



MINUTES OF THE FINANCE & RESOURCES COMMITTEE MEETING HELD ON 12TH OCTOBER 2017

Present:	Pat Drake Richie Dunk John Rees Malcolm Rogers Andrew Wright	External Governor External Governor Chief Executive External Governor (Chair) Co-opted Non-Governor
In Attendance:	Denise Cheng-Carter Lesley Venables	Deputy Principal (Finance & Resources) Clerk to the Corporation

APOLOGIES FOR ABSENCE

- 1 Apologies for absence were received from Fiona Armer.

DECLARATIONS OF INTEREST

- 2 A declaration of interest was received from Andrew Wright in respect of minute 12.

APPOINTMENT OF CHAIR

- 3 **Resolved -** That Malcolm Rogers be appointed as the Chair until the first meeting of the 2018/2019 academic year

MINUTES

- 4 **Resolved -** That, subject to some minor amendments, the minutes of the meeting held on 6th July 2017 be approved as a correct record and signed by the Chair

MATTERS ARISING

5 The Committee received a list of actions resulting from the previous meeting and noted that all of these had either been completed, were in progress or featured on the agenda.

6 Under minute 88, the Deputy Principal reported that discussions on the amount outstanding from the Local Enterprise Partnership for the capital project had almost been concluded.

7 The Committee was advised that the Governor Development Day in November would focus on preparing the Governance Self-Assessment Report, including the presentation of performance data (minute 127).

CAPITAL PROJECT UPDATE – ‘ORANGE BOX’

8 The Deputy Principal presented a report on progress with the ‘Orange Box’ project.

9 The lease was still being negotiated between the College and Calderdale Council. An indication has been received from the Department for Education that there would be no clawback of a previous grant made to the current users of the building. This would be confirmed when the contracts were signed by all parties.

10 Property consultants had been appointed to undertake viability studies and surveys to identify any potential issues or liabilities. An internal working group had also been established to steer the project and ensure that it met learner needs.

11 In response to questions on the timescales, the Committee was advised that the building works would be carried out in two phases, with the initial transfer of provision to the building taking place at Easter and final completion in the second quarter of 2019.

12 An application for a grant of £975K (one-third of the total projected costs) had been submitted to the West Yorkshire Combined Authority. Governors noted that the overall estimated cost of the project would be £3m, which was higher than that approved previously. The Principal gave an assurance that the College was proceeding on the basis of the original delegated authority level authorised by the Board.

13 There was some public relations work to be carried out to ensure that the project was not viewed merely as a transfer of the previous, unsuccessful activities that had been located in the building.

FINANCIAL PERFORMANCE REPORT

14 The Deputy Principal presented the management accounts to July 2017. The majority of the information in the report had already been reviewed by governors as part of the approval of the Three Year Financial Forecast at the Board’s July meeting.

15 The College had over-delivered against its target for Adult Responsive Funding and had been awarded additional monies from the Education & Skills Funding Agency (£154k).

16 Governors noted that performance targets for 2016/2017 had not been met in a number of funding categories. However, overall the surplus was higher than forecast, due to extraordinary items such as the receipt of additional Adult funding and the capitalisation of part of the expenditure on the Unlocking Potential Project. In response to questions from the Committee, the Deputy Principal reported that management was confident that, as far as possible at this time of the year, the College could adhere to the tight budget that had been set for 2017/2018.

17 Enrolments on apprenticeship programmes was proving to be extremely challenging and this was part of a national downturn in the number of starts since the introduction of Government reforms. The behaviour of some of the College’s key clients reflected a level of uncertainty, which meant that the pace of any starts had slowed.

18 Recruitment on 16-18 courses was strong, with an additional 80 learners enrolled as part of the partnership with Kirklees Industrial Training Services. Adult FE recruitment and FE adult loans were in line with projections. Higher education courses had enrolled at approximately the same level as reported at the same point in 2016/2017.

19 The Deputy Principal reported that a delayed start to the ESIF projects had had a significant impact on funding in 2016/2017, but that this situation should improve in the current academic year.

20 Governors were advised of the College's key risks, each of which had been RAG-rated against the section on the performance dashboard that related to enrolments. The budget would be re-forecast twice during the year, with the first exercise undertaken in November.

21 The Committee requested that consideration be given to the implications of any gaps in learner numbers and what could be done to address these in 2017/2018. Information on the number of applicants and the respective conversion rates of each type of provision would be prepared as part of future versions of the report. The Principal felt it was important for any such data to be linked to the 12 strategic priorities included in the Strategic Plan.

22 The Deputy Principal was asked about the volume of resources allocated to the recruitment process. The College had recently shifted the emphasis of its marketing efforts from 'traditional' methods to greater use of digital and social media activities. In response to further questions on the support provided for growing apprenticeships, governors were advised that staff had been reallocated to undertake different activities to recruit individuals to fill the 39 apprenticeship vacancies that were currently 'live'.

23 Apprenticeships would continue to be closely monitored due to many influencing factors being outside of the College's control. Progress against the targets in this area would be included in future strategic reports by the CEO.

24 The College was in discussion with universities, including Leeds Beckett University, to deliver higher apprenticeships, which formed a large gap in the skills market across a number of curriculum areas.

JOINT VENTURE: WEST YORKSHIRE COLLEGES' CONSORTIUM

25 The CEO presented a progress report on the Joint Venture with the West Yorkshire Colleges' Consortium.

26 Work was currently underway to deliver the 3 projects on which the JV's bids had been successful. A three year cashflow forecast was received, which indicated a total of £12.8m income, with associated expenditure of £11.8m. If the projections were accurate, the funding for the start-up loan would be repaid to all JV partners (£300k in total).

27 However, the Committee noted that there would be regular cashflow deficits based on the current estimates and asked how these would be funded. The CEO outlined a number of possible options: to reduce expenditure to balance the budget, or for one partner to provide additional working capital to the JV. Governors confirmed that the Board's financial commitment to the JV was limited to the amount of loan funding already provided and asked the CEO to inform the JV Board that, from Calderdale College's perspective, the budget would need to be re-worked to maintain a positive cashflow position.

28 The CEO was asked about external scrutiny arrangements for the JV and involvement by governors from each college's board. The Committee was informed that, following legal advice taken at the establishment of the JV, there was no requirement for governor involvement other than him acting as a link between the JV and the Board. The Finance & Resources Committee effectively provided oversight of the initiative.

29 The College was currently contracted by WYCA to deliver part of the Skills Service work on one of the successful projects. Governors questioned the extent to which the College would risk becoming a creditor of the JV if the cashflow situation was not resolved. The CEO reported that the JV was currently evaluating options, which ranged from a wholesale sub-contract of the delivery of the Skills Service work to a cost recovery exercise by the staff that would remain employed by Calderdale College. It was felt that this was merely a timing issue relating to the submission of funding claims and receiving payment.

30 Further updates on progress would be provided to future Committee meetings, together with a summary of current operations and any new bids.

EXTERNAL FUNDING REPORT (SKILLS SUPPORT FOR THE WORKFORCE) & SUB-CONTRACTING PROVISION

31 Governors received for information a report on External Funding – Skills Support for the Workforce. It was noted that the overall performance had improved compared to the previous report (June 2017) and the majority of programmes were delivering in line with the identified target, with one exception which was a reactive project to support individuals at risk of or undergoing redundancy.

32 A re-profiling exercise had recently been undertaken by the ESFA, with all amendments to the College's profile approved. Some further flexibility within contracts had been requested of the ESFA, but progress had been slower than anticipated due to approval being required from each Local Enterprise Partnership.

33 The College was piloting an associate delivery model which would provide a more streamlined procurement and delivery process.

34 The Deputy Principal presented a revised list of sub-contractors which would be delivering on External Funding programmes.

- 35 **Resolved -**
- | | |
|---|---|
| 1 | That the Board be RECOMMENDED to approve the updated list of sub-contractors |
| 2 | That the Board be RECOMMENDED to approve a policy on Supply Chain Fees & Charges for 2017/2018 |

COMMITTEE TERMS OF REFERENCE

36 The Clerk presented a revised set of terms of reference, which had been updated to reflect the additional responsibilities allocated to the Committee by the Board in July 2017. The Committee name had been amended to 'Finance & Resources'.

37 The Chair reported on earlier discussions with the Deputy Principal and the Clerk regarding how these new areas of focus would be featured in the timetable of business. At each of the 4 meetings in the year, governors would receive detailed information from one head of a functional area. The relevant College strategy would be circulated to governors in advance as part of the meeting papers. Progress in all business support areas would be monitored at each meeting on a 'by exception' basis.

38 Building on the work undertaken to date on the 'dashboard' and information already available internally, further performance indicators would be developed and reported to the Committee.

39 The Clerk was requested to prepare an 'assurance map' as to where each of the items within the terms of reference appeared and to link this to the Committee's timetable of business.

40 **Resolved -** That the Board **be RECOMMENDED** to approve the revised terms of reference

ITEMS TO BE REPORTED TO THE BOARD

41 The Committee agreed a list of items that would be reported to the Board on 19th October 2017:

- The management accounts to July 2017 indicated that the College had performed slightly above the forecast and this was due to the impact of 2 exceptional items
- In the current financial year, apprenticeship recruitment was a concern
- Some cashflow issues for the Joint Venture were reported to the Committee, which the CEO was asked to discuss at the next JV board meeting
- Improvement was evident in external funding contract performance
- Revised terms of reference were discussed and recommended for approval, together with a new modus operandi for the Committee
- Supply Chain Fees & Charges Policy was recommended for approval by the Board

DATE OF NEXT MEETING

30th November 2017, 5.00 p.m.