

NON-CONFIDENTIAL MINUTES OF THE FINANCE & RESOURCES COMMITTEE Tuesday 3rd July 2018

Present:	Trish Kidd Jim Rawnsley John Sidney Andrew Wren	Chair F&R Committee Staff Governor External Governor Principal
In attendance:	John Smith June Fielding Megan Hughes Karen Johnson Hannah Oliver	DP F&R Financial Controller Head of Human Resources Acting Clerk Financial Assistant (observer)

PROCEDURAL

FR/18/42 The Chair drew Governors' attention to the two paragraphs at the top of the agenda, formerly agenda items, reminding Governors of their responsibilities and to declare any interests relevant to agenda items, and that this also included responsibilities around Equality, Diversity and Inclusion

APOLOGIES FOR ABSENCE

FR/18/43 No apologies were received.

MINUTES OF PREVIOUS MEETING

The Committee considered the minutes of the previous meeting and agreed that these were an accurate record.

FR/18/44 **Resolved: The minutes of the meeting held on 22 March 2018 were agreed as a true and accurate record and duly signed by the Chair**

MATTERS ARISING

FR/18/09	Financial Controller to include breakdown of premises costs in future management accounts	Complete
FR/18/23	DP FR to amend to wording of the Supply Chain and Fees policy as outlined in the meeting	Complete
FR/18/27	Head of HR to include a breakdown of absence by college area in the termly HR reports	Partially complete

MANAGEMENT ACCOUNTS

FR/18/45 The DP F&R presented the management accounts for the period to 31.5.18 and made the following key points:

Highlights and forecast outturn:

- Income to period 10 is £13.1m, forecast of shortfall of just under £300k at year end
- Adult achievement funding income and sub contracting income will contribute positively by year end to income
- Pay – expenditure is currently below budget and this figure will increase by year end, however this will be offset against redundancy payments which will need to be factored in at year end
- Non pay – savings will be made around sub-contracting income and assumes that the sub-contractor will deliver to plan. Commercial income lower than expected as a direct result of lower level of activity in catering, primarily due to lower than expected student numbers
- Utilities - breakdown of spend against budget by each area

FR/18/46 The Committee questioned if there was likely to be a financial impact relating to any potential water ban or restrictions which are likely due to the low rainfall over recent months.

The DP F&R indicated that as we are approaching the Summer period and term is now complete then any potential impact has been significantly reduced, for storage purposes the College has large water tanks in the roof space which should assist during any temporary restrictions

- Operating surplus of £1073k which is behind end of year budget assumptions, although better than at this point last year. Year end position is likely to be a “reportable surplus” of £32k which is lower than the original budget figure of £171k. However, operational surplus has increased to £1225 which means that the amount of cash surplus from normal operations should increase by £205k. This is offset in terms of the reportable surplus by depreciation and the anticipated increase in contributions to the LGPS pension scheme
- Overview of the summary of income and expenditure by each reporting line with overview of each income line, with points made regarding the additional adult income due to the engagement of a sub contractor to assist with bringing in additional income to help us to meet targets in this area
- Funding for apprentices is expected to at least reach target by year end with potential to exceed this figure
- FE learner loans remain below budget, and as previously reported this area is difficult to plan in advance of actual student enrolment
- Income from the local authority for students with special needs will exceed the budget by £18k
- Educational contract incomes assumes lower levels of receipts than planned
- Commercial income down on target – due primarily to the lower number of students than planned in college
- Key risk is around sub contractor not delivering on the planned level of income. The BEST team are continually monitoring and engaging with the sub contractor to track performance and thereby income which can be claimed
- Cash in hand at year end is £200,097
- Total reserves at year end (excluding pension) is forecast as £400,500
- Capital spend, which was increased in year (October Board meeting) to approve the expansion of our welding facilities, the cost of which had increased due to complications re ventilation of the new welding workshop. The final outturn on capital spend will be within budget.

FR/18/47 Resolved: The Committee noted the management accounts and the actions being taken to manage the position

BUDGET FOR 2018-2019 INCLUDING 3 YEAR FINANCIAL PLAN

FR/18/48 The DP F&R presented the budget for 2018/19 and associated 3 year financial plan and highlighted the following key points:

- Funding income will reduce by around £1.1m due to the reduced funding from the EFSA
- The report follows the guidance of the Governor Checklist which forms part of the Financial Planning Handbook (at appendix 6)
- Financial health remains outstanding
- The plan is consistent with the College Finance Strategy which requires all funding and income assumptions to be prudent based on known funding allocations and or values suitably moderated from the curriculum plan
- An overview of the breakdown of each strand of funding and income, and each area of spend was presented by the DP F&R and discussed with the Committee, the following key points were made in relation to this:
Funding and income:
 - Headline income expectations by each income strand
 - ESFA 16-18 funding – the DP F&R reminded the Committee that the anticipated reduction in the teaching funding allocation will be partly offset by new funding to support the introduction of the future T level qualifications. The reduction (£-1.16m) is due to a fall in student numbers and the change in make-up of the student population by age
 - In year, but after the cut off point for the funding of 16-18 year olds which count for income in 2018-19, enrolments increased and whilst the College will not benefit from this for 18-19 academic year it will have a positive impact on income for 19-20

FR/18/49 The Committee questioned the predicted numbers of 16-18 learners and were advised that the demographics of the area inform the college that the number of young people joining the college in 18-19 will not increase, any increase in the number of 16-18 learners will be from the retaining and progressing of 16-18 years olds already at College as they finish one programme and move to the next level.

- Cash generation:
The revenue budget sets out to generate sufficient operating net cash to finance all of its non operational commitments, and if possible, an additional margin to grow cash balances to provide contingencies and cash for future capital projects
- Capital programmes and financing – overview of anticipated capital expenditure and advised that there are no major programmes planned for 2018-19 which could attract capital grants or borrowing approvals and therefore all capital expenditure will be financed from the College's reserves
- The bank covenants noted in the report are the new bank covenants with all criteria being RAG rated as green.
- Accounting ratios and financial health – financial health of the college is assessed annually by the EFSA by evaluation a range of ratios drawn from the College's income and expenditure budget and balance sheet. The ratios are also monitored in the monthly management accounts and all remain strong compared with ESFA sector benchmarks, the College policy is to maintain good or better financial health. An analysis of ratios was referred to within the report.

FR/18/50 The Committee questioned the accuracy of one of the ratios noted and it was agreed that this should be amended in the final report to provide clarity.

- Based on this financial plan, College financial health will remain as “outstanding” for the three year period, as it has been in recent years, however, the 2019-20 position is indicative at this stage
- Risk management and contingencies: Links to the risk management plan and the associated risk within this relating to financial health and the management of finances, the DP F&R advised that the risk management register for the college identifies and grades the effectiveness of controls to monitor and address situations that could result in the materialisation of any risks to financial health.

FR/18/51 The Committee approved the budget and three year financial plan and recommended for full board approval (subject to some minor date errors within the report and the revision of the ratio as outlined under FR/18/50)

ACTION: DP F&R to amend the ratio within the Budget Report/Financial Plan

FR/18/52 Resolved: The Committee approved the budget for the upcoming academic year and the associated 3 year financial plan and recommended this for Board approval

TERMLY HR REPORT

FR/18/53 The Head of HR presented a report which provided a summary of HR activity for the Spring Term. The following points were made:

- 11 leavers, 13 new starts, 19 contractual changes – minimum changes and lowest since point of merger. This will increase next report due to the current staffing changes
- Number of support staff compared to teaching staff – work has taken place with area managers to refine categories within staff grouped under “support staff” and for the future these will be broken down to sub categories since at the present time curriculum related support staff such as learning mentors are included within the support staff category which as a consequence makes the number of “support” staff appear to be excessive
- Staffing changes – 2 members of staff have been employed on contract as a result of long term sick cover, these are within teaching staff roles, with the aim of providing consistency to learners over the period
- Flexible working requests – some amendments have been made for managerial roles who submit a flexible working request in that some requests will be granted for one term only with a review at the end of this period
- Staffing review – due to the full restructure which took place for support staff last year, these will not be reviewed until the end of the current consultation process for managerial and teaching roles, it is expected that any changes to support staff will be nominal due to the in depth review last year but is necessary to do this following the review of managerial and teaching roles for any potential income
- Curriculum planning completed earlier this year, which allowed a staffing consultation to commence earlier as a result of the outcome of the process. The curriculum planning review has resulted in a reduction of 12 x FTE, all of which have been managed through voluntary

redundancy or staff moving to other roles identified during the curriculum planning process. The Head of HR provided positive examples of staff who will be undertaking these identified roles as an alternative to potential redundancy

- Absence – a “self service” module of the college’s HR system is on track to be rolled out in readiness for the start of the next academic year, this will provide an overview for staff and managers at any point in time of absences, including identifying any trends, staff will also be able to use this system to book and have their annual leave approved. The system will allow for a better management of absence and absence reporting.

Managers will be undertaking a programme of HR responsibilities – with four separate modules, including the management of absence and the facilities and services that the college offers to staff

Combined lost days over the first two terms is higher than the previous year. As a contributory factor there are a higher number of staff than usual on long term sick with serious illness, this has impacted on the absence figures overall. Referrals to counselling services has increased this year, the College is also looking at having a counselling service available for staff who are dealing with students who have serious safeguarding or mental health issues which is impacting on the wellbeing of those staff involved

- Discipline and grievance – two instances over the period of the term with written warnings issued as a result of the investigation

FR/18/54 The Committee commented positively on the outcome of the consultation without the requirement for compulsory redundancies.

FR/18/55 Resolved: The Committee noted the report

CYCLE OF BUSINESS AND TIMETABLE OF MEETINGS FOR 2018/19

FR/18/56 The acting clerk presented the Cycle of Business and Timetable of meeting for 2018/19 for committee approval. It was agreed that Health & Safety Policy and reports should be added to the schedule of business, at the meeting prior to the related Board meeting where these are currently taken. Due to commitments of some members of the Committee it was agreed that the first meeting of the next Academic Year should be held on Wednesday 28th November 2018 with future meetings dates being agreed at the next Committee meeting.

FR/18/57 The Committee approved the Cycle of Business and Timetable of meetings as presented, subject to the revision outlined above.

ITEMS FOR THE NEXT AGENDA

There were no items raised in addition to the normal cycle of business.

CONFIDENTIAL MINUTES OF MEETING 22 MARCH 2018

FR/18/58 The Confidential minutes of the meeting held on 22 March 2018 were approved and signed by the Chair. The outstanding action within the minutes had been fully completed

CONFIDENTIALITY

FR/18/59 No items were considered as requiring to remain confidential.

DATE OF NEXT MEETING

FR/18/60 Wednesday 28th November 2018 at 5pm.

The Chair, on behalf of the Committee, thanked John Smith for all his hard work, guidance and expertise over the past 8 years and wished him every happiness in his retirement.

The Committee agrees that these minutes are an accurate record of the meeting.

SIGNED:

NAME: (Chair)

DATE: