

## PART A MINUTES

### Further Education Corporation Meeting of the Policy and Resources Committee Monday 17 October 2022

<b>Date and timings</b>	<b>18:00 to 19:40</b>
<b>Location</b>	Via Microsoft Teams
<b>Present</b>	<p>Lee Freeman (LF) <b>Chair</b>  Denise Brown (DB) CEO and Principal  Roderic Gray (RG)  Louise Parr-Morley (LPM)  Elizabeth Sipiery (ES)  Sarah Stone (SS)</p> <p><b>Governors by Invitation</b>  Rick Olver (RO); Roland Anderson (RA)</p>
<b>Interim Director of Governance</b>	Lana Jackman (LJ)
<b>In attendance</b>	<p>Anthony McGarel (AMc) Deputy Principal and CE; Daniel Olorode (DO) Director of Finance; Adam Fahey (AF) Vice Principal Curriculum and Quality; Jayne Sheehan (JS) Vice Principal, Innovation, Growth and Employer Engagement</p>
<b>Apologies</b>	
<b>Quorum (4)</b>	
<b>Item</b>	<b>Action lead</b>
<b>0.</b>	Agenda
<b>1.</b>	<b>Preliminary items</b>
<b>1.1</b>	<p><b>Apologies for Absence</b>  There were no apologies received.</p>
<b>1.2</b>	<p><b>Declaration of Interest</b>  Elizabeth Sipiery declared personal appointments to the Swan Housing Association. There were no new declarations of interest other than those already standing <i>(in accordance with the requirements of section 177 of the Companies Act 2006)</i>.</p>
<b>1.3</b>	<b>Urgent items of other business</b>

It was noted that DB would give a brief update on the ESFA meeting held on Thursday 12 October 2022. This item would be treated as confidential and form the Part B Minutes. There were no urgent items of other business.

### **1.5 Quorum**

The meeting was quorate.

## **2. September Management Accounts**

The draft September Management Accounts document was circulated prior to the meeting, received by the Chair and taken as read. DO summarised the key points for the Committee to note. It was mentioned that as the document was in its draft state it would be subject to change. The Committee noted the key highlights.

- Reported income was £7,634k against a £7,920k an adverse variance of £286k.
- 500k underspend on staffing cost which related to a timing delay of payment for agency staff and the level of unfulfilled vacancies at present.
- Surplus overall of 110k, which is £195k better than budget based on August and September.
- It was noted that staff vacancy was within budget.
- Slightly over budget on operational expenses.
- It was noted that the bank balance covenant had been honoured, in terms of cash, at the end of each period.
- It was reported that there would be delivery on the cashflow forecast in terms of next quarterly covenant.
- The operational leverage was not currently met, which, it was acknowledged due to the high level of deferred income at this time of year particularly relating to HE.
- It was explained that in terms of KPIs by the end of the academic year the operational leverage would be met.
- Teaching exam cost £90k over. It was confirmed that the teaching exam cost was separate to other staff cost. It was explained that the teaching exam cost was due to a timing difference between income and expenditure for delivery of HGV training.
- It was acknowledged that the Executive was reviewing the Exam Fees Policy.
- It was mentioned that there was a plan to streamline department invoicing for greater efficiency. It was discussed that there was a plan to work with each department to phase their spend and for every department to justify every Purchase Order.
- The cleaning budget forecasted £300k savings did not materialise as expected. It was mentioned that there were plans to bring cleaning back in-house. The discussion was ongoing.
- It was noted that DO, AM and DB were currently reviewing the College's bad debt provision.

DO explained that there was a concern around HE income, where the College had planned to deliver £4.5m as an expected outturn it was more likely to be £4.2m. It was noted that DO would be investigating the reasons for the shortfall as the predicted forecast was not in line with expectation. It was explained that the reason for the material variance on HE income was the process from enrolment to registration. It was recognised that income from student Loan Companies was paid once students had registered. It was commented that the lag between students registering and loan income appearing in the College bank account was not unusual in the sector and would not be a fully attributed spread over a 12 month period or repeated month to month. It was rationalised that September was too early to know what the financial position regarding HE income would be; it was reasonable to wait until November.

It was explained that there was more work to do regarding the planned for HE income.

It was further explained that improvement to the internal financial controls was a work in progress. DO assured the Committee that he would do everything to resolve the impractical systems and procedures.

It was reported that there were prior year valid invoices relating to Procat going back to 2018. The invoices were in the sum of £65k and had been received by the Estates Manager. It was noted that the invoices related to Canvey Island, Southend Castlepoint, Thurrock Council and the Royal Opera House. DO explained that the sum of £65k was not budgeted for within the last financial year. It was discussed that more rigor on internal controls around invoicing needed to be in place. It was agreed that LF would discuss with ESS if changes needed to occur there. LF to take the matter offline.

It was noted that UCU were out to ballot for strike action. It was recommended that AM would confirm that UCU were striking over a local pay claim rather than national.

The Committee discussed in detail the materiality level of the accounts. It was noted that the accounts needed to be in a strong position to ensure that there were no balances from last year. It was commented that this would be a more favourable financial position to be in from the Bank's perspective.

It was noted that for August and September the College met its predicted forecast.

**2.1 RESOLVED that the Audit and Risk Committee look at the internal control system of the College and report back to the Corporation Board.**

**2.2 AGREED that DO circulate the cashflow graph to Corporation Members.**

**2.3 AGREED that DO work with the finance team to ensure that financial awareness and best practice flows through to budget holders across departments, specifically around the phasing of invoicing.**

**3. Financial Regulations - Final Approval**

It was proposed that the tabled Financial Regulations be approved subject to the amendments discussed.

**3.1 RESOLVED that the tabled Financial Regulations subject to the amendments be APPROVED**

All Agreed.

**4. Motion of Confidentiality**

THAT, because of its nature, the business to be conducted be treated as confidential and not for publication

**5. Any other confidential business (to be notified to the Chair in advance of the meeting)**

There were no other confidential matters to be discussed.

**Apologies from RA was received and accepted for the 28 November 2022**

**6. Dates of forthcoming meetings**

PRC (Finance) 28 November 2022 at 16:30 including joint with ARC  
6 February 2023 at 18:00  
PRC (Finance) 20 March 2023 at 18:00  
24 April 2023 at 18:00  
22 May 2023 at Budgeting Group  
26 June 2023 at 18:00

***There being no further business the meeting ended at 19.40***

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

**Actions completed will be removed from the table**

Actions from the meeting held on the 17 October 2022

Item	No	Action	Initial	Status
2	2.1	Audit and Risk Committee look at the internal control system of the College and report back to the Corporation Board.	Audit	<b><i>ongoing</i></b>
2	2.2	DO circulates the cashflow graph to Corporation Members.	DO	<b><i>ongoing</i></b>
2	2.3	DO work with the finance team to ensure that financial awareness and best practice flows through to budget holders across departments, specifically around the phasing of invoicing.	DO	<b><i>ongoing</i></b>
3	3.1	The tabled Financial Regulations subject to the amendments be <u>APPROVED</u> .	P&RC	<b><i>ongoing</i></b>

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<sup>i</sup> The code of conduct for Governors requires governors to be honest and open with regard to conflicts of interest (either real or perceived). Governors must not use their position for personal gain in business, political or social relationships. Therefore, a governor who has, or may be perceived to have, such a personal interest in a particular matter under consideration should declare that interest, withdraw from all discussions relating to it and take no part in any vote on such matter.