Bradford College

MINUTES OF THE MEETING OF THE FINANCE AND GENERAL PURPOSES COMMITTEE MEETING
HELD: 17.00 hours via Microsoft Teams on Thursday 8 July 2021

Present	**In Attendance**
Neil Ward (Vice Chair)	Mark Day (Deputy CEO)
Cath Orange	Craig Tupling (Vice Principal Quality & Student Experience)
Chris Webb (CEO/Accounting Officer)	Dawn Leak (Vice Principal Development & External Relations)
Lendy Ho	Asa Gordon (Vice Principal Curriculum)
Cuthbert Pazvakavambwa	Jo Wright (Turnaround Director)
	Sarah Cooper (Director of People Services)
	Sarah McKenzie (Clerk to the Corporation)
	Allison McEvoy (Assistant Clerk to the Corporation)

The quorum was three committee members.

L/J *Denotes the time a Governor left/joined the meeting.*

Item		**Action**
Housekeeping		
1.	**Introductions, Apologies and Declarations of Interest**	
1.1	The Clerk opened the meeting and informed members that Neil Ward (Vice Chair of F&GP) would Chair the meeting.	
1.2	Apologies were noted for Paul Ashton and Zohayb Mohammed.	
1.3	There were no declarations of interest.	
2.	**Chair's Actions**	
2.1	The Chair noted that there had been use of Chair's actions since the last meeting and that this was to be discussed at item 5, DCEO report.	
3.	**Minutes of the meeting of 13 May 2021 and Matters Arising**	
3.1	**RESOLVED**: The minutes of 13 May 2021 are approved to be signed by the Chair as a correct record of the meeting.	
3.2	The Matters Arising Report was reviewed and it was noted that all scheduled actions were complete.	
Strategic Plan Implementation		
4.	**F&GP Data Dashboard**	

4.1 4.2	The DCEO presented the F&GP Data Dashboard and noted that what was being reflected at Q3 is a continuation of the stable position that governors have seen throughout the year. The Committee noted the report.	
Finance		
5. 5.1 5.2 5.3 5.4 5.5 5.6 5.7	**DCEO report to the committee** DCEO presented a summary report signposting important items on the agenda and also updating the Committee on: • Excess Cash Flow (Cash Sweep) Calculations 2019/20: After much debate it has been possible to agree the calculations for 2019/20 which identifies £376,000 of excess cash. Although a figure has been arrived at, negotiations continue with the ESFA regarding the use of such funds and whether, by agreement, they can instead be retained for the direct benefit of the College. • Excess Cash Flow (Cash Sweep) Calculations 2020/21: Having agreed the basis of calculation with the ESFA it is now possible to forecast the potential cash sweep for 2020/21 and it could be a significant figure of £1.5m which serves to emphasise the importance of negotiating a settlement to retain some or all of these funds in the College. The timetable for agreeing the current year's excess cash flow and how it is managed is 31 December 2021 • Post 16 Capacity Fund – due to tight timescales, Chairs action was sought and granted for the submission of a bid. The bid is for £1,158,612 with a 10% match funding requirement of £115,861 to be spent between October 2021 and August 2022. • ProElite Partnership – to comply with the financial regulations for new business over £100k, Chairs action was sought and granted due to the need to act quickly to demonstrate commitment to this partner, and to ensure the opportunity was not lost to a competitor organisation. The potential income of this partnership per year is £305,000, set against costs of £231,000, therefore generating a surplus of £73,000 with a contribution rate of 25%. • Non-Consolidated Pay Award – upon final checks before payment it was discovered that payments be superannuable meaning an employer contribution was necessary. Under Chairs action an additional £8k was added to the cost envelope taking it to £533,000. **RESOLVED: T**he Committee agreed to the 2019/20 'cash sweep' calculation and noted that 1/3 would be repaid to the ESFA in the	

	current year; and a further 1/3rd would be settled with the Bank (loan reduction).	
5.8	**Treasury Management** The DCEO then spoke about more recent developments around the treasury management. The bank had indicated that they would be happy for the College to settle £2m of loans early. A formal request had been taken to the ESFA to increase capital limits for this year and next and to agreed to the early repayment of the loan. The ESFA had responded, they agreed to the increase on the capital for the current year but they have asked the College to rethink again about repaying so much of the loan, so quickly. The DCEO explained that the ESFA had looked at the forecast submitted which includes the potential sale Old Building in the next few months and therefore £1.4m going back to the bank. They had also indicated that at the same time, the College had bid for capital funding requiring match funding.	
5.9	**Q. How does this impact on some of the KPIs and financial health score?** A. Without the repayment of the loan the reported position for this year remains but we do need to do some extra modelling for future years.	
5.10	The Turnaround Director added that the communication received from the ESFA was well thought out, prudent and constructive. The Committee were reminded that the College does need the ESFA's agreement for any debt reduction.	
5.11	**Q. What is the impact on the covenant breach relating to debt to income if we don`t pay the debt down?** A. In the current year if we make the cash sweep payment to the bank then we are in the position to comply with the banking covenants this year. We are working though some modelling to work out what proportion of the loan would we need to pay down to comply with the banking covenants next year. At the moment this is looking like somewhere in the region of £400 – 500k. *J -CO*	
5.12	The Committee considered the timing of the decision needing to be taken. The DCEO and Turnaround Director were scheduled to meet with the bank before the Corporation meeting on 15 July and therefore it was proposed that further work be carried out to determine the level or repayment and subsequent impact. A	

 5.13 5.14 5.15	decision on the repayment of the loan would be discussed at the Corporation meeting. The Committee agreed a repayment of up to £2m but with the actual amount being the subject of a recommendation to Corporation to be provided by the DCEO in a supplementary paper. **ACTION:** DCEO to prepare an updated paper relating the repayment of the loan for the Corporation meeting on 15 July. The Committee noted the DCEO report and its contents.	 **DCEO**
6. 6.1 6.2 6.3	**Student Recruitment (2021-22)** The VPD&ER provided an update on Student Recruitment: • 16-18 continues to show positive growth in year on year applications (up 49% year on year) with all but 71 students being new applications • 16-18 Progression students are currently at 964 out of an a target of 1281. 124 have reapplied through the application route and we are following up on the 200 who have not progressed. • Adult AEB income continues to be complex in 2021/22 as the funding lines are split across a number of funding sources (ESFA, WYCA and national funding). However, applications are 16% up year on year and the main recruitment period starts on the 12th July. Funding arrangements have become very complex in this area. • HE recruitment is also progressing well in comparison to last year; applications are up 11% year on year. • Apprenticeships continues to perform and is expected to grow in 21/22 by £800k (230 learners) this will be seen in the Q1/Q2 performance figures • A successful open day had taken place, with over 600 attendees and over 300 applications received on the day. • There has been a significant increase in marketing **Q. with extras students will we be ok funding them under the lagged funding arrangements.** A. Yes, we are working closely as an Exec team to reflect the anticipated position in the figures in the three-year budget. The reason why there is an increase in staff costs is because it relates to the anticipated increase in the student numbers. The income is lagged. The Committee noted the report and the associated risk to income.	
7. 7.1	**Management Accounts May (2021) and Q3 Forecast** The DCEO presented a report written by the Director of Finance, the key points being:	

	• The Q3 forecast outturn 2020/21 shows a deficit of £0.2m
	• The Q3 forecast year-end cash balance is £8.9m, unchanged from the £8.9m forecast at Q2 and slightly higher than the £8.7m plan
	• The Q3 forecast for 2020/21 shows an improved financial health rating of 'Good' as a result of an improved EBITDA as a proportion of income from Q2. Subject to the ongoing Business Planning process, the rating should be maintained as 'Good' in 2021/22 and beyond.
	• There are forecast breached in two of the covenants:
	  o Gross Debt: Income – possibly mitigated by the repayment of the £2m loan in question
	  o projected cashflow cover - predominantly relate to the change in timing of Student Finance England loan receipts	

7.2	The CEO commented on the communication received from the ESFA about the reduction in the loan and noted that any funds not used to repay the loan would probably be requested in matched funding from the ESFA against the bids that the College had submitted.	
7.3	The DCEO noted the benefits of paying down the loan were to improve borrowing ratios and reduce interest paid. The DCEO thought that by asking for so many things at one time, the ESFA were looking to negotiate with College.	
7.4	The Turnaround Director reminded the Committee that part of the RF agreement, a key milestone was to repay £2m by March 2021. It was anticipated that this would be funded from the sale of college buildings but this had not gone to plan. The sale of Old Building was said to be imminent, without the sale the quantum of funds being repaid would be much less and the debate about the repayment likely to be not had.	
7.5	The Committee noted the position reported in the May Management Accounts and Q3 Forecast.	
8.	**Write off of debt**	
8.1	**a) Student Fees** The DCEO presented a paper seeking Committee approval in line with the Financial Regulations for the write of £178,068.12 of outstanding student tuition fees relating to 2017. It was noted that the amount related to 152 individual students and represented circa 1.4% of total billed fee income for the year in question.	
8.2	**RESOLVED:** The Committee approved that the outstanding tuition fee balances, from 2017 are written off totalling £178,068.12.	
8.3	**b) Hardship Loans**	

          8.4	The DCEO presented a paper seeking Committee approval in line with the Financial Regulations for the write of £35,886.10 worth of outstanding balances in respect of hardship loans granted to students. It was noted that the majority of these balances related to the academic years 2017/18 and 2018/19 and that the College's external partners will to continue to pursue balances where repayment by token instalment is already being made. In the event of further recoveries, these amounts would be classed as 'unexpected dividends' and offset against the cost of any write offs. **RESOLVED:** The Committee approved that the outstanding hardship balances described and totalling £35,886.10 are written off.	
9. 9.1 9.2 9.3 9.4	**ESFA College finance assessment letter and governors' dashboards** A copy of the ESFA College finance assessment letter and governors' dashboards dated 13 May included with the papers circulated for the meeting. It confirmed that the ESFA had given the College a financial rating of Good for 2019/20 (the outturn year), and predicted a Requires Improvement for 2020/21 (the current budget year). The DCEO highlighted that the Q3 forecast outturn for 2020/21 suggests that a rating of 'Good' will be achieved. The CEO explained that the College needs at least 2 years of ESFA Health score of Good to set the ball rolling for being taken out of Formal Intervention. Members noted the letter that would be shared with the Corporation for information.	
10. 10.1	**Treasury Management update** **LIBOR Transition** The DCEO explained that on 31 December 2021, the LIBOR rate commonly used across the banking sector ceases to be, per announcement by the Financial Conduct Authority Act in March 2021. The College has loan facilities with Lloyds Bank Plc where Libor is relevant, and as such these loans need to transition to an alternative rate. The total facilities provided are £20m; the affected element is £8.3m which is currently subject to interest at 2.0% above LIBOR. The remaining £11.7m is unaffected as this is subject to a fixed rate. The DCEO clarified that the £8.3m represents: • £2m due for repayment by 31 March 2023 • £6.3m due for repayment by March 2034	

10.2 10.3 10.4	The Bank had provided the College with a Transition Proposal and legal advice was sought. The Bank's Transition Proposal to switch on 1 January 2022 to Bank Rate is preferred to the option, primarily driven by: • greater predictability • simplicity • ability to forecast more accurately; and • a lack of evidence to suggest that the Alternative would benefit the College It was noted that Secretary of State approval is required for the transition. **RECOMMENDATION:** That the Corporation approves the Transition from LIBOR to Bank Rate. **Settling £2.0m of Bank Loan in 2020/21** The Committee noted the paper submitted in relation to using cash balances to reduce indebtedness and interest charges and referred to the earlier discussion and related action under item 5 of the agenda.	
11. 11.1 11.2 11.3	**2020-24 Sustainability Strategic Action Plan** The DCEO presented the updated Sustainability Strategic Action Plan: • Deliver the College Budget and Strategic Financial Plan, we will continue to measure our self against the key metrics. • The capital programme has been brought into the financial measures with internally generated capital and external funds we bid for. • Deliver on planned income • Improve management information systems & processes, this area will continue to meet the deadlines imperative to this area. • Ensure a stable college IT platform & relevant fit for purpose IT infrastructure. We want to continue the good work in this area. • Ensure a relevant fit for purpose estate. We will look at areas of development, preparation for delivery of some of the big capital projects we have coming up. The Committee commented that the plan was clear and were happy to recommend it to the Corporation for approval. **RECOMMENDATION:** That the Corporation approves the Sustainability Strategic Action Plan	
12.	**3-year financial plan including:** • **budget for 2021/22**	

	• **capital plan for 2021/22** • **College Financial Forecasting return (CFFR)**	
12.1	**Q. will the plan need to change in response to earlier discussions about paying down the £2m loan?** A. the fundamentals of the plan will not change, this is due to the robust business planning process in place at the College, that drives the numbers.	
12.2	The Turnaround Director reflected on the last meeting with the bank and spoke about an action the College has taken to share further information with the bank around pay strategy. This was following a discussion with the bank around the recent non-consolidated pay award and their perception that could be out of kilter with the FE and wider public sector. The capital expenditure increase had informal approval from the bank but now that the ESFA has agreed, this will need formal approval from the bank.	
12.3	The Committee sought assurance that the plans had been developed with full input from the rest of the Exec team and that any impact to the student experience had explored and resolved prior to the budget being presented to the Committee.	
12.4	The Committee were reminded that the cash sweep is part of a legally binding agreement and needs to be considered and factored in for future years. The CEO reflected on discussions at the Governor Strategic Planning Event in January where governors expressed a preference for stability within the staffing whilst there is a lagged dip in the 16-18 income. The plan included savings to be made on non-pay and keep the EBITDA down in the short term. The CEO explained that the student experience will be positively impacted by sustained staffing to allow for lower class sizes etc and therefore a better student experience.	
12.5	Governors expressed their disappointment with the terms of the cash sweep and the perverse incentives that it could drive as it could be seen that the College is being punished for over performing. The CEO and DCEO both noted that the cash sweep is a contractual commitment but that discussions need to continue with the ESFA about the terms of the cash sweep beyond 2019-20. Governors congratulated the DCEO on the clarity of his report and the balance achieved between the finances and the student experience.	
12.6	**RECOMMENDATION:** That the three-year plan which is forecast to produce a financial rating of 'good' in each of the three years is recommended to the Corporation for approval.	

12.7 12.8 12.9 12.10 12.11	**RECOMMENDATION:** That the budget for 2021/22 with a planned deficit of £373,000 is recommended to the Corporation for approval. The College Financial Forecasting return (CFFR) was included in the papers for the meeting and the DCEO explained that whilst it is a complex model that Colleges have to complete, there is a need to submit it with Corporation approval. Assurance was given that it will be submitted to the ESFA with the plan agreed by the Corporation. **RECOMMENDATION:** That the College Financial Forecasting return (CFFR) is recommended to the Corporation for approval. The Committee reviewed the capital plan for 2021/22, noting the increase cap requested of the bank and agreed with the ESFA. Governors were happy to see a plan that supports improved ICT infrastructure and other critical needs that have arisen through business planning, all of which seek to improve the student experience through ensuring that delivery of provision only occurs within suitable teaching space and with the right equipment. **RECOMMENDATION:** That the capital plan for 2021/22 totalling £1.9m recommended to the Corporation for approval.	
Resources		
13. 13.1 13.2	**Estates strategy update** The DCEO presented the Estates strategy update. It was noted that the outcome from the Transformation Fund Bid, originally anticipated in May, had been delayed due to the fund being over oversubscribed. The DCEO noted that if the outcome results in reduced (or no) funds being provided to the College there will be a need to reprioritise works and review the College capital programme. The Committee noted the report.	
14. 14.1 14.2 14.3	**People strategy update** The DPS provided the People strategy update. It was noted that improvements continue to be made following the HR audit in April 2020 and subsequent re-audit in November 2020 where progress was recognised. The DPS noted a recent safeguarding audit had also demonstrated the improvements made in to the safer recruitment processes and management of the Single Central Record. The report included a copy of the May 2021 HR monthly report which showed clear evidence of the distance travelled against the key objectives of the strategy. It was noted that the updated HR policies, including those already approved by the SLT, needed to go to consultation with the JCC and	

  14.4	that the College is looking to recruit permanently to the Head of HR Services. The Committee noted the progress made and congratulated the DPS and wider team for the successes.	
15. 15.1 15.2 15.3 15.4	**Organisational Changes** The DPS presented a paper, highlighting that following three rounds of Business Planning, some restructuring needs to take place, but this is kept this to a minimum (less than 20 roles proposed as redundant) and that new roles and vacancies are available. An enhanced scheme is proposed for voluntary redundancy only. For eligible employees, the proposed voluntary redundancy terms for this restructure will be enhanced as per the payments in 2019 and 2020. This means any voluntary redundancy payment will be the higher of either: • Statutory Entitlement plus 25%, or • Weekly Pay capped at £767 (£40,000 per annum) multiplied by the total number of weeks entitlement (not capped at 20 weeks). Pay in lieu of notice (PILON) payments will be made and the redundancy payments will be made in the August payroll. In line with the Financial Regulations, the Committee is asked to agree and recommend the terms of the redundancy scheme to the Corporation. **Q. Is there an anticipated uptake on the VR offer.** A. we have had 4 requests so far. The rest we have looking to redeploy across the organisation. **RECOMMENDATION:** that the described enhanced redundancy scheme is approved by the Corporation.	
16. 16.1	**2020-24 Employer of Choice Strategic Action Plan** The DPS explained that: • the key objectives of the plan continue and that the plan includes actions that will support all aspects of the employee life cycle. • It is essential that we continue to improve the staff experience at the college to support the 'employer of choice' strategic priority. Ensuring engagement is at the heart of everything we do. • CPD and learning and development is further improved to support the delivery of an outstanding student experience. Particularly to include for digital development.	

16.2 16.3	• We embrace equality, diversity and inclusivity and ensure that there are no barriers to employment, development or promotion at the college. The Committee sought assurance that the plan had been worked through with the wider Exec team to align the direction of travel. **RECOMMENATION:** That the Corporation approves the Employer of Choice Strategic Action Plan.	
Governance and Risk Management		
17. 17.1	**Strategic Risk Monitoring** The Committee reviewed the Strategic Risks for which it has oversight. The written updates were noted but no changes were identified.	
18. 18.1 18.2 18.3	**Committee self- assessment and Terms of Reference** The Clerk advised that the current Terms of Reference had been reviewed and that the suggested update includes for the responsibilities relating to the Students' Union, as set out the SU Constitution and By Laws. A checklist showing compliance against the current Terms of Reference was shared with the Committee, there were a small number of actions noted for inclusion in the work of the Committee in 2021-22: • HR policies requiring update and approval – a recommendation from the HR internal audit. • Appointment of a new Committee Chair – December 2021 **RECOMMENDATION:** The updated Finance and General Purposes Committee Terms of Reference are recommended to the Corporation for approval and that the Committee's effectiveness is reported to the Corporation for information and assurance.	
19. 19.1 19.2	**2021-22 Schedule of business** The Committee reviewed the Schedule of business which covered each meeting for the coming academic year. **RESOLVED:** The Schedule of Business for 2021-22 was approved.	
Policies		
20.	**HE Fees Policy 2021/22** *(Items 20, 21 and 22 were discussed after item 6 and then the VPD&ER left the meeting)*	

20.1 20.2 20.3	The HE Fees Policy 2021/22 had previously been approved in July 2020. Since there have been a number of legislative/process changes requiring amendments to the policy to reflect • Changes to EU, Other EEA and Swiss nationals' withdrawals agreements from 1st August 2021 • A Change to payment methods for students paying fees directly rather than by student loan The VPD&ER explained that the changes are minimal and do not materially affect the fees charged. **RECOMMENDATION:** That the amended HE Fees Policy 2021/22 is recommended to the Corporation for approval.	
21. 21.1 21.2	**Supply Chain Policy** The Supply Chain Policy had been subject to annual review and governors' responsibilities are now included in relation to subcontracted provision. **RECOMMENDATION:** That the Supply Chain Policy is recommended to the Corporation for approval.	
22. 22.1 22.2	**Critical Incident Policy** The Critical Incident Policy had been renewed and refreshed following learning from the pandemic, a task force would be brought together to lead on the response, referring to other related policies as appropriate. **RECOMMENDATION:** That the Critical Incident Policy is recommended to the Corporation for approval.	
23. 23.1	**Financial Regulations** The Financial Regulations had been updated to include for: • Removal of references to the EU and EU procurement regulations (replaced by UK equivalents) • Removal of withholding of degree certificates for students in debt, this is not permissible under current guidelines • Change of wording on capitalisation due to component accounting rules • Severance authorisations and limits changed to be in line with college governance. • Updated references to linked guidance • Changes to job titles	

23.2	**RECOMMENDATION:** That the Financial Regulations are recommended to the Corporation for approval.	
24. 24.1 24.2	**Local Government Pension Scheme Employer Discretions Policy** The DCEO described the requirement placed on the College as a member for a local government pension scheme to publish a policy on employer discretions. **RECOMMENDATION:** That the Local Government Pension Scheme Employer Discretions Policy is approved by the Corporation.	
For Information Only		
25.	**Subsidiary Company Reports *** None	
26. 26.1	**Internal audit reports*** The flowing internal audit reports were shared with the Committee: a. Staff Utilisation b. Business plan monitoring c. Estates strategy d. Key Financial Controls	
Any Other Business		
27. 27.1	**Items to Report to the Corporation** **For Approval**: b) Strategic Plan – Sustainable College c) Treasury Management d) 3-year financial plan including: • budget for 2021/22 • capital plan for 2021/22 •College Financial Forecasting Return (CFFR) e) Organisational Changes f) Strategic Plan - Employer of Choice g) Committee Terms of Reference h) HE Fees Policy 2021/22 - updated i) Supply Chain Policy j) Critical Incident Policy k) Financial Regulations l) Local Government Pension Scheme Employer Discretions Policy **For monitoring:** m) Student Recruitment 2021-22 n) Management Accounts (May 2021) and Q3 Forecast	

	o) ESFA College finance assessment letter and governors' dashboards	
28. 28.1 28.2 28.3	**Any other business** There was no other business. The Clerk thanked Neil Ward for stepping in to Chair the meeting in the absence of the Chair. The Chair closed the meeting at 19.25.	
29. 29.1	**Meeting Evaluation** To be circulated by the Assistant Clerk.	**Assistant Clerk**

Approved by the Committee: P. Ashton 18.10.2021

Signed by the Chair Date

No	Minute	Item	Action	Who?
1.	5.14	DCEO report to the committee	DCEO to prepare an updated paper relating the repayment of the loan for the Corporation meeting on 15 July.	DCEO
2.	29.1	Meeting Evaluation	To be circulated.	Assistant Clerk