FINANCE AND RESOURCES COMMITTEE
MINUTES OF MEETING HELD ON 10TH OCTOBER 2023

Present:
David Wheeler – External Governor (Chair)
Jat Sharma - Principal
Stuart Pedley-Smith – External Governor
Nelson Tanyanyiwa – External Governor (minutes 9 to 12)

In Attendance:
Matthew Brown (Director of Finance and MIS) (DoF)
Jacky Leek (Head of Finance) (HoF)
Lesley Venables (Head of Governance) (HoG)

Natalie Priest (Head of Human Resources) – minutes 10.1 to 10.11
Deb Rajania (Director of Operations & Resources) – minutes 10.1 to 10.11
James Norris (Assistant Principal Commercial Development) – minutes 9.1 to 9.14
David Turner – minutes 1 to 7.13

1	**Apologies for Absence**	
	Apologies for absence were received and accepted from Tony Sadla (External Governor)	
2	**Declarations of Interest**	
	There were no declarations of interest in any agenda item.	
3	Appointment of Chair	
	It was agreed that this item would be deferred to the next meeting.	
4	**Minutes**	
	Resolved – That the minutes of the meeting held on 20th June 2023 be approved as a correct record and signed by the Chair	
5	**Matters Arising**	
5.1	Governors received a progress report on actions identified at the previous meeting and noted that the majority of these had either been completed or were featured on the agenda.	
5.2	In respect of minute 63.23.14 the DoF reported that the review of the higher education curriculum (post-Level 3 activity) was ongoing and would be led by the Director of Commercial Projects and would be effective from 2024/2025.	
5.3	Performance levels for HE provision across the sector had fallen over the past few years due to many students now being required to take out loans to fund their courses. Any proposals resulting from the review would need to ensure that the College provided flexibility and a high level of accessibility for its offer.	
5.4	The review would be undertaken in 2 parts – starting with the design and delivery, with a larger-scale consideration of post-Level 3 provision which would be completed by the end of March 2024. The financial and resourcing outcomes would be submitted to a future committee meeting, including the skills profile of existing teaching resources and any gaps, transferability of staff to different areas of provision and the contribution to costs made by HE.	DoF
5.5	It was agreed that further clarity on learner numbers for 2023/2024 was required (minute 63.23 refers).	

5.6 5.7	Members noted that a full re-forecast for 2023/2024 would be brought to the November 2023 Committee meeting (minute 63.23.7). Further details on the outcomes of the staff survey would be reported to the next meeting (minute 66.23.8).	DoF NP
6	Chair's Action	
	None	
7	Finance Report to July 2023	
7.1 7.2 7.3 7.4 7.5 7.6	The Director of Finance & MIS (DoF) presented the management accounts to 31st July 2023, which included the year-end position. Governors noted that the depreciation issue discussed at the previous meeting had now been resolved and that funding for T Levels, HQTs and capital grants were in line with projections. However, there had been a reduction in the College's financial health level, which was partly due to a delay in the receipt of the capital grant of £0.75m from Walsall Council which had been paid in early August (ie in 2023/2024 as opposed to 2022/2023) and impacted on the overall solvency ratio. There had been a decrease of 40 points in the EBITDA element of the financial health assessment (income less real costs). This indicator had moved to a slightly different range compared to previous years and was projected at 4% for 2022/2023 and for the 2023/2024 budget. The College had received additional funding of £1.6m from the ESFA after the draft budget had been approved by the Corporation (which equated to approximately 5% of income). A number of uncertainties remained for the current year, including the potential adoption of the national pay award recommended by the Association of Colleges (6.5%). Management was confident that some of the previous financial pressures had now been relieved. There had been improvements in enrolments (approx. 2-300 FTEs) and initiatives for retaining learners had been successful to date. Adoption of the AoC pay award was affordable currently, but resources were under considerable pressure (particularly in respect of staffing and 'wraparound' services for students) and there were still risks to the delivery and retention of the student cohort. The reduction in English and Maths outcomes for 2022/2023 would have a negative impact on the amount of disadvantage funding awarded to the College by the Department for Education. In response to questions about potential growth in apprenticeships the DoF reported that it was too early in the academic year to be able to determine this. Enrolments on 16-18 and adult programmes were in line with the target, however, higher education courses had not recruited to plan (in line with other colleges in the FE sector). Governors were advised of the pressures on costs being experienced by the College, including increases in welfare/support staff, the proposed national pay increase, group sizes, high numbers of ESOL learners to fulfil local demand (which may not be funded by the Combined Authority in future as it did not align to the Local Skills Improvement Plan and the CA was encouraging colleges to ensure that any courses undertaken by ESOL learners were accredited). It was noted that the profile of the College's student base had changed over the last couple of years and now included approximately 15% with SEND needs and a further 400 students with an	

	Education Health & Care Plan, together with a further cohort with undiagnosed additional needs which still required some form of support from the College's resources.	
7.7	At the July 2023 meeting the Committee had been advised of a potential issue over compliance with the covenants on one of its existing loans, which had now been resolved to the satisfaction of Barclays Bank.	
7.8	A governor asked about the potential impact on the College of the recent Government announcement on T Levels. The Principal responded that FE colleges only received sufficient funding for students to be taught for 3 days a week in College and that this might be insufficient to prepare them for employment and the additional funding allocation for English and maths were welcome. However, there was a mismatch between the complexity of Functional Skills English and maths for adult apprentices compared to GCSE.	
7.9	The tax-free bursaries for new teachers was noted, but may not be sufficient to address the national current recruitment crisis in the sector. The transition to a new post-16 standard of education was a long-term Government aim which may not be enacted due to any change in the political landscape.	
7.10	A governor commented on the level of under-performance against the targets in the budget, on which the Committee had previously received positive assurances (such as the AEB and the National Tuition Fund), together with the lower financial health rating, which was now at the lower end of 'good'.	
7.11	It would be extremely challenging to turn the situation around in the current year and items such as higher education outcomes could not be improved as student recruitment was already set. Whilst the issues around staff well-being and student support needs were recognised it was vital that the College identified and acted upon the challenges and opportunities in the current year. The Chair asked for the focus of future reports to be on the actions taken to address any issues.	DoF
7.12	The Principal responded that governors were right to challenge the management team on performance levels., but the Board needed to appreciate the difficult environment within which the College was operating and the actions taken already to address any shortfall, such as more robust processes for apprenticeship recruitment and increases in 16-18 enrolments, . The impact of the National Tuition Fund was mixed with shortages of experienced tutors and a high proportion of learners starting their programmes from a much lower base than before. The College's commercial activities needed to generate more income and reduce their costs. There had been a significant increase in student support requirements for 2023/2024.	
7.13	The management team was acutely aware of the challenging financial position of the College, together with tackling issues such as student behaviour levels and retention. It was agreed that a revised financial forecast would be presented to the next meeting.	DoF
	David Turner left the meeting at this point.	
8	Commercial Update	
8.1	The Director of Finance & MIS presented a report on the College's commercial activities in 2022/2023. Overall there had been no material change in the respective levels of performance for each element.	

8.2	Governors noted that expansion of the Nursery provision was hampered by the fact that students using this facility usually did so for 3 days a week, rather than 5 days. However, it was now open to the general public, which should generate additional income, particularly since the Nursery had been graded as 'outstanding' at the latest Ofsted inspection.	
8.3	The material gross trading loss of the Littleton Restaurant remained at £119k, but management was still aiming to increase income to achieve at a minimum a break even budget for 2024/2025. It was felt that this operation provided good educational opportunities for students and every effort should be made to support its activities.	
8.4	The Committee suggested that management review areas where delivery of the curriculum could be supported. For example, the lack of a commercial hair and beauty salon would probably mean a reduction of approximately 400 16-18 years olds. A governor commented that the educational benefit of operating these facilities was not recognised by the financial reports received by the Committee which focused solely on their contributions to income and costs. This would be reflected in future reports.	DoF
8.5	The Chair reminded the Committee of the 3 year plan that had been approved for the Construction College Midlands facility which had included profitability and a return on the College's initial investment. This had not yet materialised. The Director of Finance and MIS reported that the existing business that had been purchased was designed to provide a higher EBITDA (15-20%, compared to the College figure of 8-10%).	
8.6	Although enrolments had aligned to the targets there had been some staffing issues (including engaging additional resources for external verification) and it was noted that scaffolding represented the most challenging part of the construction industry. **Nelson Tanyanyiwa joined the meeting.**	
9	Apprenticeships & Work-Based Learning	
9.1	The Assistant Principal (Commercial Development) presented a report on Apprenticeships and Work-Based Learning. There had been no concerns over sub-contracting in 2022/2023 against which the targets had been achieved.	
9.2	Recruitment in 2023/2024 had been positive with a total of 402 starts to date. However, enrolments between different apprenticeship Standards varied considerably, mainly due to a national downturn in some parts of the construction sector. The College was mitigating these issues through strategies such as merging groups.	
9.3	The impact of any potential clawback of funding by the ESFA relating to previous academic years had not been included in the report and the amount had not yet been confirmed. A provision had been included for this in the financial statements for 2022/2023. The action plan resulting from the funding assurance audit had already been implemented and had been discussed at the recent Audit Committee meeting. It was noted that the initial processes for apprenticeship recruitment were now much more robust.	
9.4	A slight reduction in the number of Out of Funding apprentices was noted by the Committee.	

9.5	Management had taken a much firmer position in terms of enrolling apprentices which should improve levels of quality in 2023/2024 but may also impact on income levels in this area. There was a high level of change in the employers of apprentices nationally and work was required to ensure that apprentices were retained on programme and attended on a regular basis.	
9.6	The College had been successful in securing Flexibility funding through the West Midlands Combined Authority for the delivery of Level 4 and Level 5 Adult Care Diploma qualifications, providing progression routes and the opportunity to support lower-level training within local companies.	
9.7	A bid had also been submitted to the DfE for Skills Injection Funding Round 2 to support the development and growth of Higher Technical Qualification (HTQs) provision in Catering/Hospitality, Creative and Design, Health and Protective Services.	
9.8	The Skills Hub to be located in the former Marks & Spencer building in the town centre would support local people into jobs and higher levels of training, in line with the WMCA's strategy and following the intent of the Department for Work & Pensions. The College was leading this project and the Committee was asked to a) approve the lease for a period until 1st August 2026, together with a service charge of £6k and utilities and b) expenditure of £100K maximum for initial refurbishment.	
9.9	WMCA funding for the Skills Hub would be based on outcomes and the estimated start date for the project was December 2023. The project would bring together disparate elements such as housing, benefits and childcare with education provision, providing a central service to the local community and enabling individuals to overcome some of the barriers to learning and employment.	
9.10	Staffing for the project was already in place and had been included in the budget approved by the Corporation in July 2023.	
9.11	Governors sought assurance that the targeted number of clients per day was achievable and that there would be no negative consequences for any under-performance. The AP(CD) responded that there was a break-even point of 65% of progressions to employment, further training/higher education or referral to another Government agency. Management was confident that the agreed target would be exceeded and that the project may generate a higher level of community outreach than previously and aligned with the Combined Authority's strategy of improving skills in the area.	
9.12	The Chair of the Committee was asked to take Chair's action to approve the lease for the building (for which delegated authority was given at the September Corporation meeting) and for £100K expenditure on the Park Street building to prepare it for use.	
9.13	The Head of Governance advised that, in view of the fact that David Wheeler is currently both the chair of the Corporation and of the Finance & Resources Committee, there should be some separation of authority levels, which could be provided by the Vice-Chair.	

9.14	The Committee's terms of reference also required updating to reflect approval and delegated authority levels and how these aligned to those of the Capital Projects Working Group. These would be submitted to the Committee's next meeting for recommendation for approval by the Corporation. **Resolved – 1** That the Vice-Chair be asked to approve the lease for the Marks & Spencer building in the Town Centre and a maximum of £100K expenditure for its refurbishment 2 That the Committee's Terms of Reference be updated to reflect current delegated authority levels	
10	**Resources (including HR)**	
10.1 10.2 10.3 10.4 10.5 10.6 10.7 10.8	The Director of Operations provided an update on current estates projects. Work continued on the Construction Skills Academy (Green Lane extension) project and the link road between the Wisemore and Portland Street campuses. The Electric Vehicle Sustainability Centre project was currently on hold. The Hawbush relocation project was being progressed including the establishment of interim premises for the proposed Skills & Employability Hub in Park Street. The College's waste disposal contract had been re-tendered recently. A governor questioned the outcome of the tender process and whether the successful bid (which was considerably cheaper than its competitors) covered all the College's requirements. Further analysis of the bids and the respective services being provided would be undertaken prior to a final decision being made by management. The Head of Human Resources presented a report on current issues. The Committee was advised that UCU had balloted its members locally for strike action, the outcomes of which would be completed shortly. Sickness absence levels for 2022/2023 were 3.63% compared to 4.22% in 2021/2022. A total of 44.2% of absences were due to long term sickness and 55.8% for short term reasons. There had been a total of 19 disciplinary and grievance cases during 2022/2023. From the 82 current vacancies 43% were at the pre-employment stage and 57% were being advertised (3 posts had been advertised on 3 or more occasions). Staff turnover had reduced from 17% in 2021/2022 to 13.4% in 2022/2023 against a published sector average of 17.8%. The recent staff survey had highlighted a number of key areas for further work, namely improved communication across the organisation, pay and benefits and flexible working. It was noted that the survey response rate had increased compared to the previous iteration, however, this was still a lower percentage return rate amongst other colleges conducting similar surveys. A separate survey had been undertaken on flexible working, the results of which were included in the report and covered areas such as suitability, preferences, impact on individual roles and colleagues, environmental,	 **DoO**

	connectivity and routine factors, access to resources/equipment/systems and GDPR considerations.	
10.9	The Head of HR advised that the benefits of onsite working for staff and students needed to be clearly set out. The survey had also highlighted that a significant proportion of staff did not have the optimum arrangements for off-site working. Managerial support and employee wellbeing would be essential factors, together with consistency of approach to any future hybrid work arrangements.	
10.10	It was agreed that an update on the action plan on the issues raised in the staff survey would be brought to the next meeting, with the full report discussed at the February 2024 meeting, together with a draft Flexible Working Policy.	HoHR
10.11	Governors were reminded that there was currently a dispute between the College and the trade unions regarding staff working more than 5 hours offsite.	
11	Insurance Renewal 2023/2024	
11.1	The Head of Finance presented proposals for the renewal of the College's insurance arrangements for 2023/2024,	
11.2	The Committee was advised that the College had contracted with Travellers insurance brokers for its main education insurance policy, which included a 3% increase in each year, with all other policies subject to increases in market rates. The College had been advised to review its cover level for total loss of its buildings to ensure that this was adequate following inflationary pressures. A full re-build valuation for the Wisemore Campus had been undertaken and would be used as the basis for the insurance values for each site.	
11.3	Governors noted that the Department for Education was currently reviewing whether FE colleges should be included in the Risk Protection Arrangements that operated in schools. This would be considered when determining whether a further long-term arrangement would be cost effective.	
11.4	**Resolved** – That the College's insurance renewal be approved with effect from 1st November 2023 at a cost of approximately £200k	
12	Date and Time of Next Meeting	
	28th November 2023, 9.30 a.m.	