



THE CORPORATION OF WALTHAM FOREST COLLEGE

FINANCE AND RESOURCES COMMITTEE

MINUTES OF THE MEETING HELD ON 10 NOVEMBER 2022

MEMBERSHIP

Youness Abidou (Chair), Paul Butler (Vice Chair), Gbeminiyi Soyinka, Amir Seyyad, Darren Talbot, Janet Gardner (Principal),

In Attendance:

Abena Rodman-Tay Deputy Principal Finance and Resources (DPFR)

Clerk to the Corporation:

Naomi Shoffman Director of Governance (DoGov)

59. WELCOME AND APOLOGIES FOR ABSENCE

The Chair welcomed everyone to the meeting and in particular Darren Talbot who was recently appointed to the Corporation and the Committee. There were no apologies.

60. DECLARATION OF INTERESTS

There were no issues included on the agenda for the meeting in which they had a personal interest relative to the College.

61. FINANCE AND RESOURCES COMMITTEE MEETING HELD ON 21 JUNE 2022

The minutes of the meeting held on 21 June 2022 were agreed as a correct record.

62. THE FINANCIAL OUTTURN FOR 2021-22

The DPFR presented the report which provides a position statement on the financial performance of the College for 2021-22 financial year. The ESFA's Funding Audit is still ongoing, and the Financial Statements (FS) auditors are waiting for the final outcome of that audit before they can complete their work. So far there are no major concerns coming out of the FS audit. The DPFR then highlighted the following points:

- The report provides summary details of the College's draft outturn for income and expenditure, balance sheet and actual cash compared with budget.
- The result shows a surplus for the 2021-22 financial year.
- The Financial Health Score of 290 is 'Outstanding'.
- All KPI's have either achieved or exceeded FEC benchmarks.
- The revaluation of the pension liability has resulted in an actuarial gain
- Further to the high profile case, Harpur v Brazel, currently proceeding through the courts, which challenged the basis of calculating paid holiday pay for part time staff, a provision has been made in the accounts should the Supreme Court overturn the Court of Appeal decision and rules in favour of the appellant. Such a decision will affect not only the whole FE sector but the wider public sector.

In response to the Chair's query the DPFR confirmed there have been no material issues identified during the financial statements audit so far and she is not expecting any surprises.

The Committee:

- **Noted the draft financial outturn for 2021-22 financial position and forecast.**
- **Noted the key financial risks being managed and the mitigating actions being taken by the College.**

63. THE 30 SEPTEMBER 2022 MONTHLY MANAGEMENT ACCOUNTS AND UPDATE FOR POSITION THIS YEAR

The DPFR presented the management accounts and provided summary details of the College's actual income and expenditure, balance sheet and cash flow forecast, compared with budget. The DPFR advised that most of the figures will be more meaningful in October the main change here is in terms of forecast. She then highlighted the following points:

- The Year-end deficit forecast for 2022/23 which is mainly due to the impact of the significant increase in energy costs.
- The Year to date actual compared to year to date budget.
- Enrolment 16-19 been exceeded.
- AEB been very positive in delivery from October.
- Additional income since budget in July, came from the GLA AEB inflationary increase, Multiplier Funding in-year growth increase, Health and Social Care Academy hub project income, the Strategic Development Fund (SDF) income, Tuition fees and Commercial Income.
- Additional expenses are Significantly increased utility cost as a result of the national energy crisis. pay costs mainly to the deliver additional income stated above, additional exams fees, due to increased enrolment and increased exams cost as a result of inflation. SDF delivery cost
- The Cash balance at 30th September and cash days, against the FEC targets.
- The Financial Health Score is 'Good'.
- The key risks that may impact the financial position and the mitigation actions being taken which will be monitored by the Committee.

A member asked how multiplier funding is calculated. The Principal explained a formula is used, based on the Mayor's priorities, attainment and profile of provision. Although the funding is over 3 years it is front loaded which presents delivery difficulties. Also, the payment profiling is in line with the GLA's financial year which is different to the College's so that is another challenge.

A member asked if the GLA inflationary increase is very welcome albeit a small amount? The Principal advised that it was probably the GLA who has led the way on this as it was announced in the summer. In terms of any other funders doing the same the ESFA have increased the base rate. The Principal advised that the College is putting is an in-year growth case to the ESFA for the current £1m unfunded 16-19 delivery.

With respect to the energy costs the Principal said that the College has lobbied widely about the impact of the increased costs on the College. As well as signing a joint letter with AoC to the new Government, we have written to our local MPs to garner support. In respect to a member query about current government help, the DPFR advised that the College will be getting around 20% rebate over next 6 months for electricity costs, but it is all a complete unknown beyond that.

A member asked how is this impacting on the financial health in the sector? The Principal said this will affect all colleges dependent on when their energy contracts are due for renewal. However, some colleges are already in deficit, so we are starting from a stronger position than most. We are being proactive to try and mitigate this as we think it may get worse next year.

A member asked re staff costs whether we need to have targeted supplements to recruit people and are we having to do more of this? The Principal responded this was the case and expanded on what the College is doing to attract and retain staff with other benefits as well as pay. Compared to other colleges we are doing well and continue to be efficient in how we deliver. There is an element of provision in the budget dependent on in year growth and a contingency for staffing so we should be ok for this year. It was agreed that the target savings for each of the mitigation actions will be shared at the next Committee meeting. The Principal cautioned there are very few inefficiencies left to cut so this will be

challenging, and she will bring this back in more detail.

Chair commended the fact that the College is in the position it is due to the team's strong work.

The Committee:

- **Noted the Management Accounts to 30 September 2022.**
- **Noted the key financial risks being managed and the mitigating actions being taken by the College.**

64. COUNTRYSIDE AGREEMENT UPDATE

The DPFR advised reported on the moving of the substation access agreement and progress to date. Currently the College is going back and forth with the documents and has sought expert advice. The expert has requested that the location of laying of cables be changed so it won't impact on the college's future expansion plans and that the lease be amended so the college will only be responsible for cable laid on its land. The agreement should be ready soon for board approval, via email, as agreed by the Corporation at its meeting of 11 October 2022 (minute: 64.22)

The Committee noted the update and agreed action.

65. FURTHER EDUCATION CAPITAL TRANSFORMATION FUND (FECTF) PROGRAMME- UPDATE

The DPFR presented the report with an update of the progress of the Transformation Fund programme. She gave background to this bid and highlighted the following points:

- Since the professionals' appointment in September 2022, good progress has been made in developing designs for the project. The design has evolved and has logistically dictated the sequencing of how the works are delivered.
- The budget is regularly tested to ensure we remain within budget. We will not know until we go to market the budget due to costs of material. We will not go over budget so will scale down if necessary. The bid includes a healthy contingency of 5%.
- The College is having to seek permission to replace the windows from the borough due to building being of historical interest.
- A copy of the latest programme (Gantt) is also attached showing how the respective elements of the project connect. The programme currently shows we are on target to achieve completion in spring 2024.
- Surveys to help mitigate later issues have been procured and in the process of being undertaken.
- Regular monthly and fortnightly Project and Design team meeting respectively, have been scheduled throughout the year and on-going.
- Tenet (external Procurement Company) have been engaged by the College to assist with procurement ensuring compliance with procurement and financial regulations.
- The College is hoping to award the contracts in December/January

A discussion ensued around what can be done to mitigate risk around delays to source materials and the costs such as the windows. A member went through some of the materials that may be more difficult to source and therefore present a cost risk.

The Committee noted the progress made in the FECTF programme

66. BID FOR POST 16 INCREASED CAPACITY FUND

As reported at the last Corporation meeting an opportunity has risen to attract grant funding from DFE through the 'Post 16 capacity Fund'. Grant funding up to £4 million for each project is available. The DPFR presented the bid for the Post 16 Increased Capacity Fund and highlighted the following points to support the application:

- The College has successfully grown post 16 learners year on year leading to a potential capacity issue.
- The College is proposing to develop the unused swimming pool area and adjoining storage

- space to transform this area to an open plan flexible teaching space and a computer suite.
- The total budget for the project is set at £4 million including VAT.
- By developing and increasing the capacity of the estate, the College can benefit from growing demographics in the area.
- The intention is not to match fund for this bid at this stage as we do not want to risk college reserves as we have committed a lot of matched funding with previous capital bids.

A member asked the Principal and DPFR how confident they are that we will get all the funding. The Principal responded that if we do not get it, she did not think it will be the non-matched funding that will sway the decision, as there are other factors involved. The Principal explained it was important we put the bid in as we are growing the 16-19 provision which is a government priority and we will outgrow this building. There will be other opportunities to put in a similar bid if this one doesn't succeed. A discussion ensued around the repurposing of the swimming pool and the rationale for not putting forward any match funding, and what the College would do if the funding was granted subject to us putting in some matched funding.

The Committee agreed to recommend to the Corporation approval of the submission for the post 16 capacity fund. Due to the deadline this will be done via Chairs action as agreed by the Corporation at its meeting of 11 October 2022 (Minute 65.22)

67. REVIEW OF FINANCIAL REGULATIONS

The DPFR presented the revised Financial Regulations-2022/23 which have been updated to improve internal controls and compliance in response to new ESFA guidance and internal audit recommendations.

The DPFR said that going forward the Financial Regulations will be reviewed and updated in the summer term for the following academic year unless there other external changes are required.

In response to a query from a member the DPFR said she would check how many and the value of contracts that have been rolling to date.

The Committee noted the revised Financial Regulations 2022/23 which will be presented to the Corporation for information.

68. REVIEW OF RISK REGISTER – FINANCE RISKS

The DPFR presented the Risk Register showing pre and post mitigation scorings and controls in place to mitigate risks. All key risk areas have been updated with recent controls and management activities.

The DPFR advised the Committee of the Key Finance risk movements and updated activities.

- Review of September management accounts forecast and action plan to mitigate forecast deficit.
- Review curriculum plan v actual resourcing.
- Potential growth bids from GLA AEB, ESFA Loans and Traineeships.
- Request for potential 16-19 in year growth payment due to exceeding the allocation given.
- Continued negotiations of High needs funding with LA - Waltham Forest Borough. This risk score has been increased since last report due to ongoing difficulties with payments from the borough.

The Committee received and noted the updated College Risk Register.

69. ANY OTHER ITEMS OF URGENT BUSINESS

None.

70. DATES OF FUTURE MEETINGS

Audit and Risk Committee meeting 1 December 2022 – Committee members have been invited to attend for the financial statements' presentation only.

Next Finance and Resources Committee meetings:

26 January 2023
11 May 2023
15 June 2023

71. ITEMS TO BE ADDRESSED AT FUTURE MEETINGS OF THE FINANCE AND RESOURCES COMMITTEE

The Committee is asked to note that the agendas for future meetings will include the following items:
As per agreed business cycle for 2022/23.

72. ACTION POINTS ARISING FROM THIS MEETING OF THE COMMITTEE

- Minute 63 - MANAGEMENT ACCOUNTS - Target savings for each of the mitigation actions and more detail of cost efficiencies will be shared at the next committee meeting.
- Minute 64 - COUNTRYSIDE AGREEMENT UPDATE – to be approved via email
- Minute 66 – BID FOR THE POST 16 CAPACITY FUND - to be approved via Chairs action
- Minute 67 - REVIEW OF FINANCIAL REGULATIONS- the DPFR to check how many and the value of contracts that have been rolling to date.

19.25 finish

These minutes have been approved by the Finance and Resources Committee and signed by the Chair as a correct record.

.....Y. Abidou

.....26 January 2023.....

Signed

Date