had not previously been aware of or discussed. It was suggested that it could be a useful document to support the risk register of the college.

<u>Regularity Self-Assessment Questionnaire</u>
This had been presented and approved at the last meeting.

The Director of Finance & MIS noted other documents that had been provided for Governors.

It was **resolved** that Governors **agreed** to recommend that Corporation approve the signing of the accounts by the Chair and Principal.

Thanks were expressed to the Finance team for the work undertaken to complete the accounts and audit.

24.23 RESOURCES REPORT

The Head of HR attended to present her section of the report. Governors noted the following:

- Headcount, which was 859 at 31 October 2022. This was a slight decrease in FTE;
- New joiners data, including that 225 vacancies had been advertised last year. The average time from advert to making an offer was seven weeks.

There was a discussion about recruitment processes, some of the difficulties, the stages and the reasons for the time taken. Seven weeks was confirmed as below average for the sector. A Governor asked if cover staff were needed, given the timescale. It was confirmed that this was not always necessary. Most staff generally worked at least four weeks' notice and start/end dates coincided with term dates where possible.

- Sources of recruitment and advertising, including the Black FE Leadership Group;
- Sickness absence, which showed an average of 10.29 days. This was high. Some absence was long-term and some was due to mental health or stress. The college provided a variety of absence management interventions.

A Governor asked what was classed as long-term absence and it was confirmed that this was four weeks or more. Sick pay rates varied depending on the staff member's contract. The majority of long-term sickness was due to operations and associated recovery time.

A Governor asked about work-related stress. The Head of HR responded that there was one current case. Often stress cases related to being in a formal HR process.

(Jat Sharma arrived at 1100 hrs)

- The number of cases managed through formal processes was noted;
- The number of leavers by staff category and the overall turnover percentage were noted.

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	Governors asked about the reasons for staff leaving and the Head of HR explained that these varied. Some were due to fixed contracts ending. Turnover had historically been low but had increased in the last 12 months.	
	Governors asked that data on turnover in previous years be added to future reports and this was agreed.	
	There was regular engagement and communication with staff through a variety of mechanisms, as set out in the written report.	**Head of HR**
	• Pay was an ongoing issue and unions had rejected the AOC's proposed offer of 2.5%. There was a campaign for 10%.	
	(The Head of HR left at 1125 hrs).	
	The Director of Finance & MIS presented the rest of the Resources Report in the absence of the Director of Operations and Resources.	
	The tender exercise for the Green Lane project had been completed. Four tenders had been received and the details were noted. Prices were significantly above the budget and had added £1.55m to the original anticipated budget. There was limited scope to value engineer the project. Altering the plans would create a delay during which costs could rise further due to inflation. The project was now not expected to be completed by September 2023.	
	The CCM project had been procured and the work was due to start on site in the last week of November. It was within budget so far.	
	The Electric Vehicle Sustainability Centre project was not as far advanced, as work to acquire the land was ongoing. However, given the increased costs for Green Lane, the business case for this would need to be refreshed and brought back next year.	
	There was a discussion about the tenders received for Green Lane. Governors acknowledged the substantially increased costs, which were partly due to inflation, but also other factors such as demand for construction work which was pushing up market prices. The original project costings had been completed pre Covid, so there had been many changes.	
	The Chair asked about the 2% legal charge. This was a condition of funding. The college had previously granted charges to the pension fund for the Hub and Barclays for Wisemore. It was proposed to leave the existing charge on Portland Street in place until completion of the project.	
	A Governor asked about the contingency and whether this had been fully used with the revised costings. The Director of Finance & MIS confirmed that this was correct.	
	The Chair commented on a paper that the Director of Finance & MIS had provided a year ago, which set out the available funds for capital investment. Of the available £3m, it appeared sensible to have used some to fund the land acquisition, CCM work and now the additional costs for Green Lane. The Director of Finance & MIS agreed that the additional expenditure needed for Green Lane was within the original capital investment envelope.	

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	The Head of Finance added that the college had also received the Lenartz VAT refund and was earning more interest on deposits due to the increased interest rates. Governors were satisfied with the use of the project contingency and the following were **agreed** for recommendation for Corporation approval: i) Additional funding of £1.5m equating to a revised total authorised sum of £5.8m for the Construction Skills Academy (Green Lane extension); ii) That the college should sign the funding agreement with the Accountable Body (Walsall Council) to secure £1.355m (This figure had been reduced to £1.314m allowing for top-slicing by Walsall Council of £41k); iii) The continuation of design work for the Electric Vehicle Sustainability Centre; iv) To continue the land acquisition as previously approved. Governors **resolved** to **receive** the Resources Report.	
25.23	**HEALTH AND SAFETY ANNUAL REPORT 2021/22** The Director of Finance & MIS confirmed that the Health and Safety Annual Report had been considered at the Health and Safety Committee and would be presented at Corporation in January 2023. The ROSPA President's Award was noted. Governors had received health and safety training in October. The Committee **resolved** to **note** the Health and Safety Annual Report and **recommend** it to Corporation.	
26.23	**APPRENTICESHIPS AND WORKBASED REPORT** The purpose of the report was to update the Committee on: • Sub-contractor year end performance for 2021/22 and start up activity into 2022/23. • Internal Apprenticeship performance including year to date recruitment, out of funding and caseloads. • Bids. The Head of Finance explained that the activity to date and number of starts was similar to last year, although data was not added to the ILR until the funding had been secured. Governors **resolved** to **receive** the Apprenticeships and Workbased Report.	
27.23	**HE FEES** The Head of Finance commented on the written report, which requested approval for the fees for college run HE courses. These were required to be set two years in advance so the year being considered was 2024/25. The proposal was to keep fees at £6k for a full-time course. If fees were above £6k, this attracted an extra level of regulation from OfS, which was felt to be disproportionate. The fee level was in line with other local competitor providers.	

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	It was **resolved** that Governors **approved** the HE fees at £6k for a full-time course.	
28.23	**ANY OTHER BUSINESS** The Chair noted that now he had been appointed as Chair of Corporation, a new Committee Chair should ideally be appointed. Further consideration needed to be given to this.	
30.23	**DATE OF NEXT MEETING** It was **resolved** that the next scheduled meeting would be held on Tuesday 21 February 2023. However, there would also be an additional meeting on Wednesday 18 January 2023 at 1000 hrs on Teams. The meeting ended at 1205 hrs.	

Item	How governors challenged management
22.23	Asked about costs of running commercial activities.

Item	Impact of meeting on college
22.23	Approved bad debt write offs.
23.23	Recommended that Corporation approve the signing of the accounts by the Chair and the Principal.
24.23	Recommended that Corporation approve: 1. Additional funding for Construction Skills Academy Project; 2. Signing of agreement with Walsall Council to secure funding; 3. Continuation of design work for the Electric Vehicle Sustainability Centre; and 4. Land acquisition.
25.23	Recommended the annual Health and Safety Report for Corporation approval.
27.23	Approved HE fees.