



Minutes of a Resources Committee meeting held on 16th April 2019 at 4.00pm

Held at Henley Campus

Present: Ieuan Blackmore (Co-opted Governor)
Peter Matthews (Independent Governor)
Adam Wheatley (Independent Governor)
Helena Marston (Independent Governor)
Tony Minhas (Independent Governor) (Chair)
Sue Noyes (Chair of the Corporation)
Joe Holland (Co-opted Governor)

In Attendance: Faye Grundy (Head of Governance)
Debi Donnarumma (Vice Principal Curriculum and Quality)
Mark Payne (Vice Principal Finance and Resources)
Debbie Wright (Assistant Principal People Services)

R56/19 Apologies for Absence

Apologies for absence were received from Peter Brammall (CEO/Principal) and Gill Banks.

R57/19 Declarations of Interest

There were no declarations of interest.

R58/19 Minutes of the Last Meeting held on 12th February 2019

The minutes of the last meeting held on 12th February 2019 were approved as a true record.

R59/19 Matters Arising

The following matters arising were addressed as not appearing in the Agenda:

- i. Minute R46/19 (3) - It was confirmed that the Department for Education had not as yet commenced the estate Condition Survey.
- ii. Minute R49/9 (6) - It was confirmed that the Health and Safety Committee interlinks with Safeguarding Committee and that each Committee cascades information to the other. Governors queried how the risk of gang operations, road safety etc impacted upon recruitment and where this data was captured and analysed given the risk to finances. It was noted that this would feed into planning, retention and drop outs. It was agreed that this item be given further consideration in the September meeting of this Committee.

It was resolved that the Committee commence an Action Log to record actions agreed by the Committee, together with progress.

R60/19 February 2019 Management Accounts

1. The Vice Principal Finance and Resources presented the management accounts for February 2019.
2. The Committee were advised that the February figures provided an operating deficit of £250,000. It was understood that in comparison to the forecast, income was down by £1.4 million. The Corporation had made savings on pay of approximately £600,000 but it was noted that this was not enough to deal with the income shortfall.
3. The Corporation financial health rating was noted as being satisfactory but that the College would not be able to adhere to the banking covenants applied to the loan. Governors advised that the expectation was that the Executive would ensure that £250,000 was the worst case scenario and was not agreed as the working budget as it was understood that the College would be close to breakeven at the year end point.
4. Governors queried as to whether a year end deficit position of £463,000 remained a possibility and what mechanisms had been implemented to ensure this was avoided. It was confirmed that this deficit position was unlikely based on March month end and the savings made on pay should AEB still fall short. Governors were advised that £463,000 deficit would only be realised should an unpredictable contingent be realised in the College.
9. After due consideration, Governors resolved:-
 - i) to note the management accounts.
 - ii) to request that the Vice-Principal Finance and Resources prepare a financial workshop for new Governors..

R61/19 Financial Action Plan and Updated Financial Scenarios

1. The Vice Principal Finance and Resources presented the financial action plan and updated financial scenarios. Governors were advised of the funding lag within the College due to less students within this academic year, the lower allocations for apprenticeships which will crystallise in 19/20 academic year.
2. The Vice- Principal Finance and Resources confirmed that the key risk of lagged funding will be known in September 2019. The scenarios presented would provide Governors with as wide a choice as possible for strategic direction. Each of the scenarios would have an impact on the financial health status of the College. It was noted that the Executive had not at that point reached a consensus position that they would propose to Governors as the preferred approach.
3. Governors queried the overall narrative of each of the scenarios presented, the impact of the savings and the opportunity cost in making the savings outlined. Governors expressed concern that based on the figures alone they could not be assured that they were agreeing the best scenario and requested that the papers be more detailed, that savings be in the region £1.7 million and that the strategy that underpins the finances be expressed as part of the scenarios. It was agreed that the worse case scenario and the one year recovery scenario would not be considered any further.
4. It was noted that the deadline to send the College Financial Plan to the Funding Agency would be 31st July 2019. It was reported that significant milestone dates for meetings had ben planned to ensure that this deadline would be met by the College.

5. Governors questioned whether the finance team had the required skillset to deliver the plan. Governors were advised that the finance team would benefit from external support. It was suggested that a benchmarking exercise by Tribal may be helpful although timing was noted as important for this review. It was agreed that the Senior Leadership Team progress this action.
6. The Vice-Principal Finance and Resources presented the 2018/19 Action Plan. The Vice-Principal outlined the areas which would impact upon a break even position. It was noted that sessional teaching costs were well within target and that staff utilisation costs had been driven up and that if all apprenticeships were achieved, the College would do better than projected.
7. The Vice-Principal advised that the College had terminated the contract with Britannia for subcontracted work. Governors asked whether there was the potential for a dispute with the contracting party and were advise that the contract had been terminated in accordance with the contractual termination provisions and therefore this was unlikely.
8. Governors resolved:-
 - i) to request that the Financial Plan and updated scenarios be presented to the May meeting of the Resources Committee following further work by the Senior Leadership Team.

R62/19 Bank Facility Update

1. The Vice-Principal Finance and Resources provided Governors with an outline of the College loan facility with Barclays bank. It was noted as a £10.2 million facility over a 19-year period and that this would reduce to £9.6 million at the end of this financial year. Although there was a refinancing window at year 3.
2. Governors were advised that the College had a supportive relationship with Barclays bank. Governors asked whether the College would retender the loan facility and were advised that this would be unlikely to improve upon the loan arrangements offered by Barclays. It was noted that the Vice-Principal would be meeting with Barclays Bank together with the Chair of the Corporation and the Chair of the Resources Committee to discuss the College financial position and a further update would be provided to this Committee
3. Governors resolved:-
 - i) to note the current position;
 - ii) to agree that a workshop be convened for Governors in relation to the Insolvency Regime and FSA.
 - iii) to agree that details of the Corporation insurance policy be circulated.

R63/19 ESFA Dashboard - Financial Health

1. The Vice Principal Finance and Resources presented Governors with confirmation of the financial heath status of the College in accordance with the ESFA criteria together with an outline of the trend for the finances of the College and comparison to sector averages.

2. Governors flagged that the College financial health status would drop to inadequate in the financial plans presented in Item 6. Governors queried if a drop in two categories is acceptable. Governors asked that this be considered by the Senior Leadership Team in their preparation of the Financial Action Plan and associated scenarios, prior to these being represented to Governors at the next Resources Committee.
3. After due consideration, Governors resolved:-
 - i) to note the Financial Health Status

R64/19 Equality and Diversity - Headline Learner Outcomes

1. The Assistant Principal People Services presented Governors with a review of where the College was in the academic year in relation to equality. It was noted that there were achievement gaps and that therefore an action plan had been drafted and immediate steps taken to address those gaps in attainment. Those actions spread across all areas of the College.
2. Governors were advised that there were gaps in the data quality due to the merger and that this had impacted upon the College's ability to undertake more detailed reporting. It was reported that a data cleanse had already commenced. It was noted that time to change had not commenced and the difference between the pass rate and achievement rate was clarified for Governors.
- 3.
6. After due consideration, Governors resolved:-
 - i) to note the Equality and Diversity Headline Learner Outcomes;
 - ii) to agree the action plan as presented be progressed.

R65/19 Any Other Business

1. The Assistant Principal People Services provided Governors with an update in relation to Union and strike action. It was noted that Union members had struck for three days and that the College was currently collating data in relation to this. The strike was deferred from February due to the harmonisation proposals although it was understood that the strike action was to represent a national call for further funding into the sector. It was noted that the College's proposals had been well received to date but that these may need to be revisited.

R66/19 Date of the next meeting

The date of the next meeting was confirmed for Tuesday 7th May 2019 4.00pm at the City campus.

R67/19 Publication of Documents

The publication of documents was approved with the exception of Item 7 because of its commercially sensitive content.

Meeting commenced 4.00pm

Meeting closed 5.55pm

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