Minutes of the Meeting of the Resources Committee Held on 30 November 2021
Commenced at 5:15pm via MS Teams

Present	**In Attendance**
Shameem Rahman (Chair) (ShR)	Bob Pattni (DP - Finance and Planning) (BP)
Gideon Schulman (GS)	Robert Heal (Director of Governance) (RoH)

1. Chair's Opening Remarks
ShR welcomed all to the meeting and thanked BP for papers.
ShR confirmed there had been no Chair's action since the last meeting and checked the committee was quorate. RoH confirmed this.

2. Apologies for Absence
Apologies for absence were received from SN, RB and KP

3. Conflicts of Interest
There were no conflicts of interest noted.

4. Minutes of the Meeting Held on 30 November 2021
The minutes of the meeting held on 30 November 2021 were taken as an accurate record.
ShR reviewed the Action Points and noted that all points due had been completed

5. Matters arising
None

6i. KPI Monitoring Report
Month 7 report:
• Overall College Attendance Rate as at the 17th February is 81.56% against a target of 86%
Working with students as we emerge from pandemic, this is similar to national picture.
• Overall College Punctuality as at the 17th February is 87.66% against a target of 91%
• ESFA 16-18 Enrolment Target is 1548 on the 17th February our 16-18 funded headcount is 1486, that's a decrease of -62 against our allocation
• ESFA 16-18 Funding allocation is £8,526,492 as at the 17th February our 16-18 funding is £8,069,950 . The ESFA state there will be a funding cut next year, but will increase funding per learner reducing cost impact.
• ESFA 19+ & GLA Target is 2100 enrolments (1000 heads) as at the 17th February 19+/GLA enrolment is 2407 enrolments (1023 heads)

• ESFA & GLA Funding Target is £1,806,822 as at the 17th February is £1,622,712.
• ESFA ER Apprenticeship Funding Target is £59,064 as at the 17th February our apprenticeship funding is £21,066.
• ESFA 19+ Loan funding Target is £247,994, our income as at the 17th February is £247,994
• Key Financial Indicators are RAG rated Outstanding, and the Forecast Surplus is £37k, staff cost/cash ratio £2.92:£1 for the end of January 22.
All positive

ShR challenged the 16-18 headcount, how is it compared to last year? BP explained, it was on target last year, but due to Target Assessed Grades and grade inflation, it meant that students stayed on at school giving the whole FE sector issues nationwide, so is below target this year.

GS asked about lagged funding, how quickly do we have to pay back any overpayment. BP explained, we keep the overpayment this year. Next year we will simply get less funding however, there is an increase per learner, meaning the nett outcome is we are only £3k down financially. The goal is for next year to get the numbers back up.

ShR asked, is the paper Item 9 Income & Efficiency Plans Update related to this? BP, when we financially forecast, we always create a Plan A normal efficiencies that does not impact on the learner experience; and a Plan B in case we do not achieve our funding target or there is a drastic situation arising; and this paper deals with that.

RECOMMENDATION
NOTED
KPI MONITORING REPORT

6ii. Risk Register and Deep Dive – February 2022
BP this is updated monthly and this relates to January. The College is making good progress against the identified risks and has been assured through the positive outcomes of recent internal audit reviews, that the College has reviewed progress in terms of compliance and risk mitigation, allowing the following areas to be RAG rated as GREEN or AMBER since the January 2022 review.
Top Key Risks that remain as Amber are:
AIM 1: Ensuring excellent learning, teaching and assessment leading to higher student achievement. Risks 1.1 (updated to include reference to Satellite Centres) moved to Green in Jan 22, 1.2, 1.3 moved to Green in Jan 22, 1.4, 1.5, 1.6, 1.7
AIM 2: Excellent learner support providing a high level of satisfaction for learners and stakeholders. Risk 2.1, 2.3, 2.3, 2.4, 2.5
AIM 3: Organisational excellence in all that we do. Risks 3.1, 3.2, 3.3, 3.4 Moved to Green in Jan 22, 3.7
AIM 4: Taking the Curriculum Strategy to the next level in 2020/21 and securing a sustainable future for the college. Risk 4.1, 4.2, 4.4
AIM 5: Aligning Human Resources with the College's strategic direction. Risk 5.2, 5.2, 5.4 Moved to Amber, 5.5, 5.6
AIM 6: Establishing sound financial health for the College. Risks 6.1 6.3, 6.4, 6.5, 6.6 Moved to Green in Jan 22, 6.2 remains Red
All risks references changed to Lois Vassell from Susanne Davies (LV from SD) in Jan 22. The Audit & Assurance Committee wished to highlight the risks to learner recruitment (see 1.6, 6.1) both of which are currently amber. The College has comprehensive insurance policies in place and financial risks are covered subject to restriction in the insurance schedules.

BP explained in detail the Risk 5.4 as part of a deep dive, where it has been moved to green and back to Amber due to ongoing changes in staff absence, highlighted at the Audit & Assurance Committee.

ShR noted that many risks referenced Covid 19 and challenged when does this become business as usual? BP replied, the Business Continuity Plan (BCP) was initially Covid specific and aligned to Government Covid advice. This can now be seen to be finished in England, but advice remains in place, or has become organisation best practice. Our BCP will continue to be updated if there is a fundamental change, otherwise it will remain in place at least until the end of this academic year; at which time there will be a new Principal who can direct or propose next steps.

GS noted that we should remain aware of Covid, it is still out there, needs to be included and remain a priority. We are not at business as usual yet.

RECOMMENDATION
NOTED
RISK REGISTER AND DEEP DIVE – FEBRUARY 2022

6iii. Business Continuity Plan (BCP)
BP explained, the plan is now updated monthly and the revised BCP provides clear actions to be taken to support students and staff should there be another national lockdown or local outbreak of Covid-19 pandemic. It is not intended to replace the Strategic Operational Plan, but to complement the College's performance, against the agreed key performance indicators. In September the Department for Education (DfE) published updated guidance for colleges to help them make their institutions more Covid-19 safe for their students at the start of the academic year. In addition to normal college business, the BCP embraces all the Government advice. It is noted that self-isolation has been removed.

GS asked, regarding the situation in Eastern Europe, we should be mindful of students with relatives from Eastern Europe, costs increasing for energy and other potential impacts to the UK generally. Do we need to factor this into the BCP and Risk Register? BP responded, this is a valid point. Political unrest used to be in the risk register and was removed some time ago. With restrictions likely in government funding through increased defence spending, changes to how we serve learners and potential new arrivals. Also utility charges are up for renewal and have increased considerably, **these will be added in time for Board.. – Action**
This means we will have a tighter year due to these cost pressures and we may consider a planned loss, but this is not targeted at present. The object is to support learners with bursary's, finance should not be a barrier to education. I am sure this will be discussed further in future.

GS challenged, will this impact pensions? Do we have any suppliers connected to Russia? BP responded, there are no known Russian supply connections and no financial risk or direct liabilities. Our only impact relates to students from Eastern Europe, where political uncertainty has impacted the College. Staff are kept upto date with all staff emails, students are briefed in tutorials and there are counsellors. There is no direct risk, only intangible risks to learners. We also have no known affiliations or links through sport.

ShR asked, is there any financial support for the public sector from Government? BP replied, there is nothing yet for gas or electric price increases, only for Covid.

RECOMMENDATION
NOTED
BUSINESS CONTINUITY PLAN

7. Mid-Year HR Report
This report from our HR Director provides a range of staffing information relating to 2019/20, 2020/21 and 2021/22 (February). It is divided into those areas in which HR monitor compliance and those in which we consider the performance of the organisation. Some of the information is analysed into appropriate employment groups. The College is on profile to meet HR KPIs in the main, though staff absence remains a key issue. There have been increases in support staff turnover, which is usually moderately low. It remains still under national turnover levels. There is a sector shortage where other providers with higher premium per student are offering higher salaries, but we are replacing staff. Staff CPD is up to date and we are on target to meet academic 10 hours. We are moving towards a female dominated workforce, which is common in the sector; we recruit on the basis of right for role and not gender specific. We have a diverse staff which reflects the student body and is a good range and mix.

ShR asked, regarding staff turnover, the national average for 21/22 has increased, what is that now? BP, last year it was nationally 22.3% compared to our 16.2% and national has again increased. ShR clarified the data given and asked Where are our staff leavers from? BP replied, principally student services, the reason was 4 managers and assistants moved on in quick succession seeking higher salaries. However, we have managed to retain some other staff with contract changes.

ShR asked, is that just market forces? Or should we be doing more? BP replied, we had a 2% pay award, staff bonus and we offered work from home support. We have done a lot, but the challenge is the staff market landscape. We saw qualified skilled staff from overseas returning home during Brexit and this led to more vacancies than previously seen.

GS student services are pivotal for pastoral support and leads to a concern for safeguarding and student support. This must have had an impact on our students, are we back on top? BP responded, yes, we quickly appointed interims and recruited to make sure there were no gaps. We enrolled temporary LSA's supporting students. There is bound to have be an impact, but we have minimised this and served the learners most in need. Now we have a permanent Director of Student Services, CEIAG staff and counsellors. We are now seeing positive change. GS, let's hope we can get back to the outstanding level for previous. **BP to invite link governor in to review, RV- ACTION**

GS sought a paper on student services. RoH confirmed there was a paper on Safeguarding due to board for March

RECOMMENDATION
NOTED
MID-YEAR HR REPORT

8i. Management Accounts up to 31 January 2022
These Management Accounts represent the period 1 and quarter 3 of the financial and academic year. The College continues to operate under Government advice relating to the COVID-19 pandemic. The Board approved a 2% pay award for staff in December 2021, being back dated to August 2021. The pay award was paid in the January period. The College prudently decided not to include a pay award for 2020/21 in the budget, opting to wait on actual financial performance. Reviewing the Summary Income & Expenditure for 2021/22 table below shows a **surplus of £53k** for the YTD, against a target of £59k surplus. The **Year Forecast Surplus is now £77k** to 31 July 2022 which has been reduced from £169k (Nov 2021 report) due to the 2% pay award. As

the College is still recruiting 19+ learners, the College will remain prudent, reporting improvements in the Forecast Surplus when recruitment actions/ bids have crystallised. There are also concerns regarding the LGPS pension costs (based on prior year actuarial valuations) which are affected by external market conditions and are beyond the College's control. BP added utility costs will increase by £50,000 ; NI increase annualised cost of £60,000. We are still likely to achieve best case target as other costs improve. But LGPS pension is an unknown variable. All other aspects looking to achieve target profile. Cash flow may improve.

ShR this looks reasonable. Good. GS positive despite the current situation, well done. BP next year will be a challenge and we will need to plan well.

RECOMMENDATION
NOTED
MANAGEMENT ACCOUNTS UP TO 31 JANUARY 2022

8ii. Monthly Monitoring Report
The College is reporting a surplus of **£53k** to 28 February 2022. The College expects to deliver the **forecast year outturn of £77k** by the year end by managing income, (recruitment targets) and costs closely. The final forecast outcome may be improved and progress will be updated through these reports. **The Best Case is a surplus of £130k.** The Statement of Comprehensive Income figures have been adjusted to reflect the Management Accounts and ultimately the Financial Statements for the year to 31 July 2022. Higher costs going forward needs to be watched keenly; but we are pleased with current progress.

ShR, useful document and best practice.

RECOMMENDATION
NOTED
MONTHLY MONITORING REPORT

8ii. Reserves Policy
This summary report reviews the College's updated Reserves Policy. The Policy has been developed to set a plan for surplus cash balances and outline the need for Revenue, Operational and Strategic Reserves for the College. The Reserves Policy will be managed by the Resources Committee and they will determine the reasons for maintaining cash balances:
• Meeting the objectives of the 5 Year Strategic Plan
• Meeting short term capital needs
• Managing requests for bank loan repayment set with bank covenants
• Planning for long term capital projects as outlined in the Property Strategy

The key changes are to:
• the limit of the Operational Reserve now £3m (formerly £2.2m)
• the limit of the Strategic Reserve now £3m (formerly £1m to £2m)

The changes are necessary given the DfE have confirmed that the Larch, Beech and Hawthorn Buildings will be out of scope for DfE capital redevelopment. These buildings will then need to be redeveloped/ refurbished by the College. Revenue funds received in a financial year are set for learners being served in the same year. Surpluses may be set aside for either Operation or Strategic Reserve purposes. Any investment of surplus funds will be with approved banks and with a low risk to the College. Security of the cash funds remain a priority over returns on investment. Financial Regulations apply in addition to this Policy.

ShR, regarding strategic reserves, how are these planned for and what is their future progression? BP replied, as the College grows, you need greater operational cash reserves. Our operational cash reserve is predominantly pay and the reserves policy was drafted to support this. Payroll is £700k month, non-payroll is £400k month, there are also loans etc. When we add up the rising cost implications, we need to expand the reserves to match the college growth. The strategic reserves, are to be used on building refurbishment, for resources to fulfil the strategic plan and if we are ever short of cash. It is best to hold onto cash rather than have to seek loans.

ShR noted strategic reserves are long term, can we invest them? BP, we have treasury investments, however everything is low interest rates.

RECOMMENDATION
APPROVED
RESERVES POLICY FOR RECOMMENDATION TO BOARD

9. Income & Efficiency Plans Update
The College has prepared additional income and efficiency plans as part of the Business & Curriculum Planning process for several years. The plans were only to be engaged should other actions fail, i.e. the College fails to recruit learner numbers to contracts awarded by the ESFA and GLA. The College has planned additional income worth £480k for:
• Catch Up Tuition Funding
• Pension Funding
• Level 3 Loan Funding
• EHCP Funding
The College is on target to achieve PLAN A efficiency targets – currently showing £61.5k. The College is highly unlikely to require PLAN B efficiency targets to be engaged.

RECOMMENDATION
NOTED
INCOME & EFFICIENCY PLANS UPDATE

10. Proposal to Replace Finance Software
BP noted Audit committee approval to replace software. The current finance software of the College is being maintained to an acceptable level though, for the medium, the software is not fit for purpose due to the following reasons:

- The finance software of the College has been in place since early 2000 however, following changes to software upgrades and organisational change at Unit4, this version of the finance software is no longer supported;
- New modern servers do not support the current finance software as it is based on Windows 2000 and hence an older server is being utilised. This older server is also approaching the end of its life cycle, which is a risk to the finance software.
- Due to the old server and the finance software not being supported, the risk of cyber-attack is mitigated by 'sand banking' or isolating the finance server from the rest of the College network. Very limited access is available on-line, which itself hinders processing and functionality.

Three finance software suppliers who specialise in the FE sector demonstrated their software and provided pricing to implement a new cloud-based finance software. They included the yearly support and licence costs which will enable workflow-based procurement. In addition, each new supplier would offer web-based functionality and offer carbon reducing strategies e.g. reducing the use of paper and creating an efficient paper free environment. BP explained costs, savings, environmental improvements and supplier responses. BP made a recommendation for the preferred supplier.

ShR reviewed all suppliers and the supplier experience; and asked is there a synergy between existing systems and the preferred supplier system? BP replied, each system is stand alone and PAYE journals can be passed between systems. Savings occur in efficiency of operation with "days" saved and bank interest etc.

GS challenged, will reporting to the Board be improved? BP, this will be developed with tables and visuals form the software, we are happy to work with committees to improve individual committee reporting. BP noted the HR system has similar reporting capabilities. GS challenged Board reporting for HR had not improved. **BP replied the HR system had comprehensive reports available, will address to HR – Action**

ShR asked, what is the implementation target, are there any limitations or have we set a date? BP, there is flexibility. The best time is 01 August; due to balances being at zero for end of Academic Year. However, we can do later if needed for example, 31 December. ShR noted there are external audit additional fees concern if its later in year. BP confirmed, this may lead to greater audit review.

ShR approved with preferred supplier, GS agreed.

RECOMMENDATION
APPROVED
PROPOSAL TO REPLACE FINANCE SOFTWARE FOR RECOMMENDATION TO THE BOARD

11. Approved Capital Expenditure and Property Update

This report has been prepared to review the Capital Plans for Stanmore College for the financial year 2021-22. The report is based on information collected from the Estates Team, the IT team and the Heads of Schools, following a review of College Capital requests. The total capital expenditure requested for **2021-22** is **£612,000** being made of requests for IT/ Equipment of £362,000 and capital refurbishment of up to **£250,000** for Larch refurbishment work. Spend is at **£685,000** which includes additional Covid capital grants.

ShR checked whether there was any storm damage. BP confirmed this was minimal.
BP noted that capital working group are to meet and discuss DfE capital plans and the outcomes would be outside of this item scope.

RECOMMENDATION
NOTED
APPROVED CAPITAL EXPENDITURE AND PROPERTY UPDATE

12. Policies

Leave of Absence policy. BP explained changes and the focus on the learners, limiting the impact to 5 days compassionate leave and 5 days unpaid leave, giving 10 days maximum for any leave of absence.

ShR challenged whether this followed staff contracts of employment. BP noted leave of absence is is not in contracts and is discretionary through policy.
ShR asked, if there was any scope for an extension on 10 days, if deserved on a case by case basis? BP stated this is currently a maximum with no flexibility. ShR asked, what repercussions are

there for breeches of unauthorised leave by staff? BP replied, that contracts of employment may be in jeopardy. Legal advice deems this appropriate, but agreed to **add a review by management on a case by case basis - Action**

GS noted there was an **inconsistency in using the term "days**" and asked is this calendar days or working days?, noting the document doesn't flow and needs a review before approval for consistency. **- Action**

Leave of Absence Policy approved in principle pending response to above.

RECOMMENDATION
APPROVED
LEAVE OF ABSENCE POLICY FOR RECOMMENDATION TO THE BOARD

Meeting continued with Part 2 Confidential

16. Any Other Business
None

17. Meeting Review
GS fine
ShR likewise thank you
BP good work

18. Date of next meeting - Tuesday 21 June 2022 at 5.15pm, online.

The meeting closed at 7:00pm

Action Points

Item	Action	Responsible	Timescale
Previous	**Amend gender pay gap reporting to show an analysis of gender pay gap across role versus role? Or even a selective set of roles as a direct comparison between Male and Female?** SN agreed we could probably report on management / non-management, and support staff / teaching staff, but we can look into this.	LE	November 2022
6iii	**BCP & Risk Register additions** for political unrest and utility charges renewal increases	BP	March 2022
7	invite link governor in to **review student services**	RoH	June 2022

10	**HR system has comprehensive reports available, will address Board reporting with HR**	BP	November 2022
12	**Leave of absence policy** – changes required add a review by management on a case by case basis add consistency of wording of days ie working days	BP	March 2022