

**MINUTES OF THE MEETING OF THE FINANCE & GENERAL PURPOSES COMMITTEE
HELD: on 9 December 2021 at 17:00 in 4F07- DHB Boardroom**

Present	In Attendance
Paul Ashton (Chair)	Chris Malish (Vice Principal Finance & Corporate Services)
Neil Ward (Vice Chair)	Craig Tupling (Vice Principal Quality & Student Experience)
Chris Webb (CEO/Accounting Officer)	Asa Gordon (Vice Principal Curriculum)
Lendy Ho	Jo Wright (Turnaround Director)
David Fearnley	Sarah Towan (Director of Student Recruitment)
	Sarah Cooper (Director of People Services)
	Sarah McKenzie (Clerk to the Corporation)
	Allison McEvoy (Assistant Clerk to the Corporation)
Apologies	
Dawn Leak	
Cuthbert Pazvakavambwa	

Item		Action
Finance 2020-21		
1.	Annual Report and Financial Statements/Audit Management Letters/Letters of Representation	
1.2	Richard Lewis of RSM gave members a tour of Financial Statements. Members were advised that there will be 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 will be made available to the Corporation meeting on 16 December.	
1.3	Key items highlighted by RSM were: <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. • Governance and internal control – information relating to the work of the Audit Committee and the assurance they offer the Corporation • Statement of regularity – no matters of non-compliance • Budget and Cash flow forecasts have been examined by the Corporation and its conclusion that that the College is a going concern. RMS agrees with this conclusion. • The audit opinion - In our opinion the financial statements: <ul style="list-style-type: none"> ○ give a true and fair view of the state of the Group's and of the College's affairs as at 31 July 2021 and of the 	

	<p>Group's and the College's deficit of income over expenditure for the year then ended; and</p> <ul style="list-style-type: none"> ○ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice. <ul style="list-style-type: none"> ● The audit opinion is unqualified ● Highlighting of a material uncertainty related to going concern arising from the forecasted bank covenant breaches. The Auditors opinion is not modified in respect of this matter. ● A surplus of £16.2m is reported with main trading of teaching and learning reporting a loss. ● Reported year end reserves are £10.8m ● FE Capital grant of £1.5m does not go onto the balance sheet because of the performance model of accounting policy adopted by the College. ● The transfer of buildings and funds from the subsidiaries can be seen in the accounts. ● Regularity opinion is unqualified and unmodified. 	
1.4	The Chair reflected on the auditor's opinion and ensured that members understood the position. He also reflected on the auditor's comments relating to the position with the bank and positive relationship with the bank.	
1.5	<p>Q. Does the cash position cause any perverse problems?</p> <p>A. No, there is sufficient headroom for the College to continue to manages the finances well.</p>	
1.6	Governors sought advice and confirmation from RSM on the importance of the data collected within the Individual Learner Record (ILR), noting that inaccuracies could impact on funding.	
1.7	RSM gave an overview of the draft Audit findings report, which included a list of outstanding issues, these were reported as nearly resolved and the Audit findings report will be updated accordingly prior to the Corporation meeting on 16 December.	
1.8	The draft letters of representation were reviewed by the Committee.	
1.9	RECOMMENDATION: That the Annual Report and Financial Statements 2021-22 be approved by the Corporation for signing by the Chair and Accounting Officer.	
Housekeeping		
2.	Introductions, Apologies for Absence and Disclosures of Interest	

2.1	The Chair welcomed all to the meeting and introduced Sarah Towan-Director of Student Recruitment.	
2.2	Apologies were noted for Dawn Leak and Cuthbert Pazvakavambwa.	
2.3	There were no declarations of interest.	
3.	Chair's action	
3.1	There had been no use of Chair's actions since the last meeting.	
4.	Minutes of the meeting of 14 October 2021	
4.1	RESOLVED: The minutes of 14 October 2021 were approved to be signed by the Chair as an accurate record of the meeting.	
5.	Matters Arising	
5.1	The Matters Arising Report was reviewed.	
Strategic plan Implementation		
6.	F&GP Data dashboard	
6.1	<p>The VPF&CS presented the F&GP Data Dashboard.</p> <ul style="list-style-type: none"> • Absence has increased and was 5% in October. This has been driven by the return to onsite working and the removal of Covid bubbles and control measures. • There is a potential bank covenant breach going forward as borrowing as a % of Income has been impacted due to the building disposal proceeds of £1.4m being delayed. • The HE enrolments are below target and this is has impacted on income. • AEB is positive and forecast to be ahead until the end of the year. • Whilst the profile of income on Apprenticeships coming in has been lower than budget, this has caught up in November as delays between recruitment and payments have closed, early indications are this will be ahead of budget. • Total income is primarily behind as a result of lower HE income, timing of apprenticeships income and other income areas. 	
6.2	It was noted that HE income continues to be an issue and that the Q&S Committee have agreed that they are going to perform a deep dive to assess the situation.	
6.3	ACTION: to consider how F&GP member can support the HE deep dive.	Clerk

Finance 2021-22	
7.	Management Accounts (October 2021)
7.1	<p>Members considered the period 3 management accounts to 31 October 2021 noting that:</p> <ul style="list-style-type: none"> • The College is £0.3m adverse EBITDA against budget, following an in-month £0.6m adverse movement. This is primarily due to adverse non-pay costs of £0.2m due to exam costs charged ahead of plan, restructuring costs of £0.1m from staff departures when no costs were planned until July 2022, and a shortfall in income of £0.3m due to lower apprenticeship income to date and deferral of pharmacy fees that relate to future periods, all partially offset by savings from staff costs due to vacant posts. • YTD EBITDA as a percentage of Income has therefore yielded an adverse 2.7 percentage point variance against plan; however, the college is currently on target to achieve its plan of 6.4% EBITDA % Income • YTD staff costs (including restructuring) is 64%, which is as per plan due to lower costs being offset by lower income. The College is currently on target in achieving its plan of 64.3% • Current cash balance of £11.6m is higher than budgeted cash flow of £11.0m for 2021/22, which assumed a loan repayment of £2m in July 2021 that did not occur. • Bank Covenants for October show no breaches, as per Plan. • Breaches are forecast for January, April and July 2022.
7.2	<p>Q. Are there any potential risks to the sale of the old building? A. The Section 106 agreement has now been signed off by all parties. We now enter into a 7-week window with Bradford Council for any objections to be raised. Due to the delays it is likely that we will do another proof of funds check.</p>
7.3	<p>Q. Do we have waivers in place to for the forecast covenant breaches? A. we are in discussions with the bank to obtain these.</p>
7.4	<p>The Committee noted that the bank covenant reset exercise will take place in March 2022 and this coupled with the long-awaited building sale should put the College in a better position in relation to breaches and waivers. The VPF&CS commented that the cash position is stronger than ever envisaged.</p>
8.	ESFA Finance dashboard

<p>8.1</p>	<p>The VPF&CS highlighted the following key points:</p> <ul style="list-style-type: none"> • Annually the ESFA provides a dashboard on the high-level view of the College’s financial performance. This is to aid governors in their role of overseeing the financial performance, ensuring financial sustainability and solvency. • Since the academic year 2017/18 the College’s financial health has gone from inadequate to good and is forecast to remain as good over the forecast period to the academic year 2022/23. • The College’s ability to forecast has improved with the outputs for 2018/19, and 2019/20 being ahead of the prior years forecast, where as previously the financial health had been lower than forecast. • It provides information on the key elements of financial health score and how the College compares with the sector and FEC benchmarks, with the College performing well in terms of benchmarks on solvency and profitability. However, in terms of borrowing the College has more than the FEC benchmark and as a standalone measure would be seen as requires improvement. However, this single measure is forecast to move to good by 2022/23 as the College makes capital repayments against the debt and uses the proceeds of building sales to reduce the debt further. 	
<p>8.2</p>	<p>It was reported that a meeting had taken place between the College, the PMO and the ESFA and paying down the debt was discussed, all but the PMO agreed to paying down the debt. A case is being prepared for consideration in January 2022.</p>	
<p>9.</p>	<p>Student Recruitment</p>	
<p>9.1</p>	<p>The DSR provided an update on student recruitment and explained some of the things the College focusing on in relation to driving up student recruitment:</p> <ul style="list-style-type: none"> • 16-18 recruitment has resulted in an increase in students from 3,092 in 20/21 to 3,350 in 21/22. This will result in an estimated potential in year income rise of £1.5m and would increase the 22/23 contract. • Adult AEB income is expected to deliver above the contract. However, Skills Guarantee is still a challenge and is expected to deliver around 65% of the allocation. • HE recruitment has resulted in a further reduction of students from 1,370 in 20/21 to 1,090 in 21/22. This will result in an estimated income drop from a targeted income of £9.2m to £7.7m. • Apprenticeships has performed strongly in the first quarter, though there has been a delay on income coming through, plus 	

	<p>there is healthy pipeline and is expected to exceed the income target of £4.15m.</p> <ul style="list-style-type: none"> • There are efforts that the college is making now and ideas that are in the 3- year plan such as: <ul style="list-style-type: none"> ▪ Trying to achieve a personalised HE experience ▪ Being market ready ▪ Working collaboratively with Bradford University ▪ Looking at continuation to prevent students dropping out ▪ Employing progression officers ▪ Forensically looking at recruitment strategies ▪ Looking at customer journey and the customer service aspect ▪ Work on communication and language, so we can better connect and resonate with potential applicants. 	
9.2	<p>Q. How much does social media contribute to this? A. Social media is just one small part, it isn't just about posting on social media sites. But development and analytics of Social media are a part of the strategy, as well as digital marketing, data packaging and branding.</p>	
9.3	<p>Governors were encouraged and reassured by the efforts that were being made in the area of student recruitment.</p>	
9.4	<p>The CEO commented that the HE area is the College's biggest adaptive challenge. Governors understood that it was an area of issue from an income perspective. It was suggested that the HE strategy be explored further at the Strategic Planning Event in January 2022.</p>	
Resources		
10.	People Strategy Update	
10.1	<p>The DPS provided an update on People Strategy:</p> <ul style="list-style-type: none"> • Permanent recruitment for both the Head of HR Services in People Services and the Head of Talent and Learning role has taken place and two internal candidates have been successful in securing promotion to the roles. • The recent Ofsted inspection reported that safeguarding was effective. The Lead Inspector did a thorough check of recruitment documentation, the Single Central Record and staff CPD and training records including all mandatory training. • The governor request for mandatory 3-year DBS rechecks for all staff as best practice, is now business as usual activity. • In October absence increased to 5%, with an increase in coughs, colds and Covid-19 related absence. There was also an increase in 	

10.2	<p>long term sickness cases which is being managed on a case by case basis.</p> <ul style="list-style-type: none"> • The HR Advisors have absence management as a priority and are working with the line managers to ensure that absence is managed appropriately and occupational health referrals are made in a timely manner. • There has been a rise in number in personal and health related issues which have emerged as a result of the pandemic. HR have been working together with the UCU to resolve some of the more difficult cases to help support people to return to work. • The Staff Development Day was held on 22 October 2021, with a Health and Well-being theme as it was the first physical event for two years. • There have been regular meetings with the trade unions with scheduled JCC and Health and Safety Committee meetings plus some additional SIG meetings, particularly around Learning and Teaching and policies. • The College is moving away from i-Trent and moving to a newer and more intuitive HR and Payroll system, provided by Access which will be known as myHR. Phase 1 will consist of Employee Self Service (ESS) and Manager Self Service (MSS) with basic functionality (personal details, payslips, holidays). • In relation to the updates to HR policies, an action from the internal audit. An agreement has been reached with the union chairs who have committed to working with us to move these through the approval process. Including a review of the recognition agreement. <p>Q. What is an AWAM?</p> <p>A. That is part of the terms and conditions of a lecturer and stands for Academic Workload Allocation Model. It is used to measure how their time is utilised.</p>	
11.	<p>Estates Strategy Update</p> <p>11.1 The VPF&CS summarised the plans to consolidate the estate with the focus on bringing about a consistent student experience. The Committee was informed that the College had been recently notified that the Capital Transformation Bid outcomes will be delayed until March 2022. No information had been received about the deadline to use funds should the College be successful in securing funding.</p> <p>11.2 The Committee were also notified that the Section 106 agreement relating to the sale of the Old Building had been signed by all parties and that it was anticipated that the sale will take place sometime in March 2022.</p>	

11.3	<p>Q. How much does the estates strategy inform the curriculum and vice versa?</p> <p>A. Very much so, the estates strategy is led by the need to accommodate developments in the curriculum and focused providing the best possible student experience.</p> <p>The CEO noted that now that the College is out of intervention and that it is rated a 'Good' College by Ofsted, this will open up new possibilities to new funding streams.</p>	
Policies and Statements		
12.	Modern Slavery Act Statement	
12.1	The College is required to publish a Modern Slavery Statement on an annual basis. The VPF&CS presented the statement for 2020-21 noting the activity that the College had undertaken to assure itself that modern slavery was evident in the supply chain.	
12.2	<p>Q. Is there a staff element to this?</p> <p>A. Yes, relating to the terms and conditions of staff. Ensuring that we protect our staff and this all feeds into the strategic aim of being an Employer of Choice.</p>	
12.3	RECOMMENDATION: That the Modern Slavery Act Statement 2020-21 is recommended to the Corporation for approval and then publication on the College website.	
Governance and Risk		
13.	Strategic Risk Monitoring	
13.1	The Committee reviewed the comments and updates provided against the risks for which the Committee has oversight and agreed that the scoring on SR1 be revised which would move the RAG rating from Red to Amber.	
13.2	No other changes were identified.	
13.3	RECOMMENDATION: That the net likelihood score for SR1 (Inability to maintain financial sustainability) is reduced from 4 to 3, resulting in an Amber rating.	
14.	Items for report to the Corporation	
14.1	<ul style="list-style-type: none"> • Minutes of meeting – 9 December 2021 – for information • Annual Report and Financial Statements (presented by RSM) – for decision • Modern Slavery Act Statement – for decision • Student recruitment – for information 	

	• Financial Forecast & Pay award – for decision	
Any other business		
15.	Any other business	
15.1	(See confidential annex)	
15.2	The Committee thanked Paul Ashton for his service to the Committee as this was his last meeting before stepping down as governor later in December. Neil Ward will take over the role of Chair of the Committee.	
15.3	The Chair closed the meeting at 19.16	
16.	Meeting Evaluation	Assistant Clerk
16.1	To be circulated by the Assistant Clerk.	

Approved by the Committee:

N. Ward
Signed by the Chair

21.01.2022
Date

Agreed actions

No	Minute	Action	Who?
1	6.3	to consider how F&GP member can support the HE deep dive.	Clerk