

Bradford College

**MINUTES OF THE MEETING OF THE FINANCE AND GENERAL PURPOSES COMMITTEE MEETING
HELD: 17.00 hours via Microsoft Teams on Thursday 10 December 2020**

Present	In Attendance
Paul Ashton (Chair)	Chris Malish (Deputy CEO)
Cath Orange	Craig Tupling (Vice Principal Quality & Student Experience)
Neil Ward (Vice Chair)	Jo Wright (Turnaround Director)
Chris Webb (CEO/Accounting Officer)	Sarah Cooper (Director of People Services)
Lendy Ho	Zohayb Mohammed (Director of Finance & Procurement)
	Sarah McKenzie (Clerk to the Corporation)
	Allison McEvoy (Assistant Clerk to the Corporation)

The quorum was two committee members.

L/J Denotes the time a Governor left/joined the meeting. Where the individual was not named in the minutes, a record was held separately and was available on request.

Item		Action
Housekeeping		
1.	Introductions, Apologies and Declarations of Interest	
1.1	The Chair welcomed everyone to the meeting.	
1.2	Apologies were noted for Dawn Leak.	
1.3	There were no declarations of interest.	
2.	Chair's Actions	
2.1	There has been no use of Chair's actions.	
3.	Minutes of the meeting of 15 October 2020 and Matters Arising	
3.1	RESOLVED: The Minutes of 15 October 2020 were approved as an accurate record and can be signed by the Chair.	
3.2	The Committee reviewed the list of matters arising. The Chair noted that all actions were complete and that the Estates Strategy will be finalised when the Training for Bradford Financial Statements have been completed.	
3.3	Noted the BeReady contract and heard that there were 90 enrolled onto the programme.	

Finance 2019-20

<p>4.</p>	<p>Annual Report and Financial Statements/ Audit Management Letters/ Letters of Representation <i>This item was considered jointly with the Audit Committee at the beginning of this meeting</i></p>	
<p>4.1</p>	<p>This item was considered jointly by the Finance & General Purposes Committee and the Audit Committee. Members were advised that there had been some changes to the Draft Annual Report and Financial Statements as issued with the meeting papers, although not material, the changes related to strengthening of the commentary and the updated version was shared on screen with members of both committees.</p>	
<p>4.2</p>	<p>Richard Lewis of RSM gave members a tour of Financial Statements, noting that there were two key elements to consider this year, relate to additional disclosures required by the Office for Students and other items requiring disclosures relating to Covid 19.</p> <p>Key items highlighted by RSM were:</p> <ul style="list-style-type: none"> • The governors report - relating to public benefit and how this has been delivered. • The impact of Covid 19 relating to extra resources required for students throughout the pandemic and the use of the government’s furlough scheme. • The charitable work that the College has been involved with in response to the pandemic. • A £3.4m deficit impacted by restructuring and LGPS costs. • £1m investment in capital assets • The fact that the two subsidiaries will be wound up in 2020-21 • Budget and Cash flow forecasts to 2022-23 have been examined by the Corporation and its conclusion that that the College is a going concern. That RMS agrees with this conclusion. • Post balance sheet events are disclosed relating to the positive outcomes from the FE Commissioners stocktake visit and Ofsted interim inspection. • That the Audit Committee is of the opinion that for 2019-20: <ul style="list-style-type: none"> (a) The Committee has operated effectively and has considered issues in detail; (b) In spite of challenging times, the Committee has fulfilled its Terms of Reference by agreeing a suitable and balanced calendar of business throughout the year, and ensured that all duties and responsibilities are covered; (c)The College’s assurance arrangements; framework of governance; risk management and control; and processes for securing economy, efficiency and effectiveness are adequate and effective and reviewed regularly. Audit Committee members signalled their agreement that this was the conclusion they had reached. • The Audit opinion is – Unqualified. 	

	<ul style="list-style-type: none"> • RMS's conclusion relating to going concern will be that there is material uncertainty. This relates to the breaches of banking covenants. It was acknowledged that the bank had issued waivers in 2019-20 but also that the bank is unable to offer waivers into the future and that if there is a breach without waiver, the bank could call in the debt (£20m). It was noted that there is a good relationship with the bank and the bank has indicated that it has no intention of calling in the debt. • There is a report £22.7m loss for year, including £3.5m relating to Public Benefit activities and £19m relating to the Local Government Pension Scheme, owing to a change in the discount rate due to Covid 19. It was noted that other institutions have also been affected by this to a similar magnitude. • Cash flow has improved over the last year. • Accounting policies, consistent, appropriate and compliant with the ESFAs direction. • Consideration was given to the value of the fixed assets, in the opinion of the auditors the fixed assets appear to be free from material error. 	
4.3	<p>Q. Do we have a plan for dealing with the breaches of the bank covenants?</p> <p>A. Quarterly performance reviews, the outcome is reported to F&GP Committee. The covenant that is being breached is debt as a % of income. The relationship with the bank is good and the communication flow between the college and the bank has enabled for an open, transparent and timely dialogue. content with cashflow etc. Facilities review due in March and the covenant piece will be reviewed and agreed going forward.</p>	
4.4	<p>The F&GP Chair asked the Turnaround Director to comment, it was noted that the College is the process of turnaround, that it is not there yet. That 2020-21 gave some changes but that the College is in a much better position in terms of its resilience. Recruitment for 2021-21 is not where it was planned to be. There needs to be strategic focus on the longer-term outlook to enable the completion of turnaround.</p>	
4.5	<p>RSM explained that they were waiting to receive information from the ESFA to conclude the audit and that whilst the Annual Report and Financial Statements can be approved by the Corporation, they should not be signed by the Chair and Accountable Officer until RSM indicate they are in receipt of the additional information from the ESFA. It was confirmed that electronic signatures can be used.</p>	
4.6	<p>RSM explained that the letters of representation use standard text and theses should be signed at the same time as the Annual Report and Financial Statements.</p>	
4.7	<p>RECOMMENDATION: That the Annual Report and Financial Statements 2019-20 be approved by the Corporation and subject to</p>	

	the receipt of further information from the ESFA to allow the finalisation of the audit, they can be signed by the Chair and Accountable Officer on a date to be determined by the auditors.	
Strategic Plan Implementation		
5.	F&GP Data Dashboard	
5.1	The DCEO provided an overview of the Data Dashboard highlighting that Employer of Choice was in green and advised that the DPS will be providing a verbal update on the Staff Engagement Survey results. There will be some slight adjustments made to update the Finance area now that the Financial Statements have been signed off. There are still breaches on two covenants. The reds and ambers in income to be covered in agenda item 8. IT and Estates are also green. There is an amber risk around IT capital which will be picked up in the DCEO report – agenda item 6.	
5.1	ACTION: Updated 3-year plan to be considered at the next meeting and then regularly at the end of each quarter.	DCEO
Finance 2020-21		
6.	DCEO Report to the Committee	
6.1	The DCEO provided a summary of the report highlighting: <ul style="list-style-type: none"> • Since the last F&GP committee the College has agreed 4 contracts totalling £1.4m, all of which are within budget and the agreed capital plan. • There is also a request for unbudgeted expenditure of £0.1m to address the safety issues around the Lister Chimney by reducing its height significantly. • The College also signed off a letter of support to Inprint & Design as a result of the Covid impact upon their financial performance and cash position, the financial risk as a result of this is minimal. • £0.4m of the agreed spend of £0.8m on IT infrastructure (following the allocation of capital funds from the ESFA) currently poses a risk. This is following a dispute on elements of the IT infrastructure spend and its eligibility. The College is working through this and is proposing the spend proceeds given the time scales and risk to student experience and College operations. • The current College bank loans that are linked to LIBOR (London interbank overnight rate) will change in December 2021 due to LIBOR being abolished. Proposals will come forward early next year and this impacts upon two of the College’s loans totalling £8.3m. 	

6.2	The DCEO confirmed that the chimney is not currently a safety issue but will become an issue if left.	
6.3	APPROVED: The F&GP Committee approved the expenditure for the Lister chimney and the IT infrastructure.	
7.	Management Accounts	
7.1	The Director of Finance and Procurement provided an update on the Management Accounts: <ul style="list-style-type: none"> • Income is adverse to plan by £0.3m predominantly due to apprenticeships, HE fees and SKE income • Staff and operating expenditure remain favourable due to staffing vacancies, timing/profiling issues in operating expenditure plans, which will be closely reviewed in the Q1 forecast proves. • EBIDA stands at £1m • Cash position stands at £16m • We have a strong cash flow position • We have also included a debt report – looking at this from an ethical perspective. 	
7.2	The Chair of Corporation commented on her recent attendance at the Finance PR review and how she had observed that the student experience has been instilled in the team.	
7.3	The Turnaround Director summarised that as part of the RF agreement, in the event that the college out performed, there would be a 3- way split of the excess. The first measure of that takes place at the end of December. the DCEO will prepare a brief report for the ESFA confirming that there is no repayment due back to the ESFA. If it goes over £2m a third would be paid to each the ESFA and the bank and we get to keep a third. If we pay the bank a third it would pay down the debt.	
7.4	Q. If we in the ballpark of £2m can we just pay down our debt instead? A. We would probably have to go through the ESFA around that. We can do what we want up to £2m, it is about performance in year. If we are £1.6m ahead we can use it to pay down debt.	
7.5	The DCEO advised Cash is at £16m, it seems a lot but it is just timing of income and outgoings. The Director of Finance and Procurement advised that the next management accounts are likely to report £11m cash.	
8.	Student Recruitment 20/21	

8.1	<p>The CEO and DCEO presented the report in the absence of the VPDG:</p> <ul style="list-style-type: none"> • 16-18 recruitment has resulted in a reduction of students from 3,402 in 19/20 to 3,025 in 20/21. This will result in an estimated income drop of £2.6m in 21/22 • Adult AEB income is expected to deliver around 90% of the contract. The rules around clawback have not been clarified. The current projected performance would result in a potential clawback of circa. £0.8m. • HE recruitment has resulted in a reduction of students from 1,430 in 19/20 to 1,370 in 20/21. This will result in an estimated income drop from a targeted income of £9.8m to £9.2m accounting for any students that drop out in year • Apprenticeships has performed strongly in the first quarter and has a healthy pipeline and is expected to meet the income target of £2.75m. The risk to achieving the target is still the impact of COVID such as furlough, redundancies and learning breaks. • There is delayed guidance from ESFA on the rules around clawback so it still hasn't been clarified. • Local data for 16-18 is telling us that Schools are 16% up on 16-18 numbers this is the impact of Centre Assessed GCSE grades last summer. 	
8.2	<p>The CEO advised that:</p> <ul style="list-style-type: none"> • there are 2 issues, no detriment policy and no student disadvantaged, these will be applied for 2021 exams so they will retain figures. • HE institutions are already starting to reduce entry grades and unconditional offers. Giving us a more competitive environment. • Schools are likely to jettison those who are struggling with A-levels, this is where Bradford College can step in. • Recruitment for adult level 3 looking to progress to HE has done well as it did last year. • BeReady and Pharmacy is mitigating some of the loss of income. • AEB is now the biggest risk for the College, it is anticipated that protection will be given by the ESFA, but we can't count on that at this stage. 	
8.3	<p>The Turnaround Director commented that a glut of insolvencies is expected from June onwards next year and those business' that are not currently getting their house in order will be directly impacted by this.</p> <p>There is a need to look forward and consider how we can do better next year.</p> <p>The F&GP Chair attended Marketing PR1 – HoD explained felt wasn't joined up as should be.</p> <p>It was noted that fully online enrolment offered a challenge for some potential students. The switch to physical enrolment enabled us to</p>	

8.4	<p>increase number of enrolments. A new Director of Recruitment and Marketing is being recruited.</p> <p>The CEO commented that:</p> <ul style="list-style-type: none"> • there is a need to let the community know that we are a good college and that we will transform lives. There is a need to raise the brand of the college rather than just that of the individual courses. • We need to push the vocational side but in terms of HE it is a longer strategy, there is a need to find our position in the sector, we need to be offering something different to the universities. 	
Resources		
9.	CTS- Update	
9.1	<p>The DPS gave an update on the TUPE of Training for Bradford Limited t/a City Training Services ('CTS'). The College had previously (pre-Covid) presented the auditors with a letter of support for CTS and said that there were plans to TUPE the CTS staff into the College. A proposed plan was discussed at F&GP on 15 October 2020 with the expected earliest date for the proposed TUPE to take place being 1 December 2020. The DPS confirmed that the TUPE process was complete from a staff perspective, with staff having transferred on 1 Dec.</p>	
9.2	<p>Governors welcomed the progress made that has concluded the one College approach and strategically feeds into the College's objective of being an employer of choice</p>	
10.	Staff Survey Results	
10.1	<p>The annual staff survey was carried out in October 2020. High level analysis had been received by the DPS who was able to give a verbal update, the key points being:</p> <ul style="list-style-type: none"> • 85% completion compared with 80% last year • Over all engagement score now above 90% compared with 75% last year • Staff are proud to work for the college and are student focused – this is testament to local line managers and HoDs • The Executive team noted that the accountability model is delivering positive results <p>Governors expressed how pleased they were with the results, to become an employer of choice is a key strategic objective for the College.</p>	
10.2	<p>ACTION: A detailed analysis of the 2020 staff survey will be available to the F&GP Committee at its meeting in January 2021</p>	DPS

<p>11.</p> <p>11.1</p> <p>11.2</p>	<p>HR re-audit</p> <p>The DPS updated the meeting on HR Internal Re-audit:</p> <ul style="list-style-type: none"> • The draft report was only received this week and is rated as 'substantial' • There were originally 11 high recommendations • 8 are now fully complete • 3 are partially complete and the report recognises the workstreams in place to address these. It also recognises the mitigating circumstances relating to the impact of Covid 19 • Work continues of on improving processes within HR • Really positive progress <p>Well done to the DPS and team for their efforts in addressing the issues in the original audit.</p>	
<p>12.</p> <p>12.1</p> <p>12.2</p>	<p>Covid Plan- update</p> <p>Continuing on from the Phase 1 Covid-19 plan that was approved by Governors on 15 June 2020, the College developed a Phase 2 re-opening plan (including control measures and risk assessments) that allowed the reopening of the College from September 2020. This was agreed by the Governors on 3 September 2020 and was for the duration of the Autumn term. The operational delivery of the Covid-19 plans has been led by the Head of Health and Safety who was appointed on 1 September 2020 and the Heads of Departments.</p> <p>Since then, the College has continued to review the Covid-19 rules and guidelines and an updated Phase 3 was planned from January 2020. Due to changes in Government guidance the Phase 3 plan will now be implemented from Monday 7 December through to Friday 18 December 2020 with full delivery from Monday 4 January 2021. The control measures and majority of the content from Phase 2 are included in the Phase 3 plans but changes have been made from learnings from the operational delivery of Phase 2 and to take into account the latest guidance and mandates from Government. This includes the remote delivery of HE and increased face to face delivery with 14-18-year olds.</p>	
<p>Governance and Risk Management</p>		
<p>13.</p> <p>13.1</p> <p>13.2</p>	<p>Strategic Risk Monitoring</p> <p>The Committee reviewed the Strategic Risks for which it is responsible.</p> <p>ACTION:</p> <ul style="list-style-type: none"> • include drop in enrolments. This is part of failure to deliver income. Still to be categorised as amber as the cost base is being managed. • Ongoing industrial action – need to change to 2020-21 	

13.3	<ul style="list-style-type: none"> Remove risk 14 - Failure to maintain an up to date single central record of staff and have current DBS checks in place for all staff, from the register. This now moves into monitoring for which there are agreed procedures in place. <p>RECOMMENDATION: That the proposed changes to the Strategic Risk Register are recommended to the Corporation for approval.</p>	
13.4	The Committee sought assurance from the Clerk that all governors are DBS checked.	
Policies		
14.	HR Policies	
14.1	<p>The DPS provided a report summarising the progress to date on the legacy HR policies in the college. It was noted that the policy review was picked up as an action in the HR audit and that the progress made in this area has satisfied the re-audit.</p> <p>Governors welcomed the update.</p>	
15.	Procurement Policy	
15.1	The Director of Finance and Procurement presented the Procurement Policy to the Committee for consideration, it was noted that the policy was embedded in the Financial Regulations but that as a result of an internal audit, it was recommended that a separate policy was created.	
15.2	RECOMMENDATION: That the Corporation approves the Procurement Policy	
For Information Only		
16.	Subsidiary Company Reports*	
	<ul style="list-style-type: none"> Provided for information 	
Any Other Business		
17.	Items to Report to the Corporation	
	<ul style="list-style-type: none"> Management Accounts – Oct 2020 Student Recruitment 2020/21 Covid plan – update CTS - update Annual Report and Financial Statements – for approval Procurement Policy – for approval 	
18.	Any other business	
	Well done to Chris Malish on his new job, he will be missed.	

19.	Meeting Evaluation To be circulated by the Assistant Clerk	Assistant Clerk
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Approved by the Committee:

P. Ashton

25.01.2021

Signed by the Chair

Date

No	Minute	Item	Action	Who?
1.	5.1	Data dashboard	Updated 3-year plan to be considered at the next meeting and then regularly at the end of each quarter.	DCEO
2.	10.2	Staff survey	A detailed analysis of the 2020 staff survey will be available to the F&GP Committee at its meeting in January 2021	DPS