

# Waltham Forest College



THE CORPORATION OF WALTHAM FOREST COLLEGE

FINANCE AND RESOURCES COMMITTEE

MINUTES OF THE MEETING HELD ON 11 MAY 2023

## 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)  
Nadeem Khalifa Director of Business Innovation and Development Unit (DoBIDU)-  
item 87- 90 only

### Clerk to the Corporation:

Naomi Shoffman Director of Governance (DoGov)

## 87. WELCOME AND APOLOGIES FOR ABSENCE

The Chair welcomed everyone to the meeting. Apologies were received from Mr Talbot as he was abroad. The DoGov advised that Mr Talbot will be stepping down as a full member of the Board at the end of this academic year, but has agreed, subject to Corporation approval, to become a co-opted member of this Committee for the duration of the current Capital projects and Countryside development.

## 88. 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.

## 89. FINANCE AND RESOURCES COMMITTEE MEETING HELD ON 26 JANUARY 2023

The minutes of the meeting held on 26 January 2023 were agreed as a correct record.

## FINANCE UPDATES

### 90. SUB-CONTRACTING & STRATEGIC PARTNERSHIPS

The DoBIDU presented the report and highlighted the following points:

- The list of subcontractors and contract values.
- Subcontracted delivery is broadly in line with expectations for this period of the year. All providers are currently on track to deliver to the agreed targets, there are no further changes to contract values planned for the remainder of the academic year.
- The summary of subcontracted providers for the year 2022/2023 including the rationale for each contract.
- The mechanisms being used by the Business Innovation and Partnerships team continues to monitor and improve the quality of provision.

A member asked about the risk around subcontracting as it tends to be a weak area in many colleges, and also how the quality review process works. The DoBIDU explained the quality review process

which is the same as the process used for internal provision. The team also make unannounced visits to subcontractors, with the frequency based on risk indicators. In addition, new providers are considered high risk, even where they have a good track record, so they are monitored more thoroughly. The Principal added that the amount of subcontracting is quite small, and we know the majority of the contractors who we have worked with for a while. The College has Invested a lot of training into their staff who are invited to participate in college staff CPD. The last external ESFA audit gave strong assurance for this provision.

A member asked which of the mitigating actions to reduce risk are proving most effective and the DoBIDU responded that the most effective mechanisms are the learners voice feedback and staff CPD which is now more integrated.

**The Committee noted:**

- **The planned subcontracted activity and planned direct delivery activity for the year 2022/23.**
- **The mechanisms used by the College to monitor and support the quality and compliance of all subcontracted activities.**

**91. MONTHLY MANAGEMENT ACCOUNTS – MARCH 2023 & ACTION PLAN STATUS TRACKER**

The DPFR presented the management accounts and highlighted the following points:

- Year to date actual compared to year to date budget resulting in a favourable variance and the key items contributing to this variance.
- The Cash balance as at 30th March 2023 and cash days, against the FEC targets.
- The Financial Health Score is “Outstanding.”
- The key risks that may impact the financial position and mitigating action plan.

A member asked about the savings made on staffing and the DPFR explained that these were not planned savings and went through the several contributing factors to this saving.

A member asked how the inflation rate might impact on non-pay expenditure. The DPFR said there is a tangible impact with increases across the board in IT subscriptions, construction materials and catering food. These increases are difficult to mitigate as all suppliers have increased their costs. We could go to tender for some suppliers but there is not always a choice such as with Microsoft products.

A member asked how using agency staff impacts on the quality of TLA. The Principal said it can have an impact, but staff are supported with CPD and where appropriate the College will seek to convert temp to perm staff as soon as possible. In general, we try not to use agency staff for cover. The DPFR added that not all agency staff are teachers as some are in support areas. A member asked about the process for engaging agency staff and what is the average length of time they are engaged. The DPFR explained the process for engaging agency staff. In terms of length of time it is difficult to say. Where it looks like its going to be long term and we cannot recruit we will buy them out sooner rather than later.

A member asked for and the DPFR provided clarification around the CAPEX forecast against expected costs.

A member noted that the enrolment numbers look really healthy and asked if there is there a way to estimate income based on the number of learners and whether this is in line with what we would expect. The DPFR advised that 16-19 learner funding is based on lagged funding as well as on a formula with numerous factors with various weightings. The College receives an allocated lump sum for Adult learners, so we know exactly how much that is. A lot of work is done around optimising the funding for each student and ensuring the data is correct. The College also has a high efficiency contribution.

The Chair observed that our contribution is strong compared to other colleges. In terms of the EBITDA as % of income score, he asked about the heightened level of our costs. compared to the sector. The DPFR advised that the main impact on this is due to the increase in energy costs otherwise the score would be much higher. She confirmed that the ESFA is not taking in to account the utility increase

impact on costs and some colleges are suffering financially as a result.

**The Committee:**

- **Noted the good progress being made.**
- **Noted the Management Accounts to 30 March 2023.**
- **Noted the key financial risks being managed and the mitigating actions being taken by the College.**

**92. ONS RECLASSIFICATION OF COLLEGES UPDATE-MPM template**

The DPFR presented the report covering the background to and the requirements of the Managing Public Money return (MPM) which requires all accounting officers to complete as a result of the ONS reclassification into the central government. The College has systems and controls in place but are in the process of updating the Financial Regulations for the Board to approve in July 2023.

A member asked if there will be any substantial change in the Financial Regulations. The DPFR said it is difficult as the reclassification is being applied retrospectively and there may be things, we did not know we cannot do. We will however be able to seek permission retrospectively, should we need to, but we are not sure for how long this concession will be in place. In terms of what we know we have conducted an exercise to check all approvals given are within our remit.

**The Committee noted the report.**

**93. ESFA CONFIRMATION OF COLLEGE'S FINANCIAL HEALTH**

**The Committee noted the letter from the ESFA confirmation the College's financial health grade for 2021/22, as Outstanding.**

**ESTATES, PROPERTY AND PLANNING**

**94. UPDATE ON PROGRESS WITH THE CAPITAL PROJECTS (TO INCLUDE TRANSFORMATION GRANT, T LEVEL GRANT AND POST 16 CAPACITY BID**

The DPFR presented the report and highlighted the following points:

- The College has been successful with its Capital bid to refurbish the west wing.
- Project design has now been firmed up with costing and tendering already started.
- The project costing and timeline has been attached. The Principal advised how the college is managing the increase of costs for the west wing project to ensure there is no overspend.
- Planning permission for window replacement is underway. Planners have asked for the windows on the west elevation to be the same as the front elevations which will cost an additional £250k plus VAT. The College professional team are in dialogue with the Council regarding this as the construction of the Council flats will obscure this elevation making the additional cost not worthwhile.
- T level capital project -Stage 3 Digital and Health is currently under way. A contractor has been appointed and works will be starting in the next couple of weeks.
- Project meetings are being held concurrently with the West Wing project to achieve efficiencies.

The DPFR concluded by advising that the College has been successful in the bid to refurbish the swimming pool for the full amount requested. The Committee congratulated the team on this excellent news.

**The Committee:**

- **Noted the progress made in the FECTF programme.**
- **Noted the progress made on T Level Capital project.**

**95. AMENDMENT TO THE COUNTRYSIDE RELOCATION OF SUBSTATION – DEED OF EASEMENT AND HEADS OF TERMS**

The DPFR presented the report and advised that as part of the Countryside development, there is a requirement for a new substation to be built as the old substation in Sycamore house is being decommissioned. The new substation and the College's intake room share the same feed. UKPN acting on behalf of Countryside (CS) have been given access to the College land as a result of the agreed Deed of Easement and Heads of Terms approved by the Board earlier this year.

Upon starting the excavation works, CS has requested that UKPN wants the cabling route to be changed as the original route agreed is not what has been identified as being the current existing route. The College consultant met with CS during a site visit and raised a couple of concerns regarding the new request which the College is working through with CS. Furthermore, according to the Consultant's report, the new cabling has been installed on the new route preferred by CS and UKPN and is now ready for joining to the existing service cables. This is a direct breach of the current Deed of Easement as this is not the route that was agreed.

The consultant's findings are that the existing cabling which ran under one of the College's buildings may have been installed around the late 1960s or early 1970s. There is likely to be deeds or wayleave agreements in place dating back to the original cabling installation which are likely to have similar clauses to those in the latest deeds with respect to building over the Distribution Network Operators assets. It is possible, although unlikely, that this building was constructed over the existing Cables without reference to UK Power Networks (or DNO current at the time). Therefore, there is a risk to the College that under both the original deeds and current deeds that the College will need to relocate the cable at our expense should UK Power Networks deem this necessary. There may also be a health and safety issue if the cables are joined there.

CS says its UKPN that wants to make the change. Even though we agreed a route it seems they have used a different one, which means CS are in breach, so we need to have a meeting and check if any old leases provide more details. CS is now saying they do not want to do this anymore. So, this issue is ongoing.

Mr Talbot will be joining the meeting with CS planned next week to provide the benefit of his expertise. It is important to resolve this as we will eventually have to knock down that building and rebuild so we do not want any cables underneath the building at that point.

The Principal advised that a lot of time is being expended in this matter by DPFR who is doing an excellent job. In terms of capacity, we are looking to engage more capacity in the senior team to assist with projects etc to free up the DPFR's time.

**The Committee Noted the report.**

**96. REVIEW TREASURY MANAGEMENT POLICY & RESERVES POLICY**

The DPFR presented the report updating the Committee on the changes in the College's Treasury Management Policy and Reserves Policy and highlighted the following points:

- The Treasury Management policy gives a guide to the minimum amount of cash reserves that should be maintained in the College bank account before any investment decision is made.
- Key Changes are an increase the minimum reserves before investment to mitigate the cashflow impact (mainly timing) as a result of Capital works and amendment to include the ability for the Finance and Resources committee to approve an investment deposit of up to £3m for less than a year.
- The Reserves Policy has been amended to reflect the changes in minimum cash reserves before investments proposed in the Treasury Management Policy.

- Due to the timing of meetings and the proposal to increase the amount invested (see minute 97) both policies will be circulated to the Audit and Risk Committee, following this meeting, by email to seek their comments/recommendation prior to submitting for approval via Chairs actions.

The Committee discussed the option of approving £3m only with our current bank and any diversification outside that may have to come to the Corporation for approval. The Committee discussed the changes and agreed that clause 8.3 should stand.

**The Committee Noted the changes to the policies.**

**97. CASHFLOW MANAGEMENT & TREASURY DEPOSIT APPROVAL**

The DPFR presented the report and highlighted the following points

- The cashflow position based on the actuals to March 2023 and the projected income and expenditure profile to July 2024 based on funding allocations received to date.
- Compliance with the College’s Treasury Management Policy.
- The Rationale for proposal for the College to invest £3m on Treasury Deposit for a period of 3 months on a roll over basis will allow the College to take advantage of the current opportunities of high interest rates and to act quickly.
- The college is looking to retain the services of a broker to support us in diversifying some of the cash. This is following what is best practice which is having a contingency and using a broker for diversification.

The Committee discussed the need to diversify investment to gain a higher return which will need to be explored with the ONS. This issue will be reviewed at the next meeting following a report with the brokers advice.

**The Committee agreed to Approve the investment of £3m with Barclays (by exception) of excess funds on Treasury Deposit for a rolling 3 months, subject to the revised Reserves and Treasury Management Policies (minute 96) being approved.**

**98. REVIEW OF RISK REGISTER – FINANCE RISKS**

The DPFR presented the Risk Register showing the top finance risks, pre and post mitigation scorings, and controls in place to mitigate risks.

**The Committee received and noted the updated College Risk Register.**

**99. DATES OF FUTURE MEETINGS**

Thursday 15 June 2023

**100. 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 items as per agreed business cycle for 2022/23.

19.40 finish

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

.....Y Abidou ..... 4 July 2023.....

**Signed**

**Date**