



**MINUTES OF THE POLICY AND RESOURCES COMMITTEE  
HELD ON FRIDAY 14 FEBRUARY 2020**

**PRESENT:**

Paul Levet	Chair
Dr Fazal Dad	Principal and Chief Executive
Michael Lee	Business Support Staff Governor
Roger Spensley	Member

**IN ATTENDANCE:**

Jennifer Eastham	Vice Principal: Finance and Corporate Services
Sharon Germaine-Cox	Director: Human Resources and Organisational Development
Nicola Clayton	
Jean Tracy	Clerk to the Corporation
Joanne Calcutt	Work shadowing the Clerk

It was noted that the meeting commenced at 15:30 and was quorate.

**1. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Professor Waqar Ahmed, Kathryn Lord and Steve Waggott.

**2. DECLARATION OF CONFLICTS OF INTEREST**

The Chair advised those in attendance that should members of the Policy and Resources Committee become aware of any potential conflicts of interest, they should be disclosed at the earliest opportunity during the meeting.

**3. MINUTES OF THE POLICY AND RESOURCES COMMITTEE MEETING HELD ON MONDAY 30 SEPTEMBER 2019**

It was **AGREED** that the minutes on the Policy and Resources Committee meeting held on Monday 30 September 2019 would be considered at the meeting to be held on Monday 2 March 2020.

**4. MATTERS ARISING**

It was **AGREED** that the matters arising from the Policy and Resources Committee meeting held on Monday 30 September 2019 would be considered at the meeting to be held on Monday 2 March 2020.

**5. INTEGRATED FINANCIAL MODEL**

The Vice Principal: Finance and Corporate Services presented the paper which summarised the College’s Financial Planning 2019/20 to 2021/22, in line with ESFA conditions of funding.

The Integrated Financial Model for Colleges (IFMC) was launched in November 2019 and Board approval is required by the end of February 2020. The ESFA have acknowledged that this timing does not fit in with colleges' normal cycle of business and from next year, the approval date will be 31 January.

It was noted that the IFMC template had been amended on a number of occasions, six versions now having been released. The College had therefore prepared documentation based on the current Finance Plan which were proven to be robust and it was noted that the data would be transferred into the final version of the IFMC before submission to the ESFA.

The Vice Principal: Finance and Corporate Services then took the Committee through the documentation included in the pack circulated previously. The key elements of the budget were set out in the paper, with the detailed explanation and budget assumptions in the commentary to the Financial Plan which was included at Appendix 7.

The key elements of the Income and Expenditure Account, the Balance Sheet, Cashflow, Financial Health, Ratio Analysis, ESFA Financial Plan Commentary and ESFA Financial Planning Checklist were covered in the Report and were considered by the Committee. Details of the Loan Assumptions, Loan Covenants, Pay Award assumptions and risk opportunities were also included in the summary and were again considered by the Committee.

In considering the information relating to 2020/21, the College had assumed student intake remained constant and it was noted that the roll through of student numbers produced further reductions in income. The comments of the FE Commissioner's team were noted, particularly in relation to HE starts. The Vice Principal: Finance and Corporate Services informed the Committee that to reduce the figures would increase the expected shortfall and would require plans to make the additional cost savings. Should recruitment be successful, any restructure plans could be reviewed and removed as appropriate.

The College was asked if it was being over-optimistic in its estimate of income and whether there would be any comeback from the ESFA if the College were to report a lower income figure than forecast. The Vice Principal: Finance and Corporate Services replied that if there were to be a large difference, the ESFA would consider the College's planning to be poor but would not comment otherwise.

A member of the Committee also asked about the possible impact on students and was informed that the College had looked at alternative ways of cost savings, other than restructure, to avoid any impact on students. However, the savings required for 2021 were too big and thus restructure plans had to be progressed. The Principal and Chief Executive commented on the expectations of the FE Commissioner in terms of accurate financial planning and these had been taken into account in the current plans. Whilst restructure was not desirable, the College would try to make savings where these occurred naturally, such as staff leaving, increasing staff utilisation, etc.

The Vice Principal: Finance and Corporate Services took the Committee through the 2021/22 Draft Plan and referred to the ESFA Financial Plan Commentary and Planning Checklist. It was noted that once approved by the Board, the documents would be finalised and submitted to the ESFA, in the agreed format, by 28 February 2020. The College was on target to achieve this submission deadline.

A member of the Committee commented on the need to focus on the high staffing levels. The Vice Principal: Finance and Corporate Services replied that the College was well aware of and was taking action to reduce this figure. The Principal and Chief Executive also commented on the need to reflect on the College's structure going forward in order that costs reflect the size of the organisation.

The staff utilisation and how this is maximised was explained to the Committee. The Committee also noted the changes to the curriculum which had already taken place to reduce costs.

The Chair of Policy and Resources Committee informed the meeting that he had met with the Vice Principal: Finance and Corporate Services and Head of Finance earlier in the week to go through the proposed plans in great detail.

Having considered and discussed the Report, Policy and Resources Committee **AGREED** to recommend the Report to the Corporation Board for approval, including

- Adopting the 2020 columns as the approved re-forecast for 2019/20
- Adopting the 2021 and 2022 columns as an indicative budget for those year-ends
- The transfer of the data approved as per the Report into the Integrated Financial Model for submission to the ESFA and College lenders by 28 February 2020
- Any material changes to the figures to be approved by the Chair of Policy and Resources Committee.

It was noted that in submitting the IMFC, the Principal and Chief Executive, as accounting officer, would be confirming that the Corporation had approved the IFMC using assumptions which supported the Corporations' strategic objectives and that the supporting commentary had been prepared with due regard to the Financial Planning Checklist.

#### **6. ANY OTHER BUSINESS**

There were no items discussed under Any Other Business.

#### **7. REVIEW OF MEETING**

The Chair thank Members present for their attendance and contribution at the meeting.

#### **8. DATE AND TIME OF NEXT POLICY AND RESOURCES COMMITTEE MEETING**

Monday 2 March 2020 at 5.00pm.

Signed: .....

Date: .....