



**CALDERDALE COLLEGE
FINANCE AND RESOURCES COMMITTEE MEETING**

**Draft Minutes of the Meeting held on 24 June 2021 at 17.00 by MS
Teams**

Present:

Malcolm Rogers	External Governor & Chair
Peter Clark	External Governor & Chair of the Corporation
Pat Drake	External Governor
Richard Laycock	External Governor
Andrew Wright	External Governor
John Rees	Principal & Chief Executive

In Attendance:

Julia Gray	Vice Principal – (Quality & People Services)
Sharon Bowker	Executive Director (Finance & Funding)
Rob Rawlinson	Director of Operations
Ebrahim Dockrat	Director of Commercial Services and Partnerships
Jane Taylor-Holmes	Clerk

Agenda: No items of other business were added to the agenda.

Min Ref.	Minutes	Action
1	FR/21/114 - Apologies for absence No apologies were received; all Members were present.	
2	FR/21/115 – Confirmation of eligibility, quorum and declarations of interest No notice had been received of any member becoming ineligible to hold office. The meeting was quorate and there were no declarations of interest in agenda items.	

Min Ref.	Minutes	Action
3	<p>FR/21/116 – Minutes of the meeting held on 25 March 2021</p> <p>Resolved: The minutes of the meeting held on 25 March 2021 were approved as a true and accurate record.</p>	
4	<p>FR/21/117 – Matters arising</p> <p>All matters arising were complete, on the agenda or for completion at a future date.</p>	
5 6 7 8 9 10 11	<p>FR/21/118 – Estates</p> <p>Mr R Rawlinson, Director of Operations provided an update on the estates position.</p> <p>Mr Rawlinson provided an update on capital bids; it was noted that the assessment of the Capital Transformational Fund bid had been delayed. There had been no updated timeline presented. In relation to the delay and potential impact on the submission date of the stage 2 bid, no information had been provided; however, it was hoped that this would be moved to later in the year to reflect the delay.</p> <p>Committee members commented on the inclusion of the energy usage and environmental initiatives. Mrs P Drake, External Governor asked whether the College had a Green Policy with ambition going forward?</p> <p>Mr Rawlinson confirmed that there was a Policy and a carbon management plan. The Policy covered waste management and sustainability.</p> <p>Committee members recognised the importance of being consistent with Calderdale Council in relation to their ambitions on carbon emissions and sustainability. It was noted that progress in the area required input from lots of partners. The College was committed to engage in discussions in this area.</p> <p>Mr A Wright, External Governor confirmed that the LEP was committed to the region becoming carbon neutral.</p> <p>Mrs Drake asked about water usage commitments. Mr Rawlinson referred to the water harvesting facility on site and confirmed that future reports would reference water</p>	<p>Action: Mr Rawlinson September 2021</p>

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12	usage. Mrs Drake asked about the cost of replacement of the 3G football pitch. Mr Rawlinson explained that some work had been scheduled to extend the life of the pitch and that there were some funding opportunities available through Sport England and the Football Foundation.	<p style="text-align: center;">Action: Mrs Bowker Autumn 2021</p>
13	Mrs Bowker explained that one of the issues that an application may raise is the amount of community use that the College would be required to make available. It was noted that this may reduce commercial opportunities.	
14	Mrs Bowker commented that into future years a sinking fund would be developed, retaining £20-£30,000 per year for replacement.	
15	Mr Rawlinson explained that all remedial works were on timetable for completion.	
16	Mr R Laycock, External Governor asked whether the impact on the budget referenced within the front cover sheet could be quantified. It was agreed that where there was an impact, information on this would be provided on front sheets in future.	
17	A further question was raised in relation to whether the College had to report CO2 emissions from the estate. Mr Rawlinson confirmed that the College was not currently required to report this. The local sector was sharing data in terms of energy consumption and CO2 emissions.	
18	Resolved: The Committee noted the report.	
	<p>FR/21/119 – Commercial and Partnerships</p> <p>External Funding</p>	
19	Mr E Dockrat, Director of Commercial Services and Partnerships, presented a report providing an update on external funding contracts.	
20	Mr Dockrat explained that the report had been developed to focus on new initiatives, with an activity update on existing contracts in the appendix.	
21	Mr Dockrat explained that the report followed on from the	

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	Governor Development session on 11 June and confirmed the progress of bids.	
22	Mr Dockrat referred to annex 2 of the report and the funding matrix, and Committee members noted the impact from COVID particularly in relation to the RISE programmes.	
23	Resolved: The Committee noted the report.	
	External Funding – Sub Contracting	
24	Mr Dockrat presented a report on current sub-contracting as at June 2021. It was noted that there were 22 live subcontractors across 35 delivery profiles over two regions in relation to the SSW/R project and 39 live subcontractors against the Sheffield Skills Bank project.	
25	Mr Dockrat explained that the College was in the process of finalising the Skills Bank project and would be moving into an interim agreement to deliver for the next 12 months whilst the re-tender process was underway.	
26	ESFA Guidance for those charged with Governance in subcontracting was provided and Committee members were asked to recommend the Subcontracting rationale to Board.	
27	Mrs Drake asked about assurance provided to Governors in relation to the engagement and selection of subcontractors.	
28	Mr J Rees, Principal and Chief Executive explained that there was a due diligence process in place to assess new subcontractors. This would be provided to the Committee when any new subcontractors be appointed. Mr Dockrat confirmed that there was a transparent process in place to review subcontractors and that the RAG rating related to profile delivery.	
29	It was agreed that, at the point where the College engaged with new subcontractor partners, the Committee would be notified of the scoring and the process in place for selection. Mrs Bowker also referred to the Risk Register item on subcontracting (R13) and the ability to refer to internal and external assurance. This would be reviewed.	Action: Mr Dockrat Future reports 2021/22

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30	<p>Mr P Clark, External Governor and Chair of the Corporation asked about the movement of some of the red-rated subcontractors and asked about the direction of travel and the reasons for non-delivery.</p>	<p style="text-align: center;">Action: Mr Dockrat CQS Reporting 2021/22</p>
31	<p>Mr Dockrat confirmed that the numbers in brackets show the direction of travel. There is regular movement between the ratings.</p>	
	<p>There are robust processes of review in place and in some cases there is moving of funds between subcontractors to ensure delivery.</p>	
32	<p>Committee members noted that the Subcontracting Rationale was in relation to a restricted selection of sub-contractors, the core provision, and not those used for commercial provision.</p>	
33	<p>Committee members asked about the reporting of the progress and success of the projects in terms of student numbers.</p>	
34	<p>Committee members noted that the ESFA guidance applies in future years. Halifax FC was new on the schedule due to changed definition of subcontractor.</p>	
35	<p>Project Challenge information had previously been reported within the existing report. This could be picked up within the College performance report under the study programme section. This information would be reported through the Curriculum, Quality and Standards Committee.</p>	
36	<p>Resolved: to recommend to the Board at its July 2021 meeting the updated list of subcontractors for non-core provision.</p>	
37	<p>Resolved: recommend to the Board Subcontracting Rationale.</p>	
38	<p>Resolved: recommend to the Board the guidance paper for those charged with governance in subcontracting (relating only to core provision).</p>	
39	<p>FR/21/120 HR HR update: September 2020 – June 2021</p>	

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40	Ms J Gray, Vice Principal – (Quality & People Services) presented the new HR dashboard to the Committee.	
41	It was agreed that, in relation to sickness absence the number of staff (in addition to the % of staff) would be recorded.	Action: Ms Gray September 2021
42	Mrs Drake asked about the steps in place to support staff to stay in work particularly when considering the top five causes of absence.	
43	Ms Gray commented on the significant increase in the amount of staff wellbeing activity undertaken. Sessions had been delivered to Managers to best manage stress and support employees within reporting lines. Wellbeing surveys had been undertaken and actions plans developed.	
44	Wellbeing Pillars had been developed and would be taken forward with Mrs Bowker within the new structure. These were designed to support colleagues to be happy at work and also included physical wellbeing. These had been developed (with the support of working and focus groups with staff) as an addition to support the agenda of staff wellbeing.	
45	Committee members asked about the ability to quickly check in with staff. Ms Gray explained that MS forms had been used to receive feedback and had been used to coincide with Staff Conference.	
46	In relation to employee claims against the College for injury, Ms Gray confirmed that these were be reported within the dashboard. However, there had been none within the period covered by the report.	
47	Mr Rees commented that the annual staff survey was currently open and feedback would be provided to a future meeting, possibly September.	
48	Mr Laycock asked about the increase in staff numbers - a rise of 10%. Mr Rees explained that the staff rise related to commercial projects increase and some new kickstart staff, which are temporary fully funded positions. The increase was planned. It was noted that a declaration would be required within the annual Financial Statements	

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	and the numbers would be reconfirmed.	
49	It was agreed that the volume of staff allocated to HR practitioners would be further considered as the report appeared to show that College HR practitioners were responsible for around 3x as many staff members as other organisations.	Action: Ms Gray September 2021
50	It was further agreed that sickness absence would be recorded by short and long term sickness in future reports.	Action: Ms Gray September 2021
51	Resolved: Committee members noted the HR update.	
	Homeworking Policy	
52	Committee members noted that this was not a Policy which required approval at the Committee but was being presented due to the significant change to the Policy.	
53	Ms Gray explained that the Policy had been through review by SLT, had gone through Union consultation on two occasions and been through the College legal team to ensure that the College can provide parity of opportunity for those homeworking. It was seen that this was one of the benefits afforded by pandemic and the Policy was a formalisation of the approach to be taken.	
54	Mr Laycock asked about what would happen if a member of staff designated as homeworking decided to move overseas? Ms Gray confirmed that this would be within the staff contract.	
55	Mrs Drake recalled a recent incident that she had been involved with in another organisation and asked whether there was a method to digitally monitor homeworking and productivity. Mr Rees commented that whilst it was not possible to digitally monitor work, output would be reviewed and there was a review requirement by Managers to ensure that work is completed and progress against objectives is made.	
56	Ms Gray commented that this was linked to the wellbeing agenda. Some staff had reported that they were more productive working from home and benefited from not having to travel. There were also staff members who found the opposite.	

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57	It was agreed that Ms Gray would review the Policy to ensure consistency in relation to the grammar in the bullet points.	
58	Mrs Drake asked whether staff were able to work hours flexibly during the day. It was noted that this would continue to be reviewed by staff and managers if this was something that was acceptable.	
59	Mr Wright asked about the possibility of hybrid Governor meetings going forward. It was agreed that this would be an aim and the technology was being explored.	
60	Mrs J Taylor-Holmes, Clerk explained that the Policies and Procedures Committee had met and had suggested that the Policy would be reviewed in 12 months rather than the two-year scheduled review. This was agreed.	
61	Committee members supported the Policy and the principles contained in the Policy, noting the significant change to the way the College was approaching homeworking and the potential benefits in terms of staff retention and sickness absence.	
	<p>FR/21/121 – Financial Performance Report</p> <p>Management Accounts to 31 May 2021</p> <p>62 Mrs Bowker presented the management accounts up to Period 10 (end May 2021).</p> <p>63 Mrs Bowker referred to page 70 and the approved budget from July 2020, where a planned operating deficit of £499,000 had been approved and not £400,000 as stated.</p> <p>64 Mrs Bowker explained that there were signs of confidence returning to the market. The College would be broadly on budget at year end. There continued to be AEB recruitment.</p> <p>65 Mrs Bowker referred to the favourable variance in income in relation to early adopter fees for T-Levels. This would have to be spent within the period.</p> <p>66 Committee members noted the positive improvement.</p> <p>67 Mrs Bowker referred to page 79 and the information on</p>	

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68	<p>cash. It was noted that the year-end figure had changed significantly and was now nearer to £10million, as the agreed AEB clawback repayment would be made in October. The cash position remained over the 45-day ESFA trigger.</p> <p>Mr Laycock asked about any interest received on cash balances. It was noted that options would be considered in relation to this which could be developed through an investment strategy.</p>	<p>Action: Mrs Bowker Autumn 2021</p>
69	<p>Resolved: Committee members noted the report.</p>	
70	<p>FR/21/122 – Draft Budget 2021/22 – Draft two-year financial forecast</p> <p>Mrs Bowker presented the Draft Budget 2021/22 and provided a presentation.</p>	
71	<p>Mrs Bowker explained that the current year projected out-turn was a £503,000 deficit (-2.2%). In July 2020 it had been forecast that 2021/22 would be a break-even year but the College was now forecasting a deficit of £152,000 (-0.6%), moving to a surplus position for 2022/23 onwards.</p>	
72	<p>Committee members considered and agreed the short-term priorities for 2021/22 and noted the uncertainty and continued challenges regarding COVID next year.</p>	
73	<p>A budget summary was provided along with the balance sheet and the Committee noted that the current liabilities related to the Skills Bank repayment.</p>	
74	<p>In relation to income, Committee members noted the funding assumptions for lagged funding based on local area demographics and conversion at the same rate as now. AEB had been confirmed in the devolved budget from the combined authority and the College had assumed no future increase.</p>	
75	<p>The AEB budget included £100,000 for carry over. An allocation of up to £500,000 was possible, so there was some scope to improve the position.</p>	
76	<p>Mrs Bowker referred to the positive movement in</p>	

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	<p>apprenticeships and that the 5% increase in forecast numbers incorporated students from the Engineering Centre in Brighouse. It was noted that the risk rating on apprenticeship recruitment was forecast to reduce to amber.</p>	
77	<p>External funding was outside of core provision. Mrs Bowker explained that this was an area where it difficult to forecast due to anticipated changes. There was potential to earn more income; however, the budget had only included guaranteed income.</p>	
78	<p>Committee members noted comments in relation to tuition fees and the decrease in the advance loan income. The allocation had reduced and it was expected that the income would instead be brought in through the adult education budget. This was being monitored regularly.</p>	
79	<p>In relation to pay expenditure, a high level summary was provided. The College predicted to be above the average pay as % of income in sector and the budget allowed for a 1% staff pay increase in 2021/22 followed by 2% staff pay increase in subsequent years. This would be subject to Board approval in the usual way.</p>	
80	<p>Mrs Bowker explained that the budget had assumed inflation, which had not been included in previous years. There was no inflation built in for 2021/22 but there was in future years.</p>	
81	<p>There had been a number of scenarios considered in relation to capital expenditure. The best and worse case scenario had been provided. In a usual year, Governors would be asked to approve a specific capital amount; however, this was not possible due to uncertainty around the outcome of bids and potential match funding.</p>	
82	<p>Committee members considered the cash investment in capital expenditure of £750,000 and how this impacted on cash and cash days for the ESFA financial strength trigger.</p>	
83	<p>The paper also referenced the bank covenants and the potential breach due to the forecast deficit. The College continued to engage with the bank and it was noted that the bank had access to College management accounts. It was confirmed that the College continued to work with the bank in relation to the charging of the College site assets</p>	

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	as security.	
84	Committee members asked whether a written waiver was needed before the year end. Mrs Bowker confirmed that the Auditors were not envisaging a waiver would be needed.	
85	Mrs Bowker presented the sensitivity analysis. It was noted that 68% of the income was already known (16-18, AEB). Committee members discussed the RAG rating of the other income sources. It was noted that there was a red risk around external funding due to uncertainty.	
86	The top five financial risks were reviewed. It was noted that the ESFA were currently reviewing how financial health was rated.	
87	It was noted that the budget approved in July 2020 had been approved on the basis that 'business as usual' returned in January 2021. Confidence in the market was returning. There was some flexibility regarding staffing; £165,000 of staffing costs had been included which could be removed if there isn't the need. Mr Rees commented that if the College had enough growth in learner numbers, it may be possible to apply for additional funding. It was noted that the budget did not include any redundancies or staff restructures.	
88	Mrs Bowker confirmed that the College would reforecast in February 2022.	
89	Mr Laycock asked what would be an 'ideal' surplus to aim for within the sector. Mrs Bowker explained that the FE Commissioner had previously recommended between 2-4%; anymore and there was an argument that funds were not being invested in the learners.	
90	Mr Laycock asked a follow up question as to whether £465,000 was enough to cover the pension cost? Mrs Bowker explained that the pension cost annual cost could be between £200,000 and £800,000 depending on the actuarial assessment. This was not a cash movement but was seen in the financial statements.	
91	Mr Rees commented that part of the consultation on financial health by the ESFA is the consideration of pension liabilities as this is outside of the control of the College.	

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92	Mr M Rogers, External Governor and Chair of the Committee commented that previously the College had aimed for a 2% surplus. In the year before COVID, the College had reducing this due to investment in the site, and particularly the Digihub.	
93	Mr Rees commented that two items, not previously within the budget process had been included; a more generous approach to staff pay awards and inflationary assumptions on pay and non-pay which were not insignificant.	
94	Mr Rogers asked for information on the potential income upsides, such as possible exceptional growth funding, to be included as part of the presentation of the budget to the Board in July.	Action: Mrs Bowker July 2021
95	Resolved: Committee members recommended the budget to the Board for approval.	
	<p>FR/21/123 Policies</p> <p>Supply Chain Fees and Charges Policy 2021/22</p> <p>96 Mrs Bowker explained that this was a statutory policy and the College was required to publish the Policy. Mrs Bowker referred to changes within the report and said that additional information had been incorporated in relation to subcontracting.</p> <p>97 Resolved: Committee members approved the Supply Chain Fees and Charges Policy 2021/22</p> <p>Financial Regulations 2021/22</p> <p>98 Mrs Bowker referred specifically to new additional regulations on expenditure authorisation limits and approval limits in relation to the disposal of college assets and debt write off. Mrs Bowker explained that reference to appendices throughout the Regulations would be reviewed to correct errors.</p> <p>99 Resolved: Committee members approved the Financial Regulations 2021/22 (subject to correcting references to appendices).</p>	Action: Mrs Bowker July 2021
	FR/21/124 – Data Protection Report	

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100	Committee members received the Data Protection Annual Report and noted activity in this area during the year. It was noted that this was a new Report but followed previous reporting to the Committee in a different format.	
101	In particular, Committee members were referred to the outcome received from the Information Commissioner's Office in May that no further action was required following a partially-successful phishing attack.	
102	Resolved: The Committee noted the report.	
	<p>FR/21/125 – Risk Management</p> <p>103 Mrs Bowker presented the Committee's Risk Register and members noted that there had been some significant changes to its design.</p> <p>104 Committee members noted that Audit Committee were keen to implement an assurance framework and this had been incorporated within the Risk Register. There had been some terminology changes and these changes would be taken to the Board meeting in July for discussion.</p> <p>105 In relation to the inclusion of risk appetite, again this had been a recommendation of the Audit Committee following an internal audit report. The Audit Committee had approved the Risk Management Policy but had asked that the Policy and, in particular, the section on risk appetite was approved by the Board in July.</p> <p>106 The changes to the Risk Register format were noted.</p> <p>107 Mrs Bowker explained that there were no changes proposed to the ratings of risks related to the Committee.</p> <p>108 Mrs Drake asked about the linkage of board assurance to the strategic objectives, and this was explained.</p> <p>109 Resolved: The Committee noted the report.</p>	
110	<p>FR/21/126 – Items to be recommended to the Board:</p> <p>It was agreed that the following would be recommended to the Board for approval:</p>	

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111	<ul style="list-style-type: none"> ➤ The updated list of subcontractors for non-core provision. ➤ Subcontracting rationale. ➤ Annex A paper for those charged with Governance in subcontracting. ➤ Draft budget subject to addition of information on potential upsides. 	
112	<p>Committee had approved;</p> <ul style="list-style-type: none"> • Subcontracting report • Supply Chain Fees & Charges Policy 2021/22 • Financial Regulations 2021/22 • Risk Register for those risks relevant to its responsibilities 	
113	<p>It was agreed that the following would be reported to the Board as having been noted by the Committee:</p>	
114	<ul style="list-style-type: none"> ➤ Estates report, which was now a regular report and where the delay in response to capital funding bids had been noted. ➤ External funding update, noting that there were several opportunity bids outstanding. ➤ New HR report, which would be a regular report. ➤ New Homeworking Policy, where the Committee had supported the approach being taken. ➤ Management account, noting the positive improvement, with a projected outturn now back in line with the budget set at the beginning of the year. ➤ Data protection annual report. ➤ The Risk Register and the changes made in format and content. 	
115	<p>FR/21/127 – Dates of Future Meetings</p> <p>Finance and Resources Committee – 30 September 2021 at 5.00pm</p>	

Signed as a true and accurate record

Chair: Malcolm Rogers

Date: 30 September 2021