



MINUTES

of the meeting of the Finance and Employment Committee held remotely on Wednesday 30 June 2021

Present: - James Caird (Chair)
Igor Andronov
Alan Layng
David Williams (Principal)

In Attendance: - Edward Gwillim (Director of Finance)
Debra Baldwin (Director of Personnel)
Jo Ricketts (Deputy Principal)
Linda Watkins (Clerk to the Corporation)

The meeting was quorate as four Members were present.

1. Apologies for Absence

No apologies.

2. Declaration of Interests

No declarations of interest.

3. Minutes of the last Meeting and Matters Arising

It was agreed that the Chair should sign the minutes of the meeting held on 24 March 2021 as a true and accurate record.

The Director of Finance confirmed that two FE Capital Transformation Fund bids had been submitted with the results of the stage one process awaited. A new LEP bidding round is anticipated & the college is considering a revised Pound Farm bid should the FECTF bids prove successful or, if the FECTF bids are not successful, one or other of the two bids could be resubmitted as a LEP bid. The College is also reviewing to see if there are any opportunities to apply for an additional funding to improve site security. CMT are ensuring crucial health and safety issues identified are actioned appropriately.

4. Employment Reports

The Director of Personnel presented the following reports.

- I. The staff report was noted with an update on staff development planned for the end of term, including lunches at each campus following covid Government guidelines. The reporting submission date for gender pay gap information has been deferred which will be reported in the autumn. Further DBS checks have been instigated

Action

for staff who have been employed for more than three years asking staff to register with the online service. It was agreed that Governors should also have further DBS checks after three years. In response to the recommendations from the safeguarding audit the safeguarding team has been restructured and a pre-employment checklist implemented including a revised process to cover obtaining references. Changes for overseas staff due to Brexit are being addressed; this affected sixteen staff.

- II. A support staff holiday entitlement proposal was presented proposing harmonising support staff pay conditions to introduce a fair and consistent approach. This is currently varied across different campuses and different contracts of employment as a legacy from mergers. The process would improve conditions for some staff. The cost is calculated to be c£22k per annum.
- III. The health and safety report showed one RIDDOR accident and 62 incidents between December 2020 to March 2021. The Health and Safety Advisors have been working with staff regarding reporting and recording near miss incidents. There were high numbers of incidents in the nurseries, these are monitored which are minor incidents. The nursery had remained open during lockdown when other campuses were closed which skewed data. Following input from a Governor the risk score for health and safety has been increased in the risk register. Health and safety walks have taken place with action plans prepared. CMT will regularly monitor high priority risks with all risks monitored and addressed by relevant departments.

The Committee agreed: -

- To note the reports
- To recommend the Board agree the proposal for support staff holiday entitlement

5. Finance Reports

The Director of Finance presented the following reports.

- I. Management accounts to 31 May 2021 showed overall performance is positive with a surplus of £1,507k which is £1,755k better than the budgeted year to date deficit of - £247. It is anticipated that overall performance will be just £157k better than budget by the end of the year. 16-19 funding is lagged with no change in year. A 90% clawback threshold is anticipated to AEB; this income has decreased this year despite increasing sub contracted provision. AoC are lobbying in the sector to further reduce the clawback level. Favourable variances include receipt of £916k FE Capital Allocation in September 2020, 16-19 covid funding of £300k and the TPS additional grant of £160k. There is reduced contract income in some areas as a result of lockdown. County Training restructuring was more

extensive than originally forecast and there were substantial savings on teaching non-pay costs during lockdown.

The cashflow to April 2023 had been extrapolated from the current position which showed a comfortable level of cash with an opportunity for potential investment into matched funded capital projects.

The College has a strong balance sheet with no borrowing and a strong cash position. However, the £28M pension deficit arising out of the accounting treatment of the LGPS scheme within the audited accounts means that the balance sheet is technically negative. Different assumptions used by actuaries to determine college payments into the LGPS resulted in a reduced overall cash cost at the last valuation.

- II. Repair and renewal projects totalling £1.1m with £916k FE condition funding have been allocated and spent on maintenance and repairs which will meet funding conditions and will be paid by the end of September. Bids were submitted to the FE Capital Transformation Fund which are awaiting ESFA's response. These were specifically for Oswestry Campus and Holme Lacy Campus.
- III. Write off bad debts were outlined totalling £655.37.
- IV. The budget 2021/22 is being prepared based on the curriculum resource model (CRM) estimating applicants to courses, income streams and course costs. CMT completed a curriculum efficiency exercise in the Spring to review the curriculum offer, potential new courses and removal of courses. Historic trends on enrolments are also taken into account. This information is used to drive the curriculum offer and class sizes for next year. Key funding assumptions were provided for 16-18 and AEB funding, and the level of sub contracting provision.

The budget will be submitted to ESFA in the detailed CFFR spread sheets. The Committee agreed that the budget should be presented to the Board in the same format as monthly management accounts.

The Committee agreed: -

- To note the management accounts to 31 May 2021 showing that the College is in a positive financial position
- To commend CMT for their hard work to maintain operations, course delivery and staff and students' wellbeing during the pandemic which was testament to the hard work of CMT and all staff
- To note the capital projects update
- To agree to write off bad debts totalling £655.37
- To note progress of the budget 2021/22 and forecast to date which would be presented to the Board for approval

6. Annual item for Committee

The Committee agreed: -

- To appoint Alan Layng as Chair for 2021/22
- The Committee self assessed its performance concluding that it was effective and adequately met the requirements of its terms of reference
- No changes were required to the terms of reference

7. Any other business and comments

ESFA had calculated the College's financial health and prepared a dashboard using the annual financial statements. In 2018/19 the financial health category was 'requires improvement' following the merger with NSC. In 2019/20 this improved to 'good'. The College has a strong cash position and low borrowing level. The College ratio is in a good position even though the EBIDTA is relatively low. Staff costs are healthy; however, the farm and outsourcing cleaning have had a positive effect on these. The AoC analysis was provided showing percentages of colleges by financial health category noting there are fewer colleges following mergers when historic costs were also paid off. A Governor asked if colleges could be pressured into taking on debt in future. There was discussion if colleges could be encouraged to borrow for capital projects or if the TU could clawback funds. It was noted that the College had been prudent with good solvency and no debt; however, the College is not profitable which was evidenced by the EBITDA. The rural geographical position of the College has an impact on income and costs. A Governor asked if the Director of Finance had responded to the outstanding recommendations highlighted in correspondence from ESFA with confirmation that these had been addressed.

The Committee agreed: -

- To note correspondence, the College's financial health category and benchmarks which would be reported to the Board

8. Date and time of next meeting

The next meeting was arranged for Wednesday 24 November 2021 commencing at 12.15 pm.