



**CALDERDALE COLLEGE  
FINANCE AND RESOURCES COMMITTEE MEETING**

**Minutes of the Meeting held on 1 July 2022, in the Conference room and  
by MS Teams**

**Present:**

|                 |  |
|-----------------|--|
| Malcolm Rogers  | External Governor & Chair                    |
| Peter Clark     | External Governor & Chair of the Corporation |
| Richard Laycock | External Governor                            |
| Andrew Wright   | External Governor                            |

**In Attendance:**

|                    |  |
|--------------------|--|
| Sharon Bowker      | Executive Director (Finance & Funding)           |
| Ebrahim Dockrat    | Director of Commercial Services and Partnerships |
| Jane Taylor-Holmes | Clerk  |

***Agenda: No items of other business were added to the agenda. There was an item of any other business which would be considered as a Part 2 Confidential item.***

| <b>Min Ref.</b> | <b>Minutes</b>   | <b>Action</b> |
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| 1               | <b>FR/22/117 - Apologies for absence</b><br>Apologies were received from Mr J Rees, Principal & Chief Executive.   |               |
| 2               | Apologies were also received from Ms J Gray, Vice Principal, Curriculum, Quality and Student Services  |               |
| 3               | <b>FR/22/118 – Confirmation of eligibility, quorum and declarations of interest</b><br>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. |               |

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| 4                            | <p><b>FR/22/119 – Minutes of the meeting held on 24 March 2022</b></p> <p><b>Resolved:</b> The minutes of the meeting held on 24 March 2022 were approved as a true and accurate record.</p>  |        |
| 5<br><br>6<br><br>7<br><br>8 | <p><b>FR/22/120 – Matters arising</b></p> <p>It was noted that the action arising from agenda item FR/22/107 was currently being considered and would be discussed in September as part of the review of Committees. This would be included in the Curriculum, Quality and Standards Committee schedule of business for 2022/23.</p> <p>A verbal update was provided around item FR/21/132; it was noted that the Financial Regulations included a section around investment and it was agreed that this was sufficient bearing in mind the current plans to reduce cash significantly due to the contribution to the Transformation bid. It was however agreed that this would continue to be considered should interest rates improve.</p> <p>Mrs S Bowker, Executive Director (Finance &amp; Funding) confirmed that the College does receive interest on funds in the current account.</p> <p>All other matters arising were complete or on the agenda for consideration.</p> |        |
| 9<br><br>10<br><br>11        | <p><b>FR/22/121 – Commercial and Partnerships</b></p> <p><b>External Funding</b></p> <p>Mr E Dockrat, Director of Commercial Services and Partnerships presented a report providing an update on external funding contracts.</p> <p>Mr Dockrat confirmed that the outcome of the bid to the Industry 4.0 Brighthouse Towns fund to create a hub to educate apprenticeships in cutting edge technology to upskill was due in the Autumn term. The total value of the bid was in the region on £640,000.</p> <p>Mr Dockrat explained that the Health Education funding (NCFE funding) had been approved which was positive news</p>   |        |

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|          | and supported the College further in developing relationships with the health sector to support training and skills requirements in this area.  |        |
| 12       | Mr M Rogers, External Governor and Chair of the Committee commented that external funding opportunities were fewer than previously, and that the lack of replacement ESF funding and wider criteria, meant that there were challenges in the external funding area. |        |
| 13       | Mr Dockrat explained that the current portfolio of activity would continue through 2022/23 and some current activity was due to end at the end of 2022/23, with more coming to an end at the end of 2023.   |        |
| 14       | It was noted that the launch of the UK Shared prosperity fund for skills had been delayed and information on the fund was planned to be published in 2022/23.   |        |
| 15       | In response to comments from Committee members, Mr Dockrat confirmed that new ways of working would be explored to ensure that expenditure in this area was controlled against income.  |        |
| 16       | Mr A Wright, Committee member explained that he had been appointed as Director of EcoHolmes; a Community Land Trust and it was possible that this may result in some input in relation to potential opportunities for the College.                                  |        |
| 17       | <b>Resolved:</b> The Committee noted the report.  |        |
|          | <b>External Funding – Sub Contracting</b>   |        |
| 18       | Mr Dockrat presented a report on current sub-contracting and the ESFA subcontractors for non-core provision.  |        |
| 19       | Mr Dockrat referred Committee members to the comments made around one of the Contractors; and the mitigations to be undertaken to monitor the provider to manage the risk.  |        |
| 20       | Committee members fully supported the proposed response.  |        |

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| 21       | <b>Resolved:</b> to recommend to the Board at its July 2022 meeting the updated list of subcontractors for non-core provision.  |  |
| 22       | <p><b>FR/22/122 - Estates and IT Update including priorities for 2022/23</b></p> <p>Mrs Bowker provided the update including the priorities for 2022/23.</p>  |  |
| 23       | Mrs Bowker referred Committee members to the draft schedule provided within the Report in relation to the Transformation bid. It was noted that works were to commence in May 2023 with a view to complete the project by August 2024 for the start of the new academic year. |  |
| 24       | Mrs Bowker confirmed that AA Consulting would be attending the Committee meetings going forward to provide independent assurance in relation to the progression of the project.   | <b>Action: AA Consulting Future meetings</b> |
| 25       | <b>Resolved:</b> The Committee received and noted the report.   |  |
| 26       | <p><b>FR/22/123 - HR update</b></p> <p>Mrs Bowker provided the HR report and presented the HR dashboard.</p>  |  |
| 27       | Mrs Bowker provided an update on disciplinary cases and the progress of grievance matters. The position had improved from the previous meeting as there had been some difficult and challenging matters in this area which had now been resolved.                             |  |
| 28       | Mrs Bowker commented that the position was broadly similar regarding staffing numbers.  |  |
| 29       | The increase in sickness absence was mainly due to COVID. The College had previously not been required to report COVID sickness absence however, this was now not the case and the College was required to record this as sickness absence.                                   |  |
| 30       | Sick pay costs may not be the full cost; Mrs Bowker explained that the sick pay cost was the amount recorded  |  |

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| 31       | <p>through payroll however, there may also be some agency costs associated with sickness absence.</p> <p>There had been an increase in occupational health referrals however, Mrs Bowker explained that this may be one staff member being referred more than once.</p>  |        |
| 32       | <p>Mrs Bowker explained that the Audit Committee had questioned staff compliance with H&amp;S training; Mrs Bowker explained that HR had oversight of all training compliance and additional support was provided by the Health and Safety Manager to ensure compliance was improved.</p>  |        |
| 33       | <p>Mrs Bowker commented that staff vacancies were usually lower at this time of year</p>   |        |
| 34       | <p><b>Resolved:</b> The Committee noted the report.</p>  |        |
|          | <p><b>FR/22/124– Financial Performance Report</b></p> <p>Mrs Bowker explained that she continued to meet with Mr Rogers on a monthly basis.</p> <p><b>Management Accounts to 31 May 2022 including year-end forecast.</b></p> <p>Mrs Bowker presented the management accounts up to Period 10 (end May 2022).</p> <p>Mrs Bowker referred to the current position; the year-to-date operating surplus of £51,000 and confirmed that the year end forecast remained a £99,000 operating surplus. It was noted that this did not include pension service charges and was an improved position against approved budget for the year (+£250,000).</p> <p>Committee members reviewed the red rated income position where the year-to-date actual was below forecast. Mrs Bowker explained that the AEB budget was now forecast to overdeliver. This had been discussed with WYCA where it had been confirmed that funding would be available up to 103% of the AEB budget. It was noted that this may be a challenge as it may be the case that performance is above 103%. It was noted that this approach had removed some of the risk in year.</p> |        |
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| 39       | Apprenticeships remained slightly down against forecast.   |        |
| 40       | Mrs Bowker referred to the overspend in pay in curriculum areas explaining that this related to agency spend in areas where the College had been unable to recruit suitably skilled staff. This was mainly in relation to construction. Mrs Bowker explained that she had challenged HR to review preferred suppliers to try and obtain better recruitment fees particularly where an agency member is retained.   |        |
| 41       | In relation to non-pay expenditure, this was being impacted by some higher associate delivery costs and inflationary costs in construction.  |        |
| 42       | Mrs Bowker commented that cash remained healthy and that the cash position had been modelled against the capital project and there had been no risk identified during profiling.   |        |
| 43       | Mr Rogers commented on the position year end forecast position and that whilst it was clear that some areas were not performing as well as expected, cost control had offset the reduction in income.  |        |
| 44       | It was noted however, that the financial position continued to be challenging.   |        |
| 45       | <b>Resolved:</b> The Committee received the Management Accounts to 31 May 2022.  |        |
|          | <p data-bbox="300 1397 1184 1464"><b>FR/22/125 - Draft Budget 2022/23 and Draft Two Year Financial Forecast</b></p> <p data-bbox="220 1503 1184 1682">46 Mrs Bowker provided a presentation to the Committee. The presentation provided an overview of short-term priorities, a summary of the budget, the balance sheet, key assumptions, information on capital and grant funding, solvency and covenants.</p> <p data-bbox="220 1720 1184 1899">47 Mrs Bowker explained that it was planned that the paper would be submitted to the ESFA with some additional information in relation to assumptions and that Mr J Rees, Principal and Chief Executive would sign off and submit the return by the 31 July 2022.</p> |        |

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| 48              | Mrs Bowker explained that pre-COVID, the ESFA recommendation was to forecast a 4-6% surplus.  |               |
| 49              | It was noted that the 2022/23 budget was broadly similar to the 2021/22 budget.   |               |
| 50              | The College was currently forecasting (2021/22) an ESFA financial health grading of Requires Improvement and if this continued, this may mean that the College remained a focus for additional ESFA support.  |               |
| 51              | Committee members reviewed the plan and approved this against the overall operating position.   |               |
| 52              | Committee members reviewed and agreed the short-term priorities. It was noted that the College would need to generate funds for capital investment in areas such as the 3G pitch. Mrs Bowker explained that the challenge in capital remained around space and creating flexible teaching areas and digital transformation.   |               |
| 53              | The potential impact of inflationary increases was also noted. An increase in depreciation was also forecast as a result of the capital investment.   |               |
| 54              | When asked about the £2million increase in income, Mrs Bowker confirmed that this was, in part, due to an increase in 16–19-year-old income rates per learner. This resulted in an increase to income of £900,000 however, the funding was dependent on delivering an extra 40 hours teaching per student per year which resulted in additional staffing costs of £600,000. Capital grant relief income through the capital project would offset some of the depreciation charges providing the further increase in income. |               |
| 55              | Committee members asked about external project income and the budget position in this area. Mrs Bowker explained that there had been a decrease in ESF funding but assumptions made that there would be some replacement funding. It was noted that the external funding projects provide around a 10% contribution to the College in management fees.  |               |
| 56              | Committee members discussed efficiencies that could be made. Mrs Bowker explained that Mr Harrison (the newly appointed Vice Principal (Corporate Services)) would be fully   |               |

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|          | briefed on the challenges in this area and the key staff decisions.  |        |
| 57       | Committee members noted the balance sheet.   |        |
| 58       | <p>Specifically in relation to assumptions, it was noted as follows;</p> <ul style="list-style-type: none"> <li>• 16–19-year-old funding based on 3% annual increase</li> <li>• AEB devolved budget to increase 3% annually and thereafter.</li> <li>• High needs – on the basis that this follows the 16–19-year-old funding rates; an increase of 3% annually. This was implemented through discussion with the Local Authority areas, market intelligence was that income would increase.</li> <li>• Apprenticeship numbers were based on the curriculum plan, this would depend on the external market and would be reviewed depending on local need.</li> <li>• Grant funding – other funding would be sought to replace non-ESF funding; the linkage between pay and non-pay costs and income was noted and the 10% contribution due to the management fee assumption.</li> <li>• HE tuition fees – challenges of recruitment and the need to revisit the HE Strategy was noted. The costs associated with the Open University, licencing fees and additional regulation and scrutiny in this area were noted. It was noted that HE tuition fee income was around £1million (5% of income).</li> <li>• Teacher pension increases 16.7% to 23.9% (around £350,000 per year). Mrs Bowker explained that in the previous two years, this had been funded by the Government (currently to March 2023) and the assumption was that this would continue, this was the approach being taken by others in the sector.</li> </ul> |        |
| 59       | <p>There was a significant discussion around the proposed pay increase, for 2022/23 a 2.25% increase from January 2023 only (previously a pay award decision in December had resulted in the pay increase being backdated to August). Future years pay award budget provision was also noted. The AoC recommendation was noted. The impact of a decision in this area on the strategic goal of a thriving and happy workforce was also discussed in addition to</p>  |        |



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|                 | intelligence about the approach being taken by other local Colleges.   |   |
| 60              | It was noted that there was provision for staff efficiencies and the new posts proposed were also discussed.   |   |
| 61              | It was agreed that the pay award of 2.25% from January 2023 would be recommended as part of the budget, however, this would be reviewed again in December 2022.  |   |
| 62              | Non-pay costs were reviewed and included a 3% inflationary increase, £150,000 additional expenditure in relation to energy costs, £200,000 in relation to depreciation.  |   |
| 63              | Capital plans were reviewed and Committee members particularly commented on the commitment to digital transformation and investment in this area during the budget years. It was agreed that modelling would be reviewed on the basis of potentially leasing IT equipment. |   |
| 64              | Committee members reviewed the solvency position and the assessment of cash and noted the profiling in this area. It was noted that the College did not breach cash days or loan covenants.  | <b>Action: Mr Harrison<br/>Budget 2023/24</b> |
| 65              | The income risk was reviewed and it was noted that 11% was red rated which was a reduction in the previous year (15%) this was in relation to external contracts and RISE, 70% of income was green rated   |   |
| 66              | It was forecast that the College ESFA health rating would be 'good' in 2022/23 and requires improvement in future years thereafter.  |   |
| 67              | Committee members considered the financial risks to the College noting that there were no proposed movements in risk rating. A decrease in likelihood in relation to the engineering venture risk was noted.   |   |
| 68              | The summary was noted as follows; <ul style="list-style-type: none"> <li>• College had experienced 2 challenging years as a result of COVID-19, seeing financial health deteriorate to Requires Improvement (as forecast last year)</li> </ul>                             |   |

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| 69       | <ul style="list-style-type: none"> <li>• Confidence in the market was returning and College expected to return to operating surpluses in 2022/23</li> <li>• Flexibility had been built into 2022/23 budget, including £600k of additional staffing which would not be recruited should increase in learner numbers not materialise and no account of new external funding opportunities allowed for</li> <li>• Cash reserves remained healthy and incorporated capital contributions</li> <li>• No major staffing adjustments required - £200k efficiency built into 2022/23</li> <li>• Strong cost control would need to continue to manage forecast inflationary rises</li> <li>• Continued opportunities for growth planned at TEC</li> <li>• As previous, regular reviews of forecast would be undertaken, monthly from February 2022.</li> </ul> <p>Committee members asked Mrs Bowker to update the slides for presentation to the Board taking into account the pay rise discussion.</p> |  |
| 70       | <p><b>Resolved:</b> Committee members recommended the budget to the Board for approval.</p>   | <p><b>Action: Mrs Bowker July 2022</b></p> |
| 71       | <p><b>FR/22/126 – Self-Assessment Report – Business Areas and Associated Action Plans</b></p> <p>Mrs Bowker presented an update on the progress made in relation to the self-assessment reports from the business areas and the associated action plans.</p>  |  |
| 72       | <p>Committee members were pleased to note that the Finance action plan was now green and progress had been made in this area and others since this had last been reviewed.</p>  |  |
| 73       | <p><b>Resolved:</b> The Committee noted the report.</p>   |  |
| 74       | <p><b>FR/22/127 – Policies</b></p> <p>It was noted that all changes were provided in track changes for easy review.</p>   |  |
| 75       | <p><b>Supply Chain Fees &amp; Charges for 2022/23</b></p> <p><b>Resolved:</b> The Committee approved the Supply Chain Fees &amp; Charges for 2022/23</p>  |  |

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| 76       | <p><b>Financial Regulations 2022/23</b></p> <p><b>Resolved:</b> The Committee approved the Financial Regulations 2022/23</p>  |        |
| 77       | <p><b>Pay Framework Policy</b></p> <p><b>Resolved:</b> The Committee recommended the Pay Framework Policy to the Board for approval at the meeting on 14 July 2022.</p>   |        |
| 78       | <p><b>New Data Protection Policy</b></p> <p><b>Resolved:</b> The Committee noted the new Data Protection Policy.</p>  |        |
| 79       | <p><b>FR/22/128 – Data Protection Annual Report</b></p> <p>Mrs J Taylor-Holmes, Clerk to the Corporation provided the Data Protection Annual Report.</p>  |        |
| 80       | <p>Committee members reviewed the report and noted the positive developing relationship with Naomi Korn Associates who were providing dedicated consultant support in this area.</p>  |        |
| 81       | <p>Committee members noted the progress made in establishing and implementing the action plan to achieve and maintain compliance.</p>   |        |
| 82       | <p><b>Resolved:</b> Committee members received the Data Protection Annual Report.</p>   |        |
| 83       | <p><b>FR/22/129 – Risk Management</b></p> <p>Mrs Bowker presented the extract from the Risk Register detailing those risks which are overseen by the Committee.</p>   |        |
| 84       | <p>The increase in likelihood in relation to risk F2 was noted along with the two new risks; C17 – failure to reduce carbon emissions and move to a net zero carbon position and F18 – failure to maintain sufficient cash days to manage working capital and capital projects.</p> |        |

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| 85       | <b>Resolved:</b> The Committee reviewed the risks and approved the ratings.  |        |
| 86       | <b>FR/22/130 – College Action Plan</b>   |        |
|          | Mrs Bowker presented the College Action Plan.  |        |
|          | 87 Committee members reviewed the progress towards Milestone 2 for those project themes which specifically relate to the Committee.  |        |
|          | 88 It was noted that the review of estate requirements for growth in 2022 was related to enrolments and was rated as amber.  |        |
|          | 89 <b>Resolved:</b> The Committee received the report.   |        |
| 90       | <b>FR/22/131 – Items to be recommended to the Board:</b>   |        |
|          | It was agreed that the following would be reported to the Board for approval:  |        |
|          | 91 ➤ The updated list of subcontractors for non-core provision. The Committee had supported the approach being taken to mitigate against the risk identified in relation to one of the sub-contractors.  |        |
|          | ➤ The Committee had interrogated the budget for 2022/23 and had discussed the potential impact of a future deficit budget in relation to the financial health grading. The Committee had reviewed all assumptions provided and noted potential future opportunities. It was recommended that the decision regarding staff pay increases was deferred until December 2022. It was recommended that at this point, the budget was also reviewed again. |        |
|          | ➤ The Pay Framework Policy   |        |
|          | 92 It was agreed that the following would be reported to the Board for information. The Committee had;   |        |
|          | 93 ➤ Received the Estates and IT update and the HR update. In relation to the Estates update, the Committee had received an update on the Transformation bid and noted that AA Consulting would be attending future Committee meetings.  |        |

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| 94       | <ul style="list-style-type: none"> <li>➤ Received the Management accounts noting the improved predicted year end surplus. The Committee had also received assurance around the cash position throughout the progress of the Transformation bid.</li> <li>➤ Were pleased to note the progress and improvement against the business plan areas self-assessment action plans.</li> <li>➤ Approved the Supply Chain Fees and Charges Policy for 2022/23, the Financial Regulations 2022/23 and had received the new Data Protection Policy for information.</li> <li>➤ Received the Data Protection Annual Report and were pleased to see progress made in this area.</li> <li>➤ The Committee had reviewed its risks and in particular the new risks on the register in relation to sustainability and the capital projects. In relation to the risk around capital projects, it was agreed that the likelihood would be reduced following the review that had taken place around cash for the budget.</li> <li>➤ Received an update on College Action Plan noting that the review of estate requirements for growth in 2022 was related to enrolments and was rated as amber.</li> </ul> <p>On behalf of the Committee, thanks were expressed to Mrs Bowker for her commitment to the College during her time as Executive Director (Finance &amp; Funding) and Committee members wished her well in her new job.</p> |        |
| 95       | <p><b>FR/22/132 – Dates of Future Meetings</b></p> <p>Finance and Resources Committee – 24 November 2022 at 6.40pm</p>  |        |

Signed as a true and accurate record

Chair Malcolm Rogers

Date 24 November 2022