

WEST THAMES COLLEGE

Minutes of a Meeting of the Finance, Resources and Capital Projects Committee meeting held on Wednesday 03 March 2021 @16.00

Present Mr T White
Mr S Wilcox
Ms T Aust
Ms C Callinan

Also present Mr M Cooper
Mr M Michaelides
Mr J Allen

APOLOGIES, QUORACY & DECLARATION OF INTERESTS

1. There were no apologies. The Chair welcomed Charlotte Callinan to her first meeting of the Committee. The Clerk confirmed the meeting was quorate. There were no declared interests against any of the agenda items.

MINUTES

2. It was **RESOLVED** that the minutes of the meeting held 25 November 2020 (Paper 1) be confirmed as a correct record.

SUMMARY ACTION LIST & MATTERS ARISING

3. The '*Summary Action List*' was made available (Paper 2) with confirmation received that all actions are addressed through agenda items at this meeting.

4. There were no other matters arising from the minutes.

DATA DASHBOARD - FINANCIAL KPIs

5. It has been agreed for the Data Dashboard to be an early agenda item at all meetings of the Finance Committee and for the meeting to review in detail those KPIs that fall under the committee's remit. These being, financial health and operating surplus, Human Resources and Health & Safety. Subsequent agenda items and reports that follow would then be linked to the Data Dashboard.

6. It was agreed to defer the review of the Health & Safety KPIs to the later agenda item 'Annual Health & Safety Report for 2019/20'.

7. Financial Health - Based on an overall score of 220/300, the forecast year-end ESFA financial health grade for the College at 31 July 2021 is 'Good'. This represents a decline from the 2019-20 outturn of 'Outstanding', due to a lower EBITDA score for profitability.

8. Year to date performance for the six months to 31 January 2021 recorded an operating deficit of £130k compared with the budgeted surplus of £109k. The following key variances were noted:

Favourable

£318k High Needs Student top-up funding from local authorities

£214k ESFA revenue funding in respect of the 16-19 Tuition Fund and funding for High Value

Courses for 18 and 19-year-olds

Adverse

£438k Adult Education Budget earnings - COVID impact (c.£200k) and phasing of planned short-course provision in PET, Logistics and TU Education

£134k HE income - continuing enrolments around 30% below target

£122k Advanced Learner Loans - loans-funded students around 25% down

£110k Apprenticeships re impact of COVID-19 volumes on carry-in Apprentices and new starts

10. The year-end operating surplus is forecast at £100k, £50k lower than budget. The following key variances against the budget were noted:

Favourable

£636k High Needs Student top-up funding from LAs

£429k ESFA revenue funding

£92k Exam fees - fewer students

£77k Admin and central services - targeted cost savings

Adverse

£371k Education contracts income, primarily 14-16 Alternative Provision under-recruitment by around 65%

£223k Pay costs (primarily HNS additional support costs)

£220k Apprenticeships income - COVID-19 impact on carry-in volumes and new starts

£164k Nursery income - reduced take-up of places (partial mitigation through cost savings of around £70k)

£161k HE course fee income

11. The Committee agreed that the College was in a strong position in being able to continue to forecast a year-end surplus of £100k, especially in the context of dealing with the impact of COVID-19. It also demonstrated the effectiveness of the Executive to respond quickly to necessary budget cutting.

12. Cash flow is forecast to average around £5m over the next 18 months with the projected low of £4.2m falling in March/April 2021. The College has good cash reserves and reasonable cash generation. It can comfortably continue to pay its operating expenses in the short term and is very capable of meeting its short-term liabilities as they become due. Cash days in hand average over 90 days throughout the year ahead, which provides an acceptable level of comfort.

13. Borrowing, as a percentage of income, is high but this is falling gradually and is not a concern whilst the College is able to maintain strong operating cash generation. There is projected compliance with both the Barclays loan covenants relating to debt service cover and operational leverage.

14. Full-year staff costs as a percentage of income are projected to be 67.4%, which compares unfavourably with the budget of 65.2% and the FE Commissioner's target maximum of 65%. It was reported there are savings with 40 current vacant posts. The Committee asked if these vacant posts need to be filled? It was confirmed that this will be subject to further review, especially as some posts have been vacant for some time.

15. On 16-19 Student Numbers, as at 04 February, the College had 1,666 students, 30 short of the student number allocation of 1,696. Whilst there may be a few withdrawals between now and the end of the year, it is also likely there will be a small number of additional ESOL enrolments to come over the next few months. The forecast is for 1,685 students by the end of the year and, if achieved, this would be around ten short of student number allocation. Under-recruitment this year will adversely impact the 2021-22 funding allocation which, all other things being equal, is likely to be around £200k lower than this year. This reduction will have to be met by cutting costs.

16. The Committee welcomed the forecast of all but achieving 16-19 enrolments against the funding targets, albeit it being a possible shortfall of 30 students. This has to be viewed as a reasonable outcome in the context of the year. The Committee asked if there was available any comparative recruitment data for 16-19 enrolments with other London colleges. In response, the Principal reported it appears to be a mixed picture, with some colleges benefiting more than others from the increase in demographics for 16-19 year olds. The good news for West Thames is that current application numbers exceed the numbers at this time last year, resulting in more optimism for 16-19 recruitment next academic year. The priority remains, to maximise fully applications received into enrolments.

17. The College has two Adult Education Budget (AEB) funding allocations for 2020-21, one being with the Greater London Authority (GLA) to the value of £3,124k and, the other, with the Education Skills Funding Agency (ESFA) to the value of £320k.

18. An additional in-year allocation of £185k has been provided by the GLA to support the London recovery from the pandemic. This is ring-fenced and performance-managed separately to the main AEB allocation, and it is possible the GLA may allow at least some roll forward of these funds to 2021-22. The additional GLA funding is not included in the full-year forecast of AEB income as, based on the current position, it is unlikely that the College will be able to draw down any extra funding this year.

19. The Committee again asked if there was any comparable data to compare AEB performance against other London colleges? In response, it was reported there is no data available but it appears all colleges are struggling on adult provision due to the COVID-19 pandemic. There is some surprise the tolerance levels for AEB have not been lowered in response to the impact of the pandemic on adult education.

DATA DASHBOARD – HUMAN RESOURCES KPIS

20. It was confirmed the Human Resource KPIs is still work in progress and the Data Dashboard reported on two KPIs – staff ethnicity profile and staff turnover. Further work is required on comparing the staff profile against the student profile and to add staff utilisation and Gender Pay Gap data to the Data Dashboard.

MANAGEMENT ACCOUNTS UP TO 31 JANUARY 2021

21. The '*Management Accounts up to 31 January 2021*' were received (Paper 3). It was noted the detail had been covered through the review of the Financial KPIs in the Data Dashboard.

INDICATIVE FUNDING ALLOCATIONS AND PLANNING PARAMETERS FOR 2021/22

22. The paper to support this agenda item (Paper 4) was only made available to members just prior to the meeting due to the late receipt of the funding allocations for 2021/22. The AEB from the GLA was received on 02 March, and the ESFA AEB was received on 26 February. It

was confirmed the Executive was still assimilating the allocations received and further work is required on the sensitivity analysis. Normally at this time of the year in the Committee's cycle of business, the paper outlined the capital expenditure requirements for the year ahead, but this has yet to be fully completed. The draft I&E at this stage is forecasting a balanced budget with a small surplus but, at this early stage, there are a lot of 'ifs' and 'buts', with still some significant challenges in setting the budget for next year. In particular, it would appear savings of circa £200k are required to achieve a balanced budget. It was confirmed the Executive will begin work to identify the required savings over the next two weeks, taking into account the curriculum planning process that is currently being undertaken.

23. When finalised, it was **AGREED** to circulate the paper to members for review. The paper will also be used to inform strategic discussions at the forthcoming Governors' Strategy Meeting, scheduled for 31 March.

TUITION FEE POLICY 2021/22

24. The proposed '*Tuition Fee Policy 2021/22*' (Paper 5) was received for annual review and approval. It was confirmed there were no material changes proposed. In light of the negative impact of the COVID-19 pandemic the proposal is not to increase fees for 2021/22. The Committee endorsed the proposal not to increase fees.

25. The Committee asked if there has been any external review of the policy to ensure full compliance with funding requirements? In response, it was confirmed there has been no legal review, but the policy had been subject to review in previous years by the College's internal audit service. It was **AGREED** to ask the Audit Committee to include a review of the '*Tuition Fee Policy*' in the internal audit schedule for 2021/22.

25. It was **RESOLVED** to approve the '*Fees Policy 2021/22*'.

TREASURY MANAGEMENT POLICY 2021/22

26. The '*Treasury Management Policy*' is subject to annual review at the Spring meeting of the Committee (Paper 6). The Committee is responsible for approving a treasury management policy statement setting out a strategy and policies for cash management, long-term investments and borrowings. The Committee has a responsibility to ensure implementation, monitoring and review of such policies.

27. All executive decisions concerning borrowing, investment or financing (within policy parameters) is delegated to the Executive Director of Finance, HR & Development with an appropriate reporting system set up.

28. The Executive Director of Finance, HR & Development and the Head of Finance are together responsible for the investment of cash surpluses at short term on money markets through the College bankers and in the investment accounts of other major banks and building societies, as approved by the Finance Committee.

29. All borrowing to be undertaken in the name of the College and will conform to any relevant Funding Body requirements. The Executive Director of Finance, HR & Development will report to the Finance Committee on the activities of the treasury management operation.

30. Treasury management activities are defined in the policy as follows:

"The management of its cash flows, banking, potential money market and capital transactions, the effective control of the risks associated with these activities and the pursuit of optimum performance consistent with those risks".

31. The Committee welcomed the policy, given it clearly set thresholds and a framework for the Executive to operate within, with clear reporting and accountability to this Committee. The policy has a clear distinction between the operational duties of the Executive and governance oversight.

32. It was confirmed a brief commentary on investments will be added in the Management Accounts to ensure on-going monitoring at a governance level.

33. It was also confirmed a review of the Financial Regulations will include looking at ways to manage more effectively, in a controlled environment, authorisation limits. The outcomes of the review are to be made available at the summer term meeting.

HEALTH & SAFETY

(i) Health & Safety Annual Report 2019-20

34. The '*Health & Safety Annual Report 2019/20*' was received for review (Paper 6).

35. The report provided the Committee with an overview of the performance of the College's management of Health and Safety during 2019-20. The report included the amended Health and Safety Development Plan for 2020-21, along with a commentary on Health & Safety compliance.

36. As a result of the College closure, due to the national lockdown, the total number of reported accidents for 2019-20 was not considered representative and, therefore, does not provide any meaningful comparative analysis against previous years. However, to be complete, the previous two years had been included in the data tables. The data confirmed 129 reported incidents during 2019/20, compared against 268 in the previous year, and 192 in 2017/18.

37. The number of incidents at the College that required statutory reporting to the Health & Safety Executive (HSE) remained low, with only two incidents requiring reporting to the HSE. There were no visits to the college by the HSE or any other formal health and safety investigations, such as insurance companies.

38. It was **RESOLVED** to note the report. It was further **AGREED** to amend the Committee's cycle of business and for the report to be presented at the autumn term meeting.

(ii) Data Dashboard – Health & Safety KPIs

39. During the first term a total of 58 incidents were reported which is a significant reduction on the same period in 2019-20, where a total of 100 incidents were recorded. This level of reporting is very low and has most definitely been impacted by the current lockdown. Only one incident was required to be reported to the HSE.

40. With the exception of first aid and evac-chair training, all H & S training was completed using the college's bespoke online training modules. As such, the numbers of staff trained is comparable with the corresponding term in 2019-20.

41. The college's COVID-secure re-opening plan is supported by a detailed and comprehensive overarching risk assessment. The plan and risk assessment are regularly reviewed and updated in line with the latest Government guidance.

42. Staff volunteers have been trained on how to carry out COVID-19 testing using the supplied rapid flow devices. Staff attending site are tested once every week and students are required to have two tests spaced three-five days apart. Testing of staff and students attending both the Isleworth campus and the Skills + Logistics Centre began as of Thursday 07 January. As at 02 January, 400 individuals had been tested with only 1 being found to be positive. A comprehensive external review of the College's COVID-secure arrangements was completed by Risk Management Consultants in November. The review found that, overall, the College had extremely good and robust arrangements in place that were routinely reviewed and updated in accordance with Government guidelines. A number of minor observations were also made that were subsequently considered and included, as was appropriate, within the College COVID protocols to further strengthen the existing arrangements.

43. The Committee asked about the overseeing and monitoring of mental health and well-being. The Principal replied this comes under Goal three from the Development Plan that is monitored by the Executive and governors through the Curriculum, Quality & Standards Committee and at each meeting of the Corporation. At the recent meeting of the Curriculum, Quality & Standards Committee, the staff governor spoke positively on the range of well-being support that is made available to all staff. Operationally, mental health and well-being are overseen by the College's Health & Well-Being Committee.

RISK MANAGEMENT/RISK REGISTER

44. The College report '*Risk Register*' was received, highlighting the areas of focus relevant to the Committee (Paper 8). The Audit Committee requested each Committee to review if there were sufficient and robust sources of 'Independent Assurances' against each risk that falls under the terms of reference of the Committee and, if identified, 'Governor Oversight' arrangements are adequate and fit for purpose. The Clerk advised that the Committee could also add to the Risk Register if any new risks were identified through discussions during the meeting.

45. Following review, the Committee was satisfied with the robustness of the range of 'Independent Assurances' identified against each risk that falls under the terms of reference of the Committee.

46. No new risks were identified for inclusion in the Risk Register. It was noted that the score against two risks have been increased in response to the impact of COVID-19, these being:

- Risk 8 relating to Apprenticeships recruitment and income
- Risk 37 relating to income from Advanced Learner Loans

47. It was **RESOLVED** to note the Risk Register.

CHAIR OF THE COMMITTEE FROM 01 AUGUST 2021

48. The current Chair's term of office concludes on 31 July 2021. It was **AGREED** that from 01 August 2021, the Chair of the Committee will be Mr Alex Luke.

ANY OTHER BUSINESS

49. Two items discussed under this agenda item were declared confidential, with minutes of the discussions recorded separately and not for publication in the public domain.

50. The FE Commissioner has confirmed a revision to the financial KPIs used by the Commissioner's team as part of their intervention work. The following changes were noted:

Current Benchmarks	Measure	Revised Benchmarks	Measure
Adjusted Operating surplus as % of income	3-5%	Adjusted Operating surplus as % of income	>1%
Borrowing as % of turnover	<40%	Debt service cover ratio	>2
Cash days in hand	>25 (at 31 July)	Cash days in hand	>25 (all months)
Adjusted current ratio	>1	Adjusted current ratio	>1.4
Pay cost as % of income	<65% (GFE) <70% (SFC)	Pay cost as % of income	<65% (GFE) <70% (SFC)
Financial health grade	Good or Outstanding	Financial health grade	Good or Outstanding

51. It was confirmed the revised KPIs are to be incorporated into the Data Dashboard and Management Accounts.

DATE OF NEXT MEETING

52. The next scheduled meeting is Wednesday 16 June 2021 @ 1800

The meeting closed at 18.15

Signed: _____ Date: _____
(Chair)

SUMMARY ACTION LIST

MIN	ACTION	REVIEW DATE
20	Human Resources KPIs - Further work is required on comparing the staff profile against the student profile, and to add staff utilisation and Gender Pay Gap data to the Data Dashboard.	16/6/21
23	Indicative Budget 2021/22 - To circulate the paper to members for review. The paper will also be used to inform strategic discussions at the forthcoming Governors' Strategy Meeting scheduled for 31 March.	16/6/21
25	Audit Committee to include a review of the ' <i>Tuition Fee Policy</i> ' in the internal audit schedule for 2021/22.	16/6/21
32	A brief commentary on investments will be added in the Management Accounts.	16/6/21
33	A review of the Financial Regulations will include looking at ways to manage more effectively, in a controlled environment, authorisation limits	16/6/21

38	To present the Annual Health & Safety Report at the autumn term meeting.	2021/22
51	The revised KPIs used by the FE Commissioner to be incorporated into the Data Dashboard and Management Accounts.	16/6/21