

Meeting of the Finance and Resources Committee

Venue: via TEAMS
Date: 24 November 2021
Time: 4.00pm – 5.50pm
Present: Colin Seccombe (in the Chair)
 Martin Hottass
 Donya Urwin
 Malcolm Grady
 Lindsey Whiterod

Apologies: Andy Walton

In Attendance: Neil Longstaff (Director of Governance)
 Jane Cuthbertson (Chief Finance Officer)
 Steve Chittenden (Finance Manager)
 Claire Shipley (Assistant Principal Quality)
 Lorna Lister (Clerk)

ITEM	ISSUES	ACTION
1.	<p>Apologies for Absence</p> <p>The Committee approved apologies for absence received from Andy Walton after having first considered the reason for his absence.</p>	
2.	<p>Declarations of Interest</p> <p>The Chair reminded members to declare any conflicts of interest as they arose on the agenda.</p>	
3.	<p>Minutes</p> <p>The minutes of the meeting held on 6 October 2021 were approved and to be signed by the Chair.</p> <p>Matters Arising not covered on the agenda</p> <p><u>3.1 Report from the Executive Director of HR</u> Confidential item</p> <p><u>3.2 Human Resources Action Plan</u> Confidential item</p> <p><u>3.3 Learner Recruitment and Funding Update 21/22</u> Confidential item</p> <p><u>3.4 Approval of Contracts and Planned Expenditure in Excess of £125k</u> Confidential item</p>	
4.	<p>Policies for approval</p> <p>4.1 – Subcontracting Supply Chain Policy</p>	

	<p>The purpose of this report was to seek approval of the updated Subcontracting Supply Chain Policy.</p> <p>The Subcontracting Supply Chain Policy had been reviewed and updated by the Assistant Principal (Quality) and endorsed by the College Management Team. The Policy had been updated based on feedback from an internal subcontracting controls audit in July 2021 and ESFA guidance updated in October 2021.</p> <p>It was noted that the policy was clear and a welcome addition to the policy framework of the college.</p> <p>Resolved: That the committee agree to recommend the policy for approval by the Board.</p> <p>4.2 – Additional Annual Leave Policy Review</p> <p>The purpose of the report was to seek approval of the updated Additional Annual Leave Policy.</p> <p>The appeal process had been updated to ensure it was clear and easy to understand for those wanting to utilise the policy.</p> <p>Resolved: That the committee agree to approve the policy, as presented.</p> <p><i>CSh left the meeting</i></p>	
<p>5.</p>	<p>To undertake the annual salary review for the Senior Postholders (to include the retention and re-designation of CFO role feedback)</p> <p>With the agreement of governors, the Chair changed the order of business at this stage in the proceedings.</p> <p>Restricted Confidential item</p> <p>Due to technical difficulties the meeting was adjourned during this item and it was agreed to reconvene on Monday 29th November 2021 at 10.30am via TEAMS</p>	
<p>Venue: via TEAMS Date: 29th November 2021 Time: 10.30am – 11.40am</p> <p>Present: Martin Hottass Donya Urwin Malcolm Grady Lindsey Whiterod</p> <p>Apologies: Colin Seccombe Andy Walton</p> <p>In Attendance: Neil Longstaff (Director of Governance) Jane Cuthbertson (CFO) Steve Chittenden (FM) Lorna Lister (Clerk)</p> <p>Martin Hottass was appointed as Chair for the remainder of the meeting.</p>		

CS provided some feedback, questions and queries via email prior to the meeting, these were discussed at the relevant point within the meeting.

6. Reconciliation between Management Accounts and Statutory Accounts Year Ended 31 July 2021

The purpose of this report was to provide governors with information on the adjustments made between the preparation of the July 2021 Management Accounts and the Statutory Accounts.

The report provided showed the year-end figures in the management accounts format used during 2020/21. The report was prepared to provide governors with further information on adjustments that had been made since the July management accounts were prepared that affected the 2020/21 statutory accounts. As the statutory accounts format was quite different to the management accounts format it was thought it might be helpful to show the adjustments in the management accounts format as that was one that governors were more familiar with. The report highlighted that the year-end position had moved from a £2,275k Total Comprehensive Expenditure per the management accounts to a £2,327k Total Comprehensive Expenditure in the statutory accounts, a movement of £52k as shown in the report.

Significant audit adjustments were as follows:

- Additional AEB income - £18k. This favourable adjustment was due to £3k additional High Value Course delivery per the R14 return and the confirmation by the ESFA that the college's £15k Sector Based Academies allocation (SWAP's) would not be clawed back.
- Apprenticeship income (£72k). This downward adjustment due to less than forecast achievement income being recognised in this year's accounts. The management accounts assumed that 50% (£113k) achievement income would be identified in the R14 return, however some of this income missed the year end cut-off and would now be released into 2021-22 management accounts.
- Additional Devolved AEB income - £3k. This favourable adjustment was due to £3k additional Sector Based Academy delivery (SWAP's) per the R14 return.
- Reduced full cost and HE fees income – (£15k). This downward adjustment was due to credit notes raised after the ledger closedown against:
 - Tyne North Training (£9k) for final reconciliation of student achievements within Tyne Met Engineering; and
 - North Tyneside Council (£6k) credit notes against ESF project invoices raised earlier in the year.
- Late Purchase Invoices – (£17k) - This downward adjustment was due to purchase ledger invoices (mostly exam fees) received after the ledger closedown, which related to the 2020- 21 academic year. Partnership payments - £31k. This favourable adjustment was due to lower than anticipated delivery and bonus payments to partners per the R14 return.

The committee noted that the college financial health remained unchanged at 'good', with the same point score as advised in the July 2020 management accounts.

CS emailed comments regarding the paper and were as follows:

CS was encouraged by the reconciliation; first, there were no adjustments which arose from the audit and second, the adjustments were all differences regarding timeframes which were caused by the early cut-off needed to achieve the first draft. CS expected adjustments needed when the final ILR was completed.

Resolved: That the committee accept the report and acknowledge the information presented.

7.	<p>Management Accounts and commentary</p> <p>Confidential item</p>	
8.	<p>Budget Implications</p> <p>Confidential item</p>	
9.	<p>Tyne Coast College Financial Plan 2021-23 from ESFA</p> <p>The purpose of this report was to confirm the College Financial Forecasting Return (CFFR) had been provided to the ESFA.</p> <p>The ESFA returned a 'good' for both the latest outturn forecast year (20/21) and current budget year (21/22).</p> <p>The ESFA provided a financial dashboard for the Governors to review which included key performance indicators and measures those against both target benchmarks and benchmarks achieved in the education sector.</p> <p>It was noted that the College must submit their 20/21 financial statements and supporting documentation to the ESFA by the 31st December 2021.</p> <p>The Governors discussed the information within the appendix and thought it was an excellent way of monitoring data as it gave an overall picture.</p> <p>A governor commented that he was content with this paper. The graph on profitability was interesting as it suggested the college had a lower staff cost percentage than the median – good news; but then the College's EBITA showed a deteriorating position compared to the median. At first glance this would suggest non-pay costs were increasing relatively. What was SEG's view of the relationship? JC stated further analysis was to be completed as this report was taken from a point in time and explained there would be further movement.</p> <p>In the future the Governors requested to be taken through each section of the report and noted they could be upskilled in monitoring to get the best out of the report.</p> <p>JC noted the position would change by year end and suggested another more up-to-date paper be presented to a future board meeting.</p> <p>Resolved: That the governors receive the report and acknowledge the information provided and that this be presented to the Board for information.</p>	JC
10.	<p>Student Withdrawals</p> <p>The purpose of the report was to update Governors regarding the work undertaken to mitigate student withdrawals within the first 42 Days following enrolment.</p> <p>In January 2020 a significant piece of work was undertaken to analyse the number of 16-18 withdrawals that had occurred at the start of the 2019/20 academic year. The findings of this report raised serious concerns as 267 students had been withdrawn in the first 42 days. The volume of students withdrawn was extremely high and annual financial losses were significant and needed to be stemmed.</p> <p>A programme of activity was put in place to improve retention, increase levels of student support and reduce the withdrawal rate which was 4.4% in 2020/21 and in 2021/22 was 4.7%. which was below the 6% KPI target agreed at Curriculum Quality and Students Committee in 2021.</p> <p>The long-term impact:</p>	

	<ul style="list-style-type: none"> • The 16-18 retention rate was 90.3% in 2020/21, which was 5% lower than in 2019/20 and 0.7% lower than the most recent published national rate of 91% in 2018/19. • Financially the college gained on the retained students beyond 42 days but took a hit on the retention throughout the year, which was significantly affected by Covid. • It was anticipated that due to Covid most providers would have seen a drop in in-year retention in 220/21 <p>Achievement rates were affected by a lower than expected pass rates in maths and English, where engagement was poor during periods of remote learning. In 2021/22 the 16-18 achievement rate was 71.7% compared to 86.8% in 2019/20. When maths and English were excluded from this calculation the achievement rate was 10.4% higher at 82.1%.</p> <p>A Governor asked why was Maths and English excluded? LWh stated that both subjects were still exam based and the students did not turn up for the exams. Retention was good last year but the achievement was not, it was symptomatic across the whole of the sector however understood it had to get better this year.</p> <p>A Governor highlighted this was an ongoing issue especially within the 16-18 students and this was only going to increase further, Keeping the students on the roll was going to be significant for the college performance, Monitoring by the SLT to ensure the actions were completed was essential. Another Governor agreed serious attention and action was required.</p> <p>LWh explained that the systems prior to Covid were now back in place as well as three other layers which was being monitored by SLT. It was noted that the data was predicting 6% higher than the actual and it was surprise. Retention and achievement of students was paramount for the Managers.</p> <p>A Governor expressed he thought the results were going to get worse not better as the last results were Teacher Assessed Grades which were slightly inflated. LWh stated that she had asked the team to review the SAR to ensure A-Level provision received more scrutiny.</p> <p>The SAR was discussed and the fact that Ofsted liked to see a SAR up to date and published. LWh agreed to have an internal SAR which was going to be raw and to the point and it was recommended to update the SAR every three months to show it was a working document.</p> <p>A Governor stated that he was pleased that the college had maintained the progress made last year.</p> <p>Resolved:</p> <ol style="list-style-type: none"> That the committee accept the report and acknowledge the information as presented. That the committee agree to receive an updated report mid-year to see the progression. 	LWh
11.	<p>Student Union Accounts 2020-21</p> <p>The purpose of the report was to provide Governors with details of the Student Union accounts results for 2020/21 and an overview of activity in the year.</p> <p>The purpose of the Students' Union was to provide extracurricular enrichment activities for all college students. In 2020/21 a budget of £15,000 was provided by the College to support these activities.</p>	

	<p>The Board agreed that £7k could be transferred to the Marketing department for student activity and The Student Union had donated £7,383 of its annual budget into the Dr Winterbottom Charitable Fund (DWCF) in order to fully utilise its annual budget in accordance with the July 2019 Board resolution.</p> <p>Resolved: That the committee receive the report and acknowledge the information as provided.</p>	
12.	<p>Annual Report on Governor Expenses</p> <p>The purpose of the paper was to provide the Committee with an update on the level of expenses claimed by Governors during 2020/21.</p> <p>It was reported that no governor claimed any expenses during 2020/21.</p> <p>Resolved: That the committee accept the report and acknowledge the information as presented.</p>	
13.	<p>Approval of Contracts and Planned Expenditure in Excess of 125k</p> <p>Confidential item</p>	
14.	<p>Annual Pay Award</p> <p>Confidential item</p>	
15.	<p>Annual Review of the Public Benefits Statement</p> <p>The purpose of the report was to ask the Committee to undertake a review of the College's Public Benefit Statement (PBS) as a requirement of the Code of Good Governance.</p> <p>The following highlighted:</p> <ul style="list-style-type: none"> • The Code of Good Governance for English Colleges recommended the adoption of such a statement and in doing so the College would be complying with the Code. • The annual review of the document was delegated to the Finance and Resources Committee. • The PBS described how the College sought to add value to the social, economic and physical well-being of the community it served. • The College Management Team (CMT) had contributed towards the content of the statement. <p>A Governor asked if this was a standard format or whether the college could say exactly what the college wanted in support of public benefit. Ideas to consider could be mental health and wellbeing. It was noted the college had not covered EDI or green initiatives, was this covered elsewhere?</p> <p>Governors noted that this document was owned by the College and could be formatted/written to suit areas of importance to the College.</p> <p>NL provided an update from the Director of HR which included support being offered to staff on mental wellbeing and these changes were to be incorporated into the report.</p> <p>It was noted that all governors thought EDI was missing from the document.</p> <p>A Governor recommended highlighting an additional comment about TCAT as a reader might not understand what the Trust was about.</p>	

	<p>It was noted that the College was a benefit for employment in the local area which included further opportunities, equal opportunities and removal of glass ceilings.</p> <p>Resolved: That the committee approve the Public Benefits Statement subject to the inclusion of statements on the areas mentioned above.</p>	
16.	<p>Any other business</p> <p>The Chair thanked the committee and the staff for preparing the papers.</p>	
17.	<p>Date and time of next meeting</p> <p>Wednesday 24th November 2021 at 4.00pm</p>	
18.	<p>Identification Confidential Items</p> <ul style="list-style-type: none"> • Item 3 – Matters arising • Item 5 - To undertake the annual salary review for the Senior Postholders (to include the retention and re-designation of CFO role feedback) <i>restricted item</i> • Item 7 – Management Accounts • Item 8 - Budget Implications • Item 13 - Approval of Contracts and Planned Expenditure in Excess of 125k • Item 14 – Annual Pay Award 	

Signed: **Date:**