

**MINUTES OF THE MEETING OF THE FINANCE & GENERAL PURPOSES COMMITTEE  
HELD: on 17 March 2022 at 17:00 in Room 4, Unit 6, Bowling Back Lane.**

<b>Present</b>	<b>In Attendance</b>
Neil Ward (Chair)	Chris Malish (Vice Principal Finance & Corporate Services)
Cuthbert Pazvakavambwa (Vice Chair)	Asa Gordon (Vice Principal Curriculum)
Chris Webb (CEO/Accounting Officer)	Jo Wright (Turnaround Director)
Lendy Ho	Craig Tupling (Vice Principal Quality & Student Experience)
David Fearnley	Sarah Towan (Director Student Recruitment & External Affairs)
	Sarah Cooper (Director of People Services)
	Alina Khan (Vice Principal Equality, Diversity & Inclusion)
	Sarah McKenzie (Clerk to the Corporation)
	Allison McEvoy (Assistant Clerk to the Corporation)

<b>Item</b>		<b>Action</b>
<b>1.</b>	<b>Introductions, Apologies for Absence and Disclosures of Interest</b>	
1.1	The Chair welcomed everyone to the meeting.	
1.2	There were no apologies for absence.	
1.3	There were no declarations of interest.	
<b>2.</b>	<b>Chair's action</b>	
2.1	There had been no use of Chair's actions since the last meeting.	
2.2	The VPF&CS provided a verbal update on the gas and electric contract that had been agreed by written resolution. The VPF&CS explained that no sooner had members resolved to agree to enter into contract, the product was removed from the market. The VPF&CS used the advice sought from F&GP members to look at the market again. The College was now in a 3-year contract with Npower which offered a £24k saving on the cost of the product that was removed from the market. Members noted that since entering into contract with Npower, gas and electric costs had increased by 30% and thanked the VPF&CS for acting swiftly to obtain the best price for the College.	
<b>3.</b>	<b>Minutes of the meeting 20 January 2022</b>	

3.1	<b>RESOLVED:</b> The minutes of 20 January 2022 were approved to be signed by the Chair as an accurate record of the meeting.	
4.	<b>Matters Arising</b>	
4.1	The Matters Arising Report was reviewed and noted that all items were either complete or due to be discussed at the meeting.	
<b>Strategic plan Implementation</b>		
5.	<b>F&amp;GP Data dashboard</b>	
5.1	<p>The Chair requested the VPF&amp;CS provide an update on any red rated items on the F&amp;GP Data Dashboard.</p> <ul style="list-style-type: none"> <li>• Staff absence had increased to 4.7%</li> <li>• EBITDA was going to fall to 5.6%</li> <li>• Borrowing as a percentage of income was at 36.0%</li> <li>• The outcome of the Capital transformation fund bid funding was still not available</li> <li>• Covenant compliance was at 40% based on the draft Q2 forecast but following initial response to the debt reduction proposal presented to the bank, waivers will be provided until July 2022</li> <li>• HE Fee income- enrolments were below budget and forecast income as a result was lower</li> <li>• 14-16 learner fees- Lower than expected recruitment in the autumn term</li> </ul>	
5.2	<p>The DPS advised that the staff survey had been drafted and would be issued imminently.</p> <p>The Chair advised that the Committee that the following policies had been deferred and requested of the Executive that they should be presented at the next F&amp;GP Committee meeting on 12 May 2022.</p> <ul style="list-style-type: none"> <li>• HR Policies</li> <li>• Health and Safety Policy</li> <li>• FE Fees Policy 23/24</li> <li>• Retention of Financial Documents and Records Policy</li> </ul>	
5.3	<b>ACTION:</b> Policy owners to provide the outstanding policies for review at 12 May 2022 F&GP Committee meeting.	<b>DPS/VPC/ VPD&amp;F</b>
6.	<b>Post Intervention Monitoring – update</b>	
6.1	The VPF&CS provided an update on the PIMS plan.	

	<p>In order for the College to have its financial notices to improve removed, the college will enter a period of Post Intervention Monitoring by the ESFA. The VPF&amp;CS had been working with the ESFA to formulate the plan and was at the fourth iteration of the plan.</p> <p>Further feedback had been received from the ESFA about better understanding projected income levels and the actions that the College is taking to grow income, prior to them being able to sign off of the plan. The VPF&amp;CS explained that the information will be provided to the ESFA by the end of March.</p> <p>6.2 <b>Q. What was the ESFA query on HE Income?</b> A. We had some information that showed applications were significantly down. The draft proposal presented to the ESFA showed HE income at £5.5m which they were uncomfortable with but we felt as long as we were getting the bottom line performance it wasn't an issue.</p> <p>6.3 <b>Q. What is the strategy if we aren't meeting the budget?</b> A. We need to maintain the budget while focusing on the HE Strategy. We are moving away from competing with universities now the cap has been removed. We have been looking at our curriculum to see if we can provide something different but still have a pathway for students to go to university.</p> <p>6.4 <b>Q. Will we need formal approval from the Governors on the PIMS plan?</b> A. That depends on the proposal from the bank which will then need to be signed off by the ESFA, it will be based on some high- level principles.</p>	
<p>7.</p> <p>7.1</p>	<p><b>Student Recruitment update</b></p> <p>The DSR&amp;EA provided an update on student recruitment:</p> <ul style="list-style-type: none"> <li>• HE retention was holding its own</li> <li>• Analysis was being carried out on the AEB budget to determine where the need was to hit those targets.</li> <li>• There is focus on 19+ FE looking at products that will be available for the community college</li> <li>• There is a long- term recruitment plan for HE September entry 2022+ 2023</li> <li>• There were new HE products going online</li> <li>• Live applications were looking positive due to the direct applications</li> <li>• Teacher Ed post Grad HE course can be applied for via the DfE rather than UCAS</li> </ul>	

7.2	<ul style="list-style-type: none"> <li>• There were lots of touch points and the data set is monitored by the team every Monday to look at maximising conversion</li> <li>• The Universities have dropped their entrance grades as they are receiving so few applications from international students due to Brexit and Covid so there are new markets we can go after.</li> </ul> <p>The Chair gave an overview of the HE deep dive that had been conducted on the 16 March. Explaining that it was interesting to see the different data available via the Power BI system. The system was being used to provide real time data and comparisons with previous years to support the college in making decisions around recruitment.</p> <p><b>Q. Is this data available on the intranet?</b> A. Yes you should be able to access Power BI using your college log in details.</p> <p>The Chair suggested that it would be beneficial for members to access Power BI to review the data.</p>	
7.3	<p><b>ACTION:</b> The DSR&amp;EA to liaise with the Clerk regarding granting access for governors to access the Power BI system.</p>	DSR&EA
<b>Finance</b>		
8.	<p><b>Treasury management update</b></p> <p>8.1 The VPF&amp;CS presented the Treasury Management update. It was explained that more work was required on possible debt reduction to address the letter of concern raised by Lloyds in late December 2021.</p> <p>Previously the Corporation discussed a £2.0m early payment of debt, however this was not approved by the ESFA and another suggestion was to increase this to £2.5m.</p> <p>However, following a tripartite meeting with both the bank and the ESFA a proposal was requested that would satisfy both stakeholders in that debt is reduced, whilst additional capital is invested to match further capital funding bids (such as the Capital Transformation Fund), along with a marked improvement towards bank covenant compliance.</p> <p>The VPF&amp;CS had developed a proposal based on a high- level budget for 2022/23 and a draft version of the Quarter 2 forecast. The proposal would see accelerated debt payments totalling £1.4m over the next twelve- month period, with the first payment being made in April 2022. This would be on top of the proceeds from the sale of the Old Building and a further £1m capital committed to match against</p>	

8.2	<p>external capital funds during 2022/23, on top of the already planned £1.5m of capital expenditure built into the original plan.</p> <p>The VPF&amp;CS stressed that the proposed plan does rely on a marked improvement in EBITDA from the current position of around 6% to around 8.5%.</p> <p>It was explained that the proposed plan will result in closing the covenant breaches forecast as a result of the budget and latest forecast, whilst ensuring there are funds to support projects like the College Transformation fund and the T-level capital fund. But that whilst the bank had responded positively to the proposal, this was still subject to approval from them and the ESFA and sign off of the budget for 2022/23.</p> <p>It was noted the proposal takes the College much closer to covenant compliance and that the bank had agreed a conditional waiver on the covenants for January 2022 with commitment from them to review April and July 2022.</p> <p><b>Q. Do we stand to lose any money on the books for the property sale of the Old Building?</b></p> <p>A. No because the Old Building was valued at £1.4m on the books and it has sold for £1.5m, so we reduce the debt. The debt position with the bank will be £2.3m lower at the end of this year than it was in the original RF plan. The bank still has all the security on all of our properties so the banks position is much stronger than they expected it to be.</p> <p>The Turnaround Director advised that the proposal had been an invaluable piece of work on carried out by the VPF&amp;CS. It had been delivered the bank in advance of the meeting with them, which allowed any internal conversations to take place before the college met with them. This resulted in a really constructive meeting.</p> <p>It was noted that there will be some conditions which the college had not yet been given sight of and that the early debt reduction does rely on the support from the ESFA, with the next meeting with the ESFA scheduled for Monday 21 March. The Turnaround Director advised that subject to the result of that the meeting with the ESFA, the proposal will be pulled into a more formal paper for submission to the ESFA’s Funding Committee. There is a need to improve EBITDA as well as lowering the debt.</p> <p>In response to the Letter of Concern from the bank, the VPF&amp;CS and the Turnaround Director had explored the option of moving the debt</p>	
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<p>8.3</p> <p>8.4</p> <p>8.5</p>	<p>to another lender but for a number of reasons this was not a viable option.</p> <p><b>Q. Have we had any early discussions with the ESFA regarding their view?</b></p> <p>A. The ESFA want to ensure we were not risking our long- term sustainability by paying too much debt down, as it may deny us the opportunity to take advantage of funding schemes.</p> <p>The Chair gave a view that there were two viewpoints to consider, the bank with its focus on security, risk and repayments and the ESFA with its focus on the student experience. The College needs to find the balance.</p> <p><b>Q. Is the £1.4m additional payment to decrease the loan sustainable?</b></p> <p>A. The analysis shows that the lowest point of cash in the bank will be in March 2023, it will be at £3.7m which is £0.7m above the set buffer.</p> <p>The VPF&amp;CS advised that the risk to the plan was in delivering the AEB figures. The bank’s view was very positive as the plan had clearly articulated the Colleges financial position.</p> <p>It was noted that the bank’s Ethics Committee will play a role in the decision and not helping the College to move out of its current position is not in the spirit of the RF agreement.</p> <p><b>RESOLVED:</b> The Committee gave full support for the College to progress the proposed reduction of debt by £1.4m as set out in the paper presented.</p>	
<p>9.</p> <p>9.1</p>	<p><b>Management Accounts (January 2022)</b></p> <p>Members considered the period 6 management accounts to 31 January 2022 noting that the key issue were:</p> <ul style="list-style-type: none"> <li>• A reduction in HE income</li> <li>• The increase in energy costs</li> <li>• The rise in national insurance</li> <li>• The risk around AEB being delivered in the second half of the year.</li> <li>• The college was expecting to see an EBITDA that was still positive</li> <li>• There had been an unsuccessful AEB clawback business case</li> </ul> <p>It was noted that student recruitment remained the key focus for the Committee at this time, particularly HE.</p>	

<p><b>10.</b></p> <p>10.1</p>	<p><b>Budget Planning and Financial Objectives</b></p> <p>The VPF&amp;CS advised that the College was currently moving through its business planning cycle and was currently undertaking business planning round one, there were two further rounds to be completed with the resultant recommended plan to be presented to governors in July.</p> <p>The VPF&amp;CS recommended that that the financial objectives be kept in line with the recovery plan and ESFA financial health measures:</p> <ul style="list-style-type: none"> <li>• PERFORMANCE: EBITDA as a % of Income</li> <li>• Adjusted Staff costs as a % of Income</li> <li>• BORROWING: Borrowing as a % of Income</li> <li>• SOLVENCY: Adjusted current ratio</li> <li>• Bank Covenant Compliance</li> </ul> <p>However, given the continued emerging changes as a result of impending capital bid outcomes and as the funding position becomes clearer, there could be changes recommended later.</p> <p>The CEO and VPF&amp;CS explained that many competing factors were contributing to the College’s ability to deliver a balanced budget for 2022/23 and that some difficult decisions are likely needed. It was noted again that the focus on improving recruitment, particularly in HE was imperative.</p>	
<b>Resources</b>		
<p><b>11.</b></p> <p>11.1</p> <p>11.2</p> <p>11.3</p>	<p><b>College Insurance</b></p> <p>The VPF&amp;CS advised the Committee that the College current insurance provider is contracted to July 2022 and that quarterly reports are provided to Audit committee on the number and value of the current insurance claims.</p> <p>Renewal documentation had been received and was being reviewed. At the same time an independent review will be undertaken to review the market and the adequacy of the current insurance held. This will be completed in April at a cost of around £3k.</p> <p><b>Q. What is the current insurance bill for the College?</b> A. c.£160k a year.</p> <p><b>ACTION:</b> The VPF&amp;CS to provide an update on College Insurance at the next F&amp;GP Committee meeting on 12 May 2022.</p>	<p><b>VPF&amp;CS</b></p>

<p><b>12.</b></p> <p>12.1</p> <p>12.2</p> <p>12.3</p> <p>12.4</p>	<p><b>People Strategy Update</b></p> <p>The DPS provided an update on the People Strategy:</p> <ul style="list-style-type: none"> <li>• Key roles in both HR and Health and Safety teams had now been filled.</li> <li>• Phase 1 of the new HR and Payroll System went live on 1 March 2022, this followed two successful parallel payroll runs in January and February.</li> <li>• All staff had been invited to user training on the new system and in the first week 300 staff have attended this. The user feedback following the training and implementation had been extremely positive so far.</li> <li>• A pay claim has been received</li> <li>• Consultation with the trade unions on policies had started again.</li> <li>• 13 out of 14 HR policies were awaiting feedback and were progressing with Unison, UCU and region.</li> </ul> <p><b>Q. What are the sector responses likely to be regarding a pay claim?</b> A. Most are looking to budget at 1-2%.</p> <p><b>Q. Are you struggling to recruit in general?</b> A. Yes, we are.</p> <p><b>Q. Where are we on sickness?</b> A. It has risen and has been rated as red on the data dashboard. This remains an area of concern, the number of days lost is made up of 445 days due to long term sickness and 532 days due to short term sickness. Common sickness reasons include cough/cold/flu, COVID and mental health illness.</p> <p>It was noted that the College remains Covid aware and many of the original recommendations will stay, including hand sanitiser, lateral flow tests and advising staff stay at home if they test positive.</p>	
<p><b>13.</b></p> <p>13.1</p>	<p><b>Estates Strategy Update</b></p> <p>The VPF&amp;CS provided an update on the Estates Strategy:</p> <p>The high-level Estates strategy is to reduce satellite campus sites (Little Germany formerly site of CTS, Bowling Back Lane, which houses the motor vehicle provision) through better utilisation of the city centre campus and the redevelopment of the empty buildings the college owns on the city centre campus (Junction Mills and Garden Mills). In addition to this the Old building will be disposed of.</p>	



	<p>To enable the redevelopment of the empty buildings Transformation Bids were submitted, with the college being invited to submit stage two applications, which were submitted in October 2021, however the outcomes were delayed from December 2021 until March 2022. The VPF&amp;CS confirmed that the outcome was not yet known.</p> <p>Therefore, the risk remains as per the report in July and December 2021, that whilst the completion date of the planned projects is 2024, there is a risk around timescales for the refurbishment of Garden Mills and the Future technology centre. The delay for moving through the stages will mean the strategic goal and timescales to move the apprenticeships teams from Little Germany to Garden Mills and Motor vehicle provision to the Future Technology centre (on the site of Junction Mills), will not occur as per the strategic plan set in July 2021. Upon confirmation of the outcome of the bids, if successful, the plans will need to be reviewed and updated to reflect new time scales and costings.</p> <p>In terms of the sale of the Old Building, contracts were exchanged on the 8 March with completion expected by the 7 April 2022.</p> <p>The Committee were also informed that following the Good Ofsted inspection, the College had been able to bid for T-level capital funding to enable the College to prepare for the delivery of T-levels. A bid was submitted in March 2022 amounting to £4m, including a proposal of match funding of 10%. The outcome of the bids is expected in July 22, with a deadline set for completion of the projects of September 2023.</p> <p>The Committee noted the position regarding the Estates Strategy and awaits the outcome of the various bids.</p>	
<b>Governance and Risk</b>		
<p><b>14.</b></p> <p>14.1</p>	<p><b>Strategic Risk Monitoring</b></p> <p>The Committee reviewed the Strategic Risks for which it has oversight. The VPF&amp;CS recommended the following changes:</p> <p>SR1- had been graded to red at the previous F&amp;GP Committee in January, following the letter of concern received from the bank. It was recommended that this be downgraded to amber due to much more amenable tones and information from the bank in the intervening period.</p> <p>SR3- recommended to remain rated amber due to the College not receiving any outcome from the transformation bids which had prevented any spend on the Estates Strategy.</p>	

14.2	<b>RESOLVED:</b> The Committee agreed with the recommendations put forward by the VPF&CS and recommends them to the Corporation.	
<b>15.</b>	<b>Internal Audit Reports*</b>	
15.1	The following Internal Audit Reports were provided for information: <ul style="list-style-type: none"> <li>• Inhouse Catering and Inhouse security</li> <li>• Student Recruitment</li> <li>• Curriculum planning and course costings</li> </ul>	
15.2	The Chair advised Committee members that any queries regarding the Internal Reports are welcomed to be raised via the Clerk.	
<b>Any Other Business</b>		
<b>16.</b>	<b>Items for report to the Corporation</b>	
16.1	<ul style="list-style-type: none"> <li>• Minutes of meeting - 20 January 2022 &amp; 17 March 2022- for information</li> <li>• Post Intervention Monitoring update</li> <li>• Student Recruitment update</li> <li>• Treasury Management update</li> </ul>	
<b>17.</b>	<b>Any other business</b>	
17.1	The VPED&I highlighted that there was an ED&I development day for the wider CMT on 31 March 2022, to which Governors were also invited to attend.	
17.2	The Chair closed the meeting at 18.55.	
<b>18.</b>	<b>Meeting Evaluation</b>	<b>Assistant Clerk</b>
18.1	To be circulated by the Assistant Clerk.	

Approved by the Committee:

C. Pazvakavambwa  
Signed by the Chair

13.05.2022  
Date

### Agreed actions

No	Minute	Action	Who?
1	5.3	Policy owners to provide the outstanding policies for review at 12 May 2022 F&GP Committee	DPS/VPC/ VPD&F

		meeting	
2	7.3	The DSR&EA to liaise with the Clerk regarding granting access for governors to access the Power BI system.	DSR&EA
3	11.3	The VPF&CS to provide an update on College Insurance at the next F&GP Committee meeting on 12 May 2022.	VPF&CS
4	18.1	To be circulated by the Assistant Clerk.	Assistant Clerk