



## MINUTES

### of the meeting of the Finance and Employment Committee held remotely on Wednesday 24 November 2021

Present: - Alan Layng (Chair)  
Igor Andronov  
James Caird  
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. The Chair opened the meeting by recording his thanks to James Caird who had previously been the Chair of Committee.

**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 30 June 2021 as a true and accurate record. Matters arising would be discussed during the meeting.

**4. Annual Operational Plan (AOP)**

The Principal explained that the AOP is a live document which was brought to the Committee focusing specifically on the finance and employment targets and actions (B, D and E). Some targets were not populated which require no additional action. Comments were invited with commendation for the significant level of work to prepare the AOP. A Governor asked about the timescale to prepare a digital strategy for the College. This will overlap between several objectives which would initially be driven by teaching and learning requirements facilitated by the Deputy Principal before dovetailing into the strategy led by the Director of Finance.

## Action

Comments from the F&E Committee and Q&S Committee will be added to the AOP along with additional input from CMT which would be presented to the Board. There will be ongoing regular reporting with a detailed cyclical review at the end of the year and a new AOP prepared for 2022/23.

The Committee agreed: -

- The AOP was an excellent tool for CMT and Governors to monitor implementation of the strategic plan acknowledging the immense task to prepare the AOP by the Principal

**5. Annual Employment Reports 2020/21**

The Director of Personnel presented the following reports.

- I. The staff report showed staff turnover was marginally higher this year and slightly above the national AoC average. The age profile showed more staff in the 50-60 years age group with consideration to succession planning based on the potential retirement of several staff. Data comparisons were provided for Herefordshire and Shropshire. There was a question about the ethnicity profile compared to the population which showed small percentages suggesting a more detailed explanation. The Director of Personnel analyses the breakdown of recruitment statistics by departments to ascertain any anomalies. Recruitment and advertising platforms are being assessed to attract maximum applicants to vacancies. Safer recruitment processes have been revised to follow KCSIE which are incorporated in the Recruitment Policy. Staff absences slightly higher than the AoC sector averages. Research has been undertaken on gender pay to ensure that there are no discrepancies between male and female hourly rates for the same or similar roles. There are a majority of females in lower paid roles including the nursery and administration. Staff wellbeing continues to be a key focus.
- II. The staff development report outlined training provided to staff at HLC and NSC which were reported separately due to separate licenses for the Smartlog online platform; these would be combined next year. An annual plan for future staff training and staff development days is being considered.
- III. The health and safety report showed two RIDDOR accidents and 154 incidents in 2020/21. A Governor commented on the substantial increase in incidents at Oswestry Campus; this included incidents within the nursery which had been reported separately previously. The majority of these were slips, trips, falls and collisions of some nursery children. The Health and Safety Advisors are working with staff to seek ways to reduce these. Near misses are being recorded with more information provided to staff to improve reporting. There

was a question regarding statistics and incidents which had not involved people; this would be ascertained.

D Baldwin

The Committee agreed: -

- To note the annual reports

**6. Health and Safety Committee Minutes: 20 October 2021**

These were noted.

**7. Personnel Action Plan 2020/21 to 2021/22**

Action plans were implemented as a useful management tool to address key issues. The majority of actions had been completed last year with one action carried forward to the current year.

**8. Members' Report and Financial Statements for the year ended 31 July 2021 (Draft) and consideration of the College's 'going concern' for the year-end financial statements**

The Director of Finance explained that financial statements are prepared in a standardised model. Financial information would not be adjusted with minor amendments to the text.

The consolidated statement of comprehensive income showed total income of £25.3M and expenditure of £26.2M. There was a deficit of £989k and an actuarial gain of £3.42M to give a Total Comprehensive Income for the year of £2.4M.

Mazars have queried the reason leasehold properties do not have depreciation; namely Ludlow College. The Director of Finance would investigate this further which would not change the financial statements.

E Gwillim

The Chair requested July 2021 management accounts to be issued with the financial statements in future as a comparison and assistance to navigate the report.

E Gwillim/  
L Watkins

Compared to the management accounts the FRS102 pension liability showed significant increased costs of £1.64M which resulted in a deficit of £1.0M. The final pre-audit management accounts to 31 July 2021 reported an operating surplus of c£613K. Overall the year had generated cash from its operations; this had a negative impact on the balance sheet with total reserves being negative at £3.7M. The College has no significant borrowing.

The Committee agreed: -

- To note the Members' Report and Financial Statements to 31 July 2021, specifically the financial data

**9. Annual Finance and Resources Reports**

- I. Annual Treasury Management Report 2020/21. This advised Members on activities for the year ended 31 July 2021. It covered treasury management activity during the year, investment arrangements and interest earned. The College had a strong cash balance with no loans.
- II. A specific Annual Estates Report 2020/21 was not provided.

The Committee agreed: -

- To accept the Treasury Management Report.
- In future an annual estates report will be prepared in the Spring term summarising capital expenditure

E Gwillim

**10. Finance Reports**

The Director of Finance presented the following reports.

- I. The ESFA financial return benchmarking and dashboard reported ESFA's assessment of the College's financial health. This was calculated converting a range of financial indicators into a point score using three ratios which was converted to a grade. Using this calculation the College's moderated financial health was assessed as 'outstanding' in the year to 31 July 2021. This was based on the forecast after the budget had been submitted showing the College is a strong position.
- II. Management Accounts to 31 October 2021 had been issued in advance of the meeting. These reported a year to date surplus of £425K, £18K below budget. Student recruitment was below target for FE and HE and this was reflected in the reduced income for Tuition Fees and Contract Income forecast for the year. Catering income and costs are below budget at this stage of the year but are still forecasted to reach target. Payroll costs are £452k better than budget for the first three months which reflected vacancies and reduced hourly paid staff costs (although as these are paid a month in arrears it is still early in the year to make firm predictions). Utility costs have been fixed until March 2022 by a consortium with an assumption of significant increases thereafter for the remainder of the financial year. Overall it was anticipated that the full year outturn will be very close to budget with the EBITDA at £940K. £40K National Insurance increases are estimated from April 2022; these are anticipated to increase further the following year. Balance sheet remains strong excluding the FRS17 provision. Cash flow has been adjusted to assume capital projects proceed. The likely shortfall in 16-19 income in the financial year ending 2023 had been removed from the cashflow with cash days reducing from 87 to 51 in March 2022 which would be monitored closely.
- III. The paper outlined the impact of 16-19 and HE enrolments along with a summary of likely changes to cash flows in years ending 2022 and 2023. An analysis of cash generated both assuming that the budget is achieved, and with the additional of likely changes, was provided. A Governor requested itemising the impact of student enrolments as a separate line in the enrolment document. The impact of fewer 16-18 learners will be reflected in the 2022/23 based on the lagged funding methodology. There will be a significant shortfall in income next year; however, the College has a robust balance sheet and cash reserves which provide a cushion to continue normal operations; these include planned capital bids and a reduced capital replacement

E Gwillim

programme. The budget for 2021/22 is forecasting an EBITDA of £920K based on CFFR model. There is an assumption some general efficiency savings will be made in year. A net cash reduction of £72K is forecasted for the year ended 2022. Overall, the shortfall in recruitment would reduce 2022/23 income substantially meaning it was crucial to be prudent and manage expenditure.

- IV. ESFA bids to develop Holme Lacy Campus and Oswestry Campus have progressed to the second stage. Governors will be notified of the outcome of the bids once known.

The Committee agreed: -

- To note ESFA correspondence
- To note management accounts to 31 October 2021
- To note impact of enrolments shortfall 2021 which would be reported to the Board
- To note the update on ESFA capital projects

**11. Subcontracting**

- I. Annex A was provided outlining the role of Governors to oversee subcontracting to ensure that there was transparency. The College had embedded appropriate and robust measures to manage subcontracting in accordance with Annex A. These included regularly reporting finances to the F&E Committee, minutes of meetings with the subcontracting partner presented to the Q&S Committee evidencing assurance of the quality of provision and RSM's audit of subcontracting and certificate presented to the Audit Committee. If a provider required subcontracting above 25% of a funding stream it is required to make an application to ESFA with an explanation to request approval to continue. The ESFA have approved the College's request.
- II. The Board is required to approve the subcontracting policy for 2021/22 and confirm approval of the level of subcontracting up to £500K of AEB income at a cost of £400K in the current financial year as per the College's budget. The ESFA have approved this request. The College has one subcontracting partner The Skills Network.
- III. Subcontracting Contingency Plan including the Student Protection Plan was presented for information.

The Committee agreed: -

- To note reports which would be reported to the Board for information
- The Board would be requested to approve the subcontracting policy

**12. Policies for approval**

- I. Financial Regulations  
II. DBS Policy  
III. Recruitment Policy  
IV. Redundancy Policy

- V. Appraisal Policy
- VI. Staff Development Policy
- VII. Sickness Policy

The Committee agreed: -

- To approve the above policies
- New DBS checks will be completed for Governors whose DBS's were completed over three years ago.

**13. Any other business and comments**

There were no items.

**14. Date and time of next meeting**

The next meeting was arranged for Wednesday 23 March 2022 commencing at 12.15 pm.

**Signed as a true record of proceedings**

**Chair: ..... Date:.....**