

## ITEM 3

**Minutes of the Extraordinary Resources Committee Meeting held via Microsoft Teams on Wednesday 27<sup>th</sup> January 2021 at 9am**



**Present:** Margaret Boneham  
Michelle Brabner (Principal)  
John Fell (Chair)  
Rob Firth  
Alex Kenny  
Kathy Passant  
Rik Simms

**In Attendance:** Eddie Green - Vice Principal Services  
Andy Winrow - Head of Finance  
Veronica Fell - Temp Interim Clerk

### Action

**The Temp Interim Clerk confirmed the meeting quorate and the Chair welcomed everyone, in particular the new members.**

#### **Item 1: Apologies for absence**

**None received – All members in attendance.**

#### **Item 2: Declarations of Interest**

A declaration of interest was received from Veronica Fell as she is married to John Fell.

#### **Item 3:**

The Chair set out the agenda items for which the committee had been convened and explained that two recommendations were required for approval of the Corporation Board.

#### **Item 3.1: Financial Statements and Finance Record**

The VP Services summarised the report that asked committee to recommend approval to the Board for the Principal/CEO to sign the Finance Record. The Record contained audited data for 2019/20 which had been approved by the Board on 14<sup>th</sup> December 2020 and the revised budget forecast for 2020/21, being considered for approval at the meeting.

In response to governor questions on progress of ESFA funding audit, the VP Services advised that total funding errors of £40k had been identified, of which £20k were in relation to 16-18 funding and c£20k were in relation to other funding streams. The VP Services advised that this would result in a potential clawback of £20K which was within the 2019/20 accounts provision of £25k.

Governors asked about the errors and VP services explained that there 2 random and 5 specific (ring fenced) which meant that the remaining population for those errors had been tested and any other errors identified were included in the total value of errors of £40k. What wasn't known was how the ESFA would deal with the results of the audit and whether for example further audit work would be required or whether errors would be extrapolated across the whole population. This meant that there was uncertainty with the ability for the external auditors to sign off the accounts. A meeting was scheduled with the ESFA the next day 28<sup>th</sup> January 2021 to discuss how to proceed and whether an extension to the submission deadline of 31<sup>st</sup> January was required.

**The committee resolved to approve and recommend to the Corporation that the Principal/CEO sign the record subject to the committee recommending for approval the financial forecasts at item 3.4 on the agenda.**

### **Item 3.2: Management Accounts**

The Head of Finance presented the management accounts for November and December 20 and the risk sensitivity analysis.

Governors noted the adjustments which relate to the impact of covid on certain income streams as well as the provision for restructuring costs of £500k and the revised year end forecast deficit increasing to £1.136m.

The VP services drew attention to the funding grant of £115K for the teachers' pension scheme which is a 'one-off' government support package **which has now been extended to July 2022.**

**The Committee resolved to approve the management accounts.**

### **Item 3.3: Market Oversight Team Return**

The VP services reminded governors that the return is required 3 times a year by the ESFA in January, May, and September to monitor progress against forecasts approved by the Corporation. The report also includes a variances analysis to reflect in year adjustments.

The Chair of Corporation asked what view the ESFA may take on the reduction in income, recruitment and the impact of restructuring costs, being half of the savings. The VP services explained that the report would be risk assessed and discussed with the college ESFA Territorial Team colleagues who are in regular contact with him and the Principal. He explained that the downgrade in Apprenticeship income was sector wide and understood by the ESFA and in conversations with the FEC, the latter expected to see ratios on restructuring costs similar to half of the savings.

Governors raised questions about the anticipated growth in recruitment numbers over the next 3 years based on recruitment trends in the previous 3 and what intelligence the college was using to understand how schools were handling student progression in covid.

The Principal set out the initiatives of the school liaison and marketing

teams to ensure the college could positively adapt and respond swiftly.

**The committee resolved to approve the MOT Return for submission.**

### **Item 3.4: Financial Forecasts and IFMC Spreadsheet**

The VP Services introduced the report and the attached suite of documents. The IFMC spreadsheet model mirrors the Financial Forecasts data. Key changes were reflected in the income lines of Apprenticeship and HE which have been downgraded due to the impact of covid at a time when restructuring costs were also to be absorbed.

Governors reiterated their comments raised in item 3.3 concerning growth generally and recovery of the Apprenticeship and HE numbers within the next 2 years and noted that risks to the college were more acute at present, impacted by covid.

Governors expressed concern that the financial forecasts were still reliant on a mixture of growth and efficiencies and that there remained high levels of risk within them. It was agreed to draw Board members attention to this point highlighting the VP Services report at section 6 and Annex 4 of the documents, the risk sensitivity analysis.

The Principal informed committee that the 'White Paper' on post 16 education published by the government on 21<sup>st</sup> January 21 has significant proposals for levels 4 and 5. The college HE department was in a good position to adapt quickly to the HE market.

**The committee resolved to approve the Financial Forecasts/IFMC and recommend approval to the Corporation. It was also agreed to point out to Corporation that the Forecasts need to be kept under close review due to the high levels of risk within them.**

**The Chair summarised the two items to be recommended for approval by Corporation:**

**The Finance Record authorised to be signed by the Principal/CEO as the accounting officer.**

**The Financial Forecasts and IFMC Report for the period 2020/21 to 2023/24.**

**The chair concluded the meeting, thanked members and management for their contributions.**

**Note:**

**MBoneham and RSimms joined the meeting at 3.3**

**Minutes approved 23rd February 2021**