



Minutes of the Finance and Resources Committee Meeting held on Thursday 17 November 2022 at 8am via Microsoft Teams

Present: John Fogarty – Chair (*Foundation Governor*)
Tracy Mawson (*Co-opted Governor*)
Andrew Rannard (*Foundation Governor*)

In attendance: Michelle Williams (*Vice Principal, Strategy & Resources*)
Lenore Burgess (*Finance Manager*)
Ruth Potter (*Clerk to Governors*)

The Chair welcomed all attendees and opened the meeting in prayer.

1. **DECLARATIONS OF INTEREST**

Members were invited to declare whether they had any direct or indirect personal, prejudicial or pecuniary interest or conflict of interest in any matter which formed part of the agenda for this meeting or was likely to be discussed at this meeting. No interests were declared other than those that were already recorded on the College's register of interests.

2. **APOLOGIES FOR ABSENCE**

Apologies had been received from Naheem Shafiq. The meeting was declared quorate.

3. **ITEMS TO BE INCLUDED UNDER ANY OTHER BUSINESS**

One item of other business was accepted by the Chair regarding the CIF roof repairs project tender panel.

4. **MINUTES OF THE PREVIOUS COMMITTEE MEETING HELD ON 22 SEPTEMBER 2022** (*previously circulated*)

Minute 6.1 – The Vice Principal indicated that the figure in parentheses in the penultimate paragraph should read 4%, not 4.5%. Subject to this amendment, the minutes were approved as a correct record and would be signed by the Chair in accordance with Article 12 (3) of the Articles of Government. The publication of the minutes was authorised in accordance with Article 13.

5. **MATTERS ARISING FROM THE MINUTES** (*previously circulated*)

Committee members considered the action log prepared by the Clerk. Completed actions were noted and two outstanding actions were highlighted as follows.

Property Strategy Review

The Vice Principal reported that work was taking place on this, in conjunction with the Climate Change Strategy, by the College's new Estates Manager. In order to ensure a full and comprehensive review, it was agreed that this piece of work would be reported to the Spring Term Committee meeting.

Disaster Management Plan

The Vice Principal reported that a cyber security review was due to be conducted by JISC in early December and the recommendations arising from this would potentially have an impact on the disaster management plan review. It was agreed, therefore, to defer this item to the Spring Term Committee meeting.

F&R Committee Terms of Reference

The Clerk reported that she had sought some initial feedback via the FE Clerks' Hub on the cross over between Audit Committee and Finance & Resources Committee on areas such as IT, cyber security, disaster management and business continuity. This would require further consideration and would be reported back to the Spring Term Committee meeting.

ACTION – Committee Spring Term agenda items

6. FINANCIAL MANAGEMENT

6.1 Financial Statements for the year ended 31 July 2022 (previously circulated)

The Vice Principal (Strategy and Resources) referred to this report and advised that the College's external auditors, Murray Smith LLP, would be presenting the Financial Statements to the Audit Committee at its meeting on 22 November 2022. The Vice Principal drew the Committee's attention to the following key points:

- The deficit for the year was £(582)k; the total comprehensive income for the year was positive at £5,927k.
- Net reserves totalled £6,765k
- Reconciliation of the Management Accounts to the Financial Statements resulted in no reported differences.
- College did not meet the planned operating surplus target by £685k due in the main to £(583)k charge arising from the actuarial pension adjustment.
- Increase in income of 4.31%
- Increase in staffing costs of 9%
- Increase in other operating expenses of 16.93%
- Strong cash balance and strong liquidity position
- Cash flow from operating activity of £1,400k
- Bank loan covenants had been met once the pension adjustment disregarded.
- Ratio used to measure financial health of the College disregarded pension actuarial valuations, hence the health grade reported as Good.
- External auditor's Audit Completion Report included for information, this would be considered by the Audit Committee at its meeting on 22 November 2022.
- Submission of Financial Statements to ESFA required by 31 December 2022.

Discussion ensued on the impact of the cyber attack and rising energy costs on the operating expenditure during the year.

The Chair thanked the Vice Principal for a comprehensive report and noted that no material adjustments had been made by the auditors.

The Vice Principal notified governors that one final adjustment to the financial statements would be required to reflect the change in Accounting Officer since

October 2022. The two Vice Principals would be signing the accounts as joint Accounting Officers alongside the Chair of Governors.

The Committee extended its appreciation to all Finance Team staff for their work on preparing such an accurate set of financial statements.

The Committee:

- **noted** the contents of the report and Financial Statements for the year ended 31 July 2022
- **noted** that the Financial Statements were to be presented to the Audit Committee at its meeting on 22 November 2022 for scrutiny in accordance with its Terms of Reference.

6.2 **Management Accounts – October 2022** (*previously circulated*)

The Vice Principal (Strategy and Resources) provided a summary of the College's financial performance up to the end of October 2022, which reflected the first three months of the financial year.

The following points were highlighted:

- Operating surplus – £714k, adverse variance of £42k against plan
- Net assets increased to £7,479k
- Headline performance – Income on track, still aiming for same operating surplus at end of year
- Cashflow was positive
- Pay costs – RAG rated amber as staff pay awards not paid yet but likely to be above budget, in addition costs associated with recent leadership changes would need to be quantified in full and factored in
- Non-pay costs – RAG rated amber largely due to estates costs, close monitoring of College utilities costs was taking place.

Discussion ensued on energy costs and the Vice Principal confirmed that the College used the Crown Commercial Services energy framework in order to secure best value for money, however the first bill under the Energy Bill Relief Scheme had been more than anticipated. Alternative providers were discussed.

The Vice Principal reported that all other Key Performance Indicators were green as at October 2022, but these may change as the year progressed.

Learner numbers were highlighted by the Vice Principal who reported that the College had under recruited against target by 47 students. A number of students had left College within the first six weeks of term. This under recruitment would impact next year's funding due to the lagged funding method. The exact financial impact would be known once the Individualised Learner Record (ILR) had been submitted.

A discussion took place and the Chair acknowledged the risks arising from uncertainty around the Chancellor's impending Autumn Statement as well as the impact of changes in the College's senior leadership. It was anticipated that a clearer picture in terms of budgetary impact would emerge in due course. In the meantime, it was agreed that all costs arising from the changes in senior leadership should be identified and reported to the full Governing Body in December.

ACTION – Identify costs arising from changes in senior leadership and report to full Governing Body in December 2022.

The Committee **approved** the management accounts as at the end of October 2022.

6.3 Correspondence from the ESFA – College Financial Forecasting Return (CFFR) 2022 to 2024 *(previously circulated)*

The Vice Principal (Strategy and Resources) advised the Committee that the College had received a response from the ESFA to the July submission of the College's Financial Forecasting Return for 2021-22 to 2023-24. The ESFA had confirmed the College's financial health assessment grade as follows:

- Good for 2021-22 (the latest outturn forecast year)
- Outstanding for 2022-23 (the current budget year).

A Financial Dashboard had also been provided that identified College performance against target and sector benchmarks.

The Committee **noted** the contents of the letter and dashboard.

6.4 National Pay Agreements *(previously circulated)*

The Vice Principal (Strategy and Resources) updated members on the latest situation with regard to National Joint Council (NJC) pay agreements.

An SFCAs briefing on the employer side teacher pay offer had been circulated and it was noted that no agreement had yet been reached. A ballot for strike action issued by the National Education Union (NEU) had resulted in a proposed day of industrial action on 30 November 2022. The Vice Principal reported that the College Management Team would complete a risk assessment of the impact for the College.

With regard to support staff, the Vice Principal referred committee members to the details of the NJC Support Staff Pay Agreement 2022-23 set out in Graham Bird's letter of 8 November 2022. She reported that work was underway to calculate the actual financial impact of this agreement once it had been modelled against the College's existing support staff. Governors were asked to recommend its approval to the full Governing Body for implementation in the December payroll.

The Committee:

- **noted** the update, and
- **recommended approval** by the full Governing Body of the NJC Support Staff Pay Agreement 2022-23.

ACTION – FGB agenda item

7. ESTATES MANAGEMENT

7.1 Condition Improvement Fund (CIF) Bid – Roof Repairs Project *(previously circulated)*

The Vice Principal provided an update on this project. The invitation to tender documentation had been issued and bids had been received. The project manager (AA Projects) would be producing a tender report imminently, following

which a Tender Panel meeting would be convened. Governor representation on the Panel was discussed, however dates were yet to be confirmed.

The Committee **noted** the contents of the update report.

7.2 **Contracts Register** *(previously circulated)*

The Vice Principal presented the College's Contracts Register and explained that this had been based upon the Furthering Education and Learning in Procurement (FELP) template. The Contracts Register had been reported to the Committee for information purposes; this would be the means by which contracts would be monitored operationally within the College.

The Committee **noted** the contents of the report.

7.3 **Health and Safety Annual Report 2021-22** *(previously circulated)*

The Vice Principal referred the Committee to the report which had been prepared by the College's Estates Manager. This summarised College activity relating to Health and Safety during the 2021-22 academic year. The Vice Principal highlighted the following aspects of the report:

- site security arrangements
- accident data
- staff health and safety training via Smartlog
- staff newsletter to raise awareness of health and safety issues.

The Committee **recommended approval** of the annual Health and Safety report by the Full Governing Body.

ACTION – FGB agenda item – Health and Safety Annual Report

8. **POLICIES**

8.1 **Health and Safety Policy** *(previously circulated)*

The Vice Principal presented this policy, which was due for annual review, and reported that only limited changes had been proposed following consultation with the College's Health and Safety Committee.

The Committee **recommended approval** of the Health and Safety Policy to the full Governing Body.

ACTION – FGB agenda item – Health and Safety Policy

9. **OTHER MATTERS**

9.1 **Governor Training**

Members were invited to update the Clerk on any training activities they had completed since the last meeting. No activities were reported.

Discussion ensued on any arising training needs for Committee members and financial management in academies was highlighted as a potential area depending on the future academisation strategy.

The Clerk highlighted the SFCA Governance Webinar on health and safety, the recording of which was available to view.

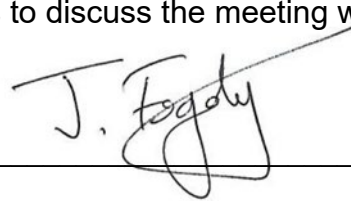
9.2 **Any Other Business**

The item of other business relating to the CIF roof repairs project tender panel was covered in item 7.1

10.3 **Date of Next Meeting**

Thursday 16 March 2023 at 8am

The Chair thanked all Members for their attendance and contribution at the meeting. There being no further business to discuss the meeting was brought to a close at 8.50am.



Signed by the Chair: _____

On this day: _____ 16 March 2023 _____