



**Minutes of the Meeting of the Resources Committee
Held on 1st December 2020 at 6.15pm via Zoom/in Oak 122**

Present

Viresh Paul (Chair) (VP)
Gideon Schulman (Vice Chair) (GS)
Rishi Bhanderi (RIB)
Rohit Bhatia (ROB)
Colin Fox (CF)
Sarbdip Noonan (Principal) (SN)

In Attendance

Bob Pattni (DP - Finance and Planning) (BP)
Naomi Shoffman (Director of Governance)(NS)

1. Chair's Opening Remarks and report of any Chairs Action taken since the last meeting

- i. VP checked that all were able to hear each other and welcomed everyone to the meeting and in particular RIB and ROB to their first meeting of the Committee. VP then thanked CF who will be stepping down after this meeting for his contribution, particularly when the Committee was very small and wished him well. CF said he was sad to be stepping down, which was due to personal circumstances but would like to stay in touch. VP then asked RIB and ROB to introduce themselves and say a little bit about their respective background and experience which they duly did.

VP said that he runs the meetings quite briskly and expects everyone to have read the reports. He asked that the reports be presented highlighting the salient points to afford time for members to discuss, debate, challenge and raise any questions.

- ii. VP confirmed there had been no Chair's action since the last meeting.

2. Apologies for Absence

There were no apologies for absence.

3. Conflicts of Interest

There were no conflicts declared by the members. However, NS withdrew from the meeting for part of the discussion in item 7.

4. Minutes of the Meeting Held on 23 June 2020

The minutes of the meeting held on 23 June 2020 were taken as an accurate record.

5. Matters Arising Not on the Agenda

NS reported to the Committee that the College Seal had been applied on 1st December 2020 to the agreement between the GLA and the College for the provision of emergency recovery support funding of £200k. The agreement was signed by SN as Accounting

Officer and witnessed by NS.

**6. Review of Draft Financial Statements for Year ended 31 July 2020
Management Letter
Letter of Representation
LGPS Pension Actuarial Report**

It was agreed to take the pension report first in response to CF's question as to whether the pension valuation in the BS is a onetime valuation

LGPS Pension Actuarial Report

BP spoke to the report which is commissioned every year but not usually brought to the Committees to see as it goes straight to the auditors. However, given the impact on the balance sheet due to the pension liability revaluation the Board asked that both this and the Audit Committee sees this year's report.

BP explained that in summary there are two pension pots that the College has to contribute to. He then explained how the LGPS scheme works which for this College is run by Harrow Council's pension fund. The fund relies on investments for income and due to Covid 19 has taken a hit due to the large reliance on gilts which have dropped in value. Other College /providers are in a worse position.

BP went through the fund's assets figure which show that its cash reserves had increased by 3% at the end of July 2020 as a result of the fund managers selling a chunk of its equities at the low end of the market. BP said he had questioned the rationale for this action and was told that it had been planned in advance. All the reports to the Pension fund's Committee meetings are confidential so there is no way to check this.

CF asked whether this will have a bearing on the College's balance sheet. BP responded that as a College, we are financially sound as we still have a positive Balance Sheet. If not for that this could have had a bearing on our bank covenants. BP advised that the local authority may plan to converge values by increasing the employer's contribution which will have an operational cost.

VP pointed out that the College's Balance Sheet was positive only due to the land and property revaluation undertaken last year and reminded the Committee that the fund is valued every year and so it can go up or down. The assumption here is that this amount is a one off. BP advised that the Council has extended an invitation for a governor to join the pension fund Committee and that the Audit Committee had recommended that SR be asked if he would like to do so, as he had followed up this issue with BP initially when it first came to light. The Committee endorsed the proposal to ask SR if he would like to join the Pension Fund Committee with the local authority.

RoB asked whether if we know that the valuation had since increased, it could be a post balance sheet event. BP responded that had we gone into negative assets we would have considered doing that.

Financial Statements Review of Draft Financial Statements for Year ended 31 July 2020, Management Letter and Letter of Representation

BP explained that scrutiny of the Financial Statements and the Management Letters rests with the Resources and the Audit and Assurance Committees, with a final recommendation made to the Board for approval. This Committee looks in detail at the financial statements. BP advised that all the figures are as reported, there are no unknown losses and the College has been given an unqualified audit opinion by the External Auditors.

BP reported that this is a very clean set of statements and all the documents have been presented for review. He brought to the Committee's attention the most important figure presented being the 90% achievement rate which is Outstanding and significantly above National Benchmarks. The Outstanding grade however, has not been ratified by Ofsted as the College is not likely to be inspected given our current Ofsted grading is Good. Financial health is showing as Outstanding for this and next year. SN commented that the College's financial position, achievement and recruitment rates, all three Outstanding.

BP then highlighted the following:

- The KPI's are all very good and the College has achieved a modest surplus of £157k against a target of £46k in a challenging year due to Covid.
- To date there has not been a need for a Reserves Policy however, now the College has significant reserves we will create a Reserves Policy which will come to the next Committee meeting.
- There are several typos/errors in governance section that will be corrected in the final set submitted to the ESFA.
- Turnover has increase by £1m and associated costs grew but not by as much.
- The operational surplus will be the figure that is reported but the pension deficit is on the bottom line, which accounts for the drop in net assets.
- Cash generated will stand at £2.5m by the end of the year.
- The auditors' opinion is that the statements give a true and fair view of the state of the College's affairs as at 31 July 2020.
- The report on regularity is clean and shows nothing of any concern.

CF asked what the bank's view was and BP responded that they have seen these financial statements and have not raised any issues.

VP on behalf of the Committee said that they were happy with the figures as presented and will accept the accounts subject to the review that has been arranged by the Audit Committee and BP's review of the budget to ensure provision was made for the additional costs arising from the decision of the Remuneration Committee in December 2019.

The Committee noted the Management Letter and Letter of Representation.

The Committee congratulated SN and BP on the positive outcome.

RECOMMENDATION

APPROVED

**THE DRAFT FINANCIAL STATEMENTS FOR YEAR ENDED 31 JULY 2020,
FOR ONWARD RECOMMENDATION TO THE GOVERNING BODY
SUBJECT TO THE OUTCOME OF THE REVIEWS**

NOTED

THE MANAGEMENT LETTER AND LETTER OF REPRESENTATION

7. i. College KEY PERFORMANCE INDICATORS (KPI's) Monitoring November 2020

BP spoke to the report which summarises the new set of KPIs and the progress to date. The data included has been extracted from the Student, Finance and Human Resource systems. Cells that are not RAG rated or are in white, are based on data which is still to be gathered or the target can only be assessed annually.

In summary BP said this is a very pleasing set of KPI's with recruitment, applications and conversions all at or above target. As per the report majority of the KPI's are rag rated green with the only areas below target being Employer apprenticeships and ESFA 19+ Loan funding.

VP observed that all the KPI's are looking good despite the challenge of Covid and that numbers are up in 16-18 learners and in 19+ learners we will meet or exceed the year end targets.

The Committee conveyed its congratulations to all staff on their hard work.

ii. Risk Register review – November 2020

BP presented the Risk Register. He advised that he plans to change the format so the report can be seen more easily. Many of the risks have moved from green to amber as this paper reports on risks in the new academic year whereas last month's report reflected the year end results for the College. There are no significant reds.

SN commented that both this document and the KPI's demonstrate the Outstanding position of the College in this challenging climate. She reminded the Committee that the Covid 19 Planning Committee looks at the College's updated BCP and Risk register on a termly basis.

RECOMMENDATION

NOTED

THE KEY PERFORMANCE INDICATORS AND THE RISK REGISTER

- 8. i. Management Accounts for the Period ended 31 October 2020**
- ii. Monitoring Report**
- iii. ESFA Covid-19 Financial Return**

Management Accounts for the Period ended 31 October 2020

BP presented the Management Accounts which are produced and circulated to this Committee and the Audit Committee every month, along with a short summary detailing any deviance from target.

BP summarised the October Management Accounts saying the College is in an excellent financial position showing a surplus of £17k and that we are on target to achieve the Forecast Year Surplus of £106k surplus to 31 July 2021.

SN reported that there is a lot of additional income coming in which BP said will be included in the accounts once the funds have crystallised.

Monitoring Report

BP presented the Monitoring report which shows that the majority of financial KPI's are on target. SN reported there is some concern in terms of L3 loan recruitment which will be impacted through the government's introduction of free courses for L3 adults. VP sought clarification on why the "likely case" and the "best case" were the same. Technically, he believed the likely case was £106 and the best case would be higher if the college were to receive additional funds. For this month's report he was happy to accept the likely and best case scenario figure in the report; BP said it is "likely" to remain at £106k.

ESFA Covid-19 Financial Return

BP presented ESFA Covid-19 Financial Return, which was submitted on the 27th November and for which approval was not required as this is just a monitoring exercise. The ESFA are monitoring all Colleges' finances to check whether Colleges are falling into financial

difficulty. BP said that the main point to note is that currently the College is delivering a substantial amount of free tuition given the level of over recruitment against targets.

RECOMMENDATION

NOTED

THE MANAGEMENT ACCOUNTS UP TO 31 OCTOBER 2020

THE MONTHLY MONITORING REPORT

ESFA COVID-19 FINANCIAL RETURN

9. i. Sub-contracting Supply Chain Policy (ESFA Requirement) ii. Direct delivery at Rayners Lane Football Club

Sub-contracting Supply Chain Policy

BP presented this report which is an ESFA requirement for any subcontracted provision to show how much funding is retained by the College to ensure the quality of the provision not being impacted on. The proportion given to subcontractors is based on a range in line with ESFA guidance. The ESFA are now making more changes as they are expecting Colleges to reduce subcontracting work.

The Committee said that it was not clear to them as to what period the policy covers and the interchangeable terminology used for subcontractors, partnerships etc was confusing and asked that this be clarified.

Direct delivery at Rayners Lane Football Club

BP reported on this new direct delivery partnership which is being delivered by our own staff to our own students. We have hired the facilities and consider this to be a satellite centre for the College. In response to a query BP explained that Pro –direct is a brand owned by a separate company and used to promote the course which is oversubscribed; however the students are signing up with Stanmore College and there is no contractual arrangement with pro-academy.

The Committee said it should be made clear in all the course literature that Stanmore College is not part of pro-direct brand and the College must keep separate from the academy. BP said he can formalise all arrangements and amend contracts to remove reference to Pro-direct.

RECOMMENDATION

APPROVED SUB-CONTRACTING SUPPLY CHAIN POLICY WAS SUBJECT TO THE CHANGES AGREED

NOTED

DIRECT DELIVERY AT RAYNERS LANE FOOTBALL CLUB

10. Property Matters

BP gave a presentation updating the Committee on:

- Capital/ Revenue Bids
- T-Level Bid
- Estates Strategy
- IT Strategy & Sustainability

BP said that this is already out of date as since sent the report the College has been awarded additional funding.

The T Level bid funding may only be used based on facilities that are going to be delivering T Levels which will be in H&SC and science. The planned full refurbishment of the Larch building is to get it fit for purpose for delivery of T Levels and the cost is estimated at £1.7m and there are no vat free options. It may be possible to reduce the cost to £1.5m; we will receive a detailed report from the Cost Consultants with Options in Jan 2021.

The Committee asked if we are looking at the development of Larch in isolation how will that impact on the rest of the site development. BP said he had spoken to the architects about that and they said that if we were looking at developing the rest of the site they would be retaining the Larch building. BP advised that the Initial Engagement of Architects to review the full Property Strategy will cost £50k and VP asked that this cost be referred to the Board for approval.

VP asked if we are spending money to upgrade the rest of the site to a grade B and BP said that there is a further £1.5bn coming into FE sector for capital funding and the College intends to bid for some of that pot.

GS said that timing is crucial as the College is currently in need of more IT infrastructure. BP said that costings for IT improvement will be brought to the Committee and that some of the capital funds referred to earlier will be used to upgrade the IT infrastructure. However we will need more so will reposition some of this funding into the IT strategy to bring it forward to enable us to work remotely. This can be funded from estates, ESFA fund or GLA small funds. VP said he wanted to see how this money is to be spent and the costings so that the Committee can approve it. BP reminded the Committee that some of the funding has not yet come in. In response to a question he confirmed that of the £667k an allocation will be spent on IT.

RECOMMENDATION

NOTED

PROPERTY MATTERS REPORT

11. i. Health and Safety Policy ii. Redundancy Policy

Health and Safety Policy

BP presented the Health and Safety Policy which has been updated in light of new requirements. This policy will need to be approved by the Board and then signed by Chair and Principal. VP said it was useful to have the tracking in different colour and asked who holds the EIA form as the sentence in the policy is incomplete. BP said that it should say the HR Director and that will be added. Subject to this the Committee was happy to move forward with the policy.

Redundancy Policy

BP presented the Redundancy Policy which has been reviewed as a matter of good practice and there are no changes. In response to a question BP advised that there are no redundancies planned and none have been made in the last 12 months. The Committee agreed this should go forward for approval to the Board subject to adding an additional point in section 3 about communication to stakeholders.

RECOMMENDATION

APPROVED

HEALTH AND SAFETY POLICY

REDUNDANCY POLICY

FOR ONWARD RECOMMENDATION TO THE GOVERNING BODY

12. Any other business**None****13. Meeting Review, Learning and Reflection**

GS thanked VP saying that the meeting had been very well chaired given the amount of information the Committee had to go through.

14. Date of next meeting

Tuesday 9 March 2021 at 6.15pm

The meeting closed at 8.20pm

Signed

Chair

Date

Action points

Item	Action	Responsibility	Timescale	Status
8	Monitoring Report include the best case scenario figure in the report	BP	January 2021	Completed
9	i. Sub-contracting Supply Chain Policy (ESFA Requirement) – provide clarity in policy re period covered and terminology ii. Direct delivery at Rayners Lane Football Club – formalise all arrangements and provide more clarity around Pro-academy	BP	January 2021	Completed
10	Property matters – full costings to be brought to the Committee	BP	March 2021	On March agenda
11	i. Health and Safety Policy ii.Redundancy Policy make corrections/additions as agreed	BP	December 2020	Completed