

**FINANCE AND RESOURCES COMMITTEE**

**Minutes** of the meeting held on **27<sup>th</sup> November 2019**.

<b>Present:</b>	Sue Anderson (Chair), David Farrow, Thelma Probert and Phil Leyland.
<b>In attendance:</b>	Hayley Griffiths (Temporary Clerk); Tony Day (Principal), Norman MacDonald (Director of Finance), Yvette Meehan, Assistant Principal, Adult Learning (for part of the meeting), Simon Davies, Circle IT (for part of the meeting and Hugo Dormer (for part of the meeting)
1.	The Clerk to the Corporation was unable to attend this meeting. The Chair discussed standing order 16.5 for such a circumstance, and recommended the appointment of Hayley Griffiths as temporary clerk for the meeting, The Committee agreed to appoint Hayley Griffiths as the temporary clerk for this meeting.
2.	<b><u>Apologies</u></b> for absence.  No apologies were received for the meeting.
3.	<b><u>Declaration of interest/s</u></b>  No declaration of interest/s were made.
4.	<b><u>Declaration of any potential conflict/s of Interest with item/s on the agenda.</u></b>  No declaration of any potential conflict/s of interest/s with item/s on the agenda were made.
5.	<b><u>Terms of Reference and Membership</u></b>  CONSIDERED:  The Terms of Reference and membership, PAPER FGP/19/11/05 attached  RESOLVED: The Chair highlighted the changes made to the Terms of Reference and Membership. The Committee discussed the need to ensure the terms represent the need for the Committee to measure how resources are used and how outcomes are measured. The Committee suggested the monitoring of IT should be added to the terms and that the point relating to QAA and Ofsted Inspection Framework should be removed.  The Committee agreed to the revised terms, on the basis of the following amendments being made: 1. The inclusion of monitoring of IT 2. The removal of point nine under the 'Terms of Reference' heading on page 1.

6. Notification of any other business.

The Director of Finance requested to raise six items of other business. The Chair agreed to allow the items.

7. Minutes of the previous meeting.

CONSIDERED:

The Minutes of the previous meeting held on 24<sup>th</sup> June 2019, PAPER FR/19/11/06.

RESOLVED:

That the Minutes of the meeting be signed and agreed as an accurate record.

8. Matters arising (not elsewhere on the agenda)

Internal works – reference item in matters arising 24<sup>th</sup> June 2019 – letter of engagement

PAPER FR/19/11/07

The Principal explained that this is a copy of the letter sent to the contractors Estilo for the work agreed at the last meeting. He explained that the work relating to this letter is almost complete. The Committee asked the Director of Finance if the College conducts credit checks on contractors. The Director of Finance confirmed that a credit check was conducted on Estilo.

9. **Estates and Accommodation Update**

RECEIVED:

A presentation by the Principal on the current developments.

REPORTED

The Principal explained that he will provide an Estates and Accommodation update at each F&R Committee meeting.

He explained that the Estates strategy for the college is almost complete, with a few final amendments to take place. He confirmed that the strategy will set out the repairs and general work needed for the college. Following a significant increase in student numbers over the last five years, a strain has been put on the building and services.

The Principal talked through the work that has commenced, including a full building survey which outlines the work needed for the next few years. He explained that a full spatial review of the college has highlighted where areas need to be expanded upon. He highlighted that following his attendance at a meeting this morning for West Midlands Principals, there is talk of a possible expansion fund being available to colleges next year.

He explained the priorities for the college this year regarding changes needed to the site and confirmed that changes to the study areas, canteen, coffee shop and IT centre would be completed this year. He confirmed that toilets, redecoration, pastoral area and Crescent temperature would be addressed during the next academic year.

The Principal explained the work conducted to renovate the student study areas. He displayed images of how the areas used to look, followed by images of how they look now the refurbishment has taken place. He explained the reasons behind the design choices and highlighted that the work has allowed for 177 more computers to be put in place for students to access. He also confirmed that the work has come in under budget.

The Principal talked through the upcoming changes to the social and canteen spaces. He displayed designs for how the area will look and the reasons behind the need to expand the area. He confirmed that demolition work will begin in the coming weeks with the new area to be completed by July/August 2020.

The Principal discussed the provisions that have been displaced to allow for the canteen expansion. He displayed images of the new areas and highlighted that they are in keeping with the original fixtures and fittings of the college.

The Principal discussed the need for additional classrooms and a confidential conversation about the whereabouts followed.

The Principal discussed the Open IT Centre expansion and explained the reasons behind the need for it.

The Principal discussed the options for a new building with the Committee. He gave a brief overview of discussions held previously and the decisions to not pursue three out of the five options presented. He discussed the option regarding the acquisition of the minibus showroom which resides next to the college site. He detailed the cost implications of renting the space and the challenges that come with trying to purchase the site due to ground lease agreements. He highlighted that the building remains for sale at present and the college has decided to halt any further discussions regarding the purchase at this time. He also highlighted the challenges the college could face in terms of future proofing the site if it were to be acquired by someone else.

The Principal discussed the fifth option for a new building on an existing part of the college. He explained the cost savings that could be made as the college already owns the site and highlighted the potential funding options that could be sourced to assist with the creation of the building. He highlighted that those currently undertaking the internal works on site would submit a bid for us to obtain Government funding. The Principal explained the highly competitive environment for obtaining funding of this nature and confirmed that if the funding is not obtained, the college could research other expanding fund options for the following year or decide to fund the project completely.

The Committee thanked the Principal for his update.

10. **IT Services**

RECEIVED

A presentation from Simon Davies and Hugo Dormer from Circle IT detailing the journey with IT Services since April 2019

The Committee welcomed Simon and Hugo to the meeting. Simon explained his journey with the college since April this year. He explained his initial findings

highlighted a lack of understanding within the team regarding the support needed and the challenges the team faced following the lack of chain management.

Simon detailed the issues that occurred regarding servers, virus protection, backup concerns and a lack of real time monitoring of the systems. He highlighted that there was an agreement in place with another company to support the team remotely but that due to the lack of an IT strategy, the college was paying for MSV to fix everything rather than working out why the issues were occurring.

Simon explained the issue that occurred in the summer regarding the server room and highlighted the impact it had upon the college. The Committee asked if there was an IT strategy for the team to adhere to or if they decided not to adhere to it. Simon and the Principal confirmed that there was no strategy in place for the team to follow. The Principal explained that in the early years, the college had an IT consultant who worked alongside the team but that became discontinued.

Simon explained the investments that have been made so far to replace the server infrastructure, and explained that next issue to resolve is the network as issues continue with the college's wifi. He explained that following changes to the servers, the retention period for backing up was now up to 12 months. He highlighted that an additional server is based in Orchard House as a backup, with the option of an additional offsite server being investigated. Simon explained that he is confident that the new servers are far more robust.

The Committee asked Simon and Hugo how they intend to create a strategy for the college when the area of technology is constantly changing and advancing. Hugo explained that due to connections with various big providers within technology, they are constantly given insights into what changes are on the horizon for technology which will be factored into the strategy. Hugo explained that he and his team have a wealth of background knowledge for rolling out strategies to schools and colleges and are confident that the strategy will work for the college.

The Committee asked Simon and Hugo for reassurances that the Committee won't look back in several years' time and feel that the strategy put in place was just left. Simon assured the Committee that this would not happen. The Principal highlighted that an independent consultant has been hired by the college to monitor the contract with Circle IT, therefore providing further assurance for the work undertaken.

The Committee thanked Simon and Hugo for their presentation. They agreed the need for the IT strategy to be reviewed alongside the college strategic plan, and expressed the usefulness to bring representatives of this nature to Committee meetings.

Simon Davies and Hugo Dormer (Circle IT) left the meeting

11. Sub-Contracting Provision

RECEIVED:

i. A Report on Sub-contracting Provision – Financial Outturn 2018-19

RECEIVED:

The Assistant Principal, Adult Learning arrived to the meeting. She discussed the report and highlighted the key aspects. She explained that as the college only has one subcontractor at present, the report remains relatively succinct.

She explained that whilst the subcontractor BEEAS only achieved £433,000 out of their intended contract of £450,000 during the 18/19 academic year, they have requested an increase in their contract this year to be £500,000. She explained that following receipt of their updated funding record for this academic year, they have already achieved £493,000 so they will meet their contract this year.

The Assistant Principal talked through pages 2 and 3 of her report and outlined the need for the inclusion of information regarding the retained management fee. She explained that it is a new requirement this year and outlines what the money is used for. She explained that the information contained within these pages covers most the services provided and detailed the work done with BEEAS to assist them with their recruitment and selection. The Committee asked if there are any limits stipulated regarding the retained management fee to which the Assistant Principal confirmed that the requirements stipulate that if you take a management fee, you must explain what it is used for.

The Committee asked if it would be possible to measure the proportion of retained fees post year. The Assistant Principal explained that the proportion figures detailed are realistic to the services provided. She highlighted the difficulties that would occur if further breakdowns were to occur as some of the services overlap.

The Assistant Principal explained how the agreement remains mutually beneficial and that additional services are invoiced. She highlighted the work done by the Director of Curriculum and Learning (Adult) to support BEEAS' new coordinator, alongside the additional exams fees and internal verification costs which incur the additional fees.

ii. Approval for Supply Chain Fees and Charges Policy

PAPER FR/19/11/11ii

REPORTED

The Assistant Principal explained that very little changes have been made to the policy. She explained that the policy now confirms the new majority funder which is WMCA.

RESOLVED

The Committee agreed to the Supply Chain Fees and Charges Policy

iii. Letter from the Chief Executive of the ESFA to the Chair of the Corporation and Principal about sub-contracting provision;

PAPER FR/19/11/11iii

And;

- iv. Additional letter – Q&A about the above letter;  
PAPER FR/19/11/11iv

REPORTED:

The Assistant Principal explained that these letters were nothing to cause concern. She highlighted that the college's subcontracting matches the two bullet points detailed at the bottom of the first letter relating to subcontracting being done well. The Chair agreed that the college's way of subcontracting working is a model for others to follow.

RESOLVED:

The Committee agreed with the Assistant Principal's comments. They thanked her for her report and commended her on her work in Adult Learning.

The Director of Adult Learning left the meeting.

## FINANCE ITEMS

### 2018-19

#### 12. Draft Financial Statements for 2018-19

CONSIDERED:

PAPER FR19/11/12:

- i. The Draft Financial Statements for 2018-19 for Joseph Chamberlain Sixth Form College for approval;

REPORTED:

The Director of Finance explained that there are several pages to draw attention to within the report. The Director of Finance discussed minor changes to the Governance page regarding non adoption of the UK Corporate Governance Code 2016. He explained that whilst the college doesn't adopt it, we do use selected protocols that specifically refer to FE.

He explained that a clean audit report has been received which is outlined on pages 23 and 24. He highlighted that the Statements of Comprehensive Income on page 25 show a college surplus of £702k which differs to the surplus outlined in the minutes of the meeting on 24<sup>th</sup> June 2019.

He highlighted that the balance sheet shows a strong net current assets position of 9.2m and that the cash flow on page 28 suggests an outflow of £253k. He explained that this includes transfers to deposits over 3 months which shows the overall cash position up from £10.4m to £11.7m.

He explained that the completed method for assessing the Principal's salary has been based on benchmarking provided by the Director of HR. He also highlighted the need to note that TPS shows a deficit of £22 billion at March 2016.

The Director confirmed that nothing has come to the auditors attention through the report on Regularity which is shown on pages 50-51.

- ii. The Draft Financial Statements for 2018-19 for **Subsidiary Company. Accounts** for approval:

REPORTED:

- a. **Joseph Chamberlain (Trading) Limited**

That the company has a surplus of £8250 but negative liabilities remain over the past four years. This is reflected in the Going concern statement on page 4. The Director of Finance explained that the company will be ok in the long run so long as the college continues to support it.

REPORTED:

- b. **The College for International Citizenship (CiC):**

That the company had broken even after using £9k of reserves. The Directors report refers to the need for a strategic review of the company.

The Committee agreed to recommend the reports are to be approved at the Full Board meeting in December.

RESOLVED:

The Committee approved for the statements to be taken to the Full Board meeting in December 2019.

## 2019-20

- 13 **Revised Budget 2019/20**

RECEIVED;  
2019/20 revised budget;

PAPER FR19/11/13

REPORTED

The Director of Finance explained that the sheet shows the revised budget, the initial budget and the 18/19 outturn. He highlighted that the bottom left hand side of the sheet shows the changes from the 18/19 outturn to the 19/20 revised budget. He explained that he is confident that we will do a minimum £250k surplus and the paper provided is designed to give an overview of where we are.

- 14 **ESFA Finance Dashboard**

RECEIVED:

ESFA Finance Dashboard October 2019;

PAPER FR19/11/14

REPORTED:

The Director of Finance confirmed that the ESFA agree with our Outstanding self-assessment on Financial Plans which were submitted in July 2019. He explained that the 19/20 point score drop is a result of the £250k surplus. He highlighted the staff costs/income ratio graph and explained that the Sixth Form College average begins to gradually climb from 72% but then drops suddenly in 2020/21. He explained that he believes this is a result of planned restructuring in other colleges.

The Committee asked for further insight into the data presented on the total borrowing graph as the college data is lower than the national average. The Director of Finance explained that as the college didn't anticipate receiving Government pension grant after 19/20, our data is showing lower than the average. He explained that the graph is more reflective of how other colleges factored in the pensions grant.

15. **Management Accounts 2019-20**

RECEIVED;

A verbal update from the Director of Finance

REPORTED:

The Director of Finance explained that due to other pressures during the Autumn term, the management accounts are not yet completed. He explained that the revised budget shows no real change so the £249k is still a worst case scenario subject to risks and opportunities.

16. **Standard Items Report**

Major projects and contracts

RECEIVED:

A verbal report on major projects: new approvals and updates on projects approved previously, on long-term contracts and any contracts likely to exceed thresholds of EU regulations.

REPORTED:

The Director of Finance reported that the electricity and gas contracts have been reviewed. He explained that nine different suppliers were considered for the electricity contract and they have chosen to remain with a one year contract option for £209,000 which makes a saving of approximately £15,000.

He explained that gas has increased slightly from £32,000 to £41,000 and they have chosen a two year option for the contract. He confirmed that the tender process was handled through consultants.

He highlighted that the photocopier contract was due to review in August 2019, but has now been delayed for review in April 2020. This extension will allow for the college to ensure that the new contract includes the right amount of copiers



needed for the college. He confirmed that the current suppliers Ricoh were happy to allow the extension on the basis that they could be one of the companies who tender for the new contract. The Committee asked for the approximate annual printing costs to which the Director confirmed are approximately £130,000. He explained that due to increases in printing requests and student numbers, the costs are quite high. He highlighted that following the recent appointment of a Reprographics Manager, they are hopeful that the costs can be managed more effectively.

The Committee discussed more resources and documentation being available electronically. The Principal explained that the students prefer to have printed texts instead of accessing versions online. He explained that students require a lot of support therefore they require a lot of printed materials. The Committee discussed the pros and cons of the digital age and the implications the students may face in the future.

The Director of Finance confirmed that the insurance tender has now been completed and have achieved a saving of approximately £20,000. He explained that the Preventative Planned Maintenance contract has also been completed and will begin on 1<sup>st</sup> December 2019. He explained that key performance indicators are in place for both in order to measure how they are doing.

17. **CIC Update**

RECEIVED:

A verbal update from the Vice Chair of the Corporation

RESOLVED:

The Committee decided that further discussions regarding the direction of the College for International Citizenship will be taking place in the spring term and that a variety of options will be considered. The Committee asked the college not to run a programme in the summer of 2020. The Committee agreed that communication would be sent to the Director of the College for International Citizenship from the Vice Chair of the Corporation to confirm the discussions held at this meeting.

14. **Any other urgent business**

**Increase in National Funding Rate**

REPORTED:

The Director of Finance explained that the increase in the national funding rate is going to change from August 2020. He explained that it would be a radical change that would bring in significant additional funding.

15. **Dates of meetings** in the remainder of 2018-19:

REPORTED:

The dates and times of scheduled meetings in the remainder of 2019-20 are:

Wednesday 26<sup>th</sup> February 2020

Monday 22<sup>nd</sup> June 2020

The Chair confirmed that she is unable to attend the date of the next meeting and therefore proposed that alternative dates are suggested to the Committee.

RESOLVED:

The temporary clerk will suggest alternative dates for the February meeting.

The meeting closed at 7.10 pm