

Further Education Corporation

Meeting of the Policy and Resources Committee on 14th March 2022

MINUTES

Timings **18.00 to 19.35**

Location By teleconferencing

Present (Governors): Lee Freeman (Chair)
Dr Rod Gray
Louise Parr-Morley
Elizabeth Sipiery
Sarah Stone
Denise Brown (Principal and CE)

In attendance Anthony McGarel (Deputy Principal and CE)
Melissa Drayson (Clerk to the Corporation)

Apologies for absence None

Quorum (3) The meeting was quorate throughout

Item	Action lead
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1. Preliminary Items

The Chair welcome Sarah Stone as a new Committee member

1.1 Apologies for absence
No apologies were received.

1.2 Declarations of interests
Previously declared interests were brought forward. There were no new declarations relating to items on the agenda.

1.3 Urgent items of other business
No items of urgent other business had been notified in advance.

2. Minutes

2.1 The Minutes of the meeting on 7th February 2022 were APPROVED

2.2 Matters arising from the Minutes

Governors noted the update on actions from previous meetings, including those completed or covered by agenda items.

The actions relating to the Institute of Technology would be covered by a presentation to the full Corporation Board on 28th March. The Clerk reported that she had spoken to governance professionals in other lead IOT colleges. A range of different legal models were in place, but liability was generally ring-fenced by a framework of agreements with the DfE and between partners. It was now believed that the DfE did not necessarily support the establishment of subsidiary entities to run the IOT. It was also reported that the IOT budget was still being worked through with the DfE, and would be likely to tie in with the budgeting timetable.

There was further discussion of the action to separate out capital receipts and outflows from the operating position. In particular, governors wanted to be clear about the transactions that related to Nethermayne, and which reflected day-to-day expenditure.

3. Finance

3.1 Management Accounts, Financial KPIs, cashflow and forecast out-turn P6 (January 2021)

Presented by the Deputy Principal and Chief Executive

Headlines and key discussion points were:

Governors were asked to continue to provide feedback on the presentation of the report.

- Governors were concerned that, based on numbers provided, some bank covenants would not be met. Assurance was given that on a cash generation basis, covenants would be met by the year end. Governors were also informed that, according to the new ESFA financial benchmarks, the college would achieve a financial health score of outstanding.
- There was, nonetheless, concern that numbers were already tracking below the new forecast in several areas, and that cash surpluses had dropped significantly since December.
- It was explained that variations in cash were due to capital inflows and outflows. The Committee reiterated the request for this to be differentiated from operating cashflow and made clear in the commentary.
- It was reported that Apprenticeship income was tracking below the forecast due to withdrawal of some Tesco apprenticeships. AEB income needed more scrutiny. Other income targets would be achieved, although some adult income would come through in next year's budget.
- HE and International income currently appeared to be above the reprofiled budget, but would be in line with the forecast by the end of the year. Much of the international income received related to the receipt of prior year payments.
- Pay costs were tracking below budget, but other staff costs were being driven up because of high staff turnover and recruitment challenges.
- Concern was expressed that the college was building sufficient into budget for increases in utilities costs.
- It was noted that SLT had spent considerable time tightening up forecasting, especially AEB and apprenticeships and would be reviewing costs saving measures. A clear steer on the Board's

level of comfort re the year end position would be requested at the March meeting.

- Governors queried the high level of deficit on net current assets on the balance sheet compared to the same point the previous year. It was considered that a key factor was deferred student fees, 50% of which was due to be released in May. It was probable that additional variance was caused by the impact of capital expenditure but this would be investigated and reported back.
- It was also agreed that the most up to date cash position would be included in future reports.
- Governors also requested more information to understand the level of 91+ day debtors, although it was believed that this related to HE student fees.

The following actions were AGREED:

- i. Presentation of capital and operating movements separately to allow for clear identification of impact on the overall position.**
- ii. AMcG to investigate and report back on the reasons for the shift from Net Current Assets to Net Current Liabilities compared to same point the previous years.**
- iii. Future MMAs to provide balance sheet commentary showing Year End forecast position and the comparable month the previous year.**
- iv. Report back to March Board on SLT discussions on in-year cost saving options.**
- v. Restore cash flow chart showing actuals against forecast.**
- vi. Anthony to provide most up to date cash position with future management accounts.**
- vii. AMcG to investigate and report back on the treatment of student loans as 91+ day debtors.**

3.2 Learner Numbers update 2021-22

The 16-18 funding allocation had been received from the ESFA. This was based on current year recruitment and, therefore, reflected a reduction of 108 students. A number of measures were in place to recoup numbers and reverse the decline. This included interrogation of departmental curriculum plans to test assumptions for learner numbers against market intelligence.

A HE curriculum review was ongoing to evaluate the case for a shift from a traditional degrees to a broader offer of higher level qualifications, including HNDs and degree apprenticeships . Applications for next year currently looked strong but conversion to enrolments were hard to predict due to the UCAS process and the ongoing impact of the pandemic on competition.

It was agreed that the Curriculum and Quality should play a key role in testing the draft curriculum plan before the budgeting meeting on 23rd May. The importance of aligning this to the college strategy was stressed.

3.3 Budget plan 2022-23

Supporting paper presented by the DPCE

The Committee noted the timetable timeline that compared key reporting and financial planning points with the Committee timetable. It was noted that a CFFR return was due to be submitted to the ESFA on 30th April. Although, technically, the regulations required this to be signed off by the Accounting Officer, the Committee supported full governor oversight and approval.

The following actions were AGREED:

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| i. | Curriculum and Quality Committee to scrutinise the curriculum plan at the May meeting | DB |
| ii. | Budget meeting on 23 May to receive curriculum plan via CQC | DB |
| iii. | April CFFR to come to 25 April P&RC, with all governors invited for this item | AMcG |
| iv. | Space to be created at the April P&RC for CFFR/early budget assumptions discussion | MD |
| v. | Reformatted integrated financial schedule of business to be brought to the April meeting | MD |

4. Institute of Technology

As noted under item 2.ii, there would be presentation to the Corporation Board on 28th March. Key questions for governors included the need for SEC governor representation on the IOT Board; the nature of any reporting to SEC as the accountable body, including financial reporting, and the disbursement of funding to IOT partners.

8. Dates of Next meetings

25 April 2022 (TEAMS)
23 May 2022 (In person for those able to attend)
27 June 2022.

9. Other business

It was requested that sustainability should be added to the agenda of a future meeting

There being no further business, the Meeting finished at 19.35

Signed.....Dated.....