MINUTES OF THE MEETING OF THE FINANCE & GENERAL PURPOSES COMMITTEE
HELD: on Thursday 13 October 2022 at 17:00 in 4F07- DHB Boardroom

Present	**In Attendance**
Neil Ward (Chair)	Chris Malish (Vice Principal Finance & Corporate Services)
Cuthbert Pazvakavambwa (Vice Chair)	Marc Gillham (Vice Principal Data &Funding)
Chris Webb (CEO/Accounting Officer)	Jo Wright (Turnaround Director)
David Fearnley	Sarah Towan (Director Student Recruitment & External Affairs)
Lendy Ho	Sarah Cooper (Director of People Services)
Apologies	Sarah McKenzie (Clerk to the Corporation)
Asa Gordon (Vice Principal Curriculum)	Allison McEvoy (Assistant Clerk to the Corporation)
Alina Khan (Vice Principal EDI & Student Voice)	

Item		Action
1.	**Introductions, Apologies for Absence and Disclosures of Interest**	
1.1	The Chair welcomed everyone to the meeting.	
1.2	Apologies were noted for Asa Gordon and Alina Khan.	
1.3	The Clerk explained that Bulbul Barratt, new independent governor will join the Committee from the next meeting	
1.4	There were no declarations of interest.	
2.	**Chair's action**	
2.1	There had been no use of Chair's actions since the last meeting.	
3.	**Minutes of the meeting of 7 July 2022.**	
3.1	**RESOLVED:** The minutes of 7 July 2022 were approved to be signed by the Chair as an accurate record of the meeting.	
4.	**Matters Arising**	
4.1	The Matters Arising Report was reviewed.	
4.2	<u>College Insurance</u> A tender exercise was carried out but only the current provider (Zurich) tendered for the full service, leaving little option but to award them the contract. However, the cost had increased significantly, now	

	£266k, £101k over than the original budget. The reason for the increase related to a general increase due to the College coming off a 5 -year fixed deal and increased risk profile now associated with Colleges, particularly around cyber security. Given this increase cost above budget, F&GP approval was sort in retrospect.	
4.3	**Resolved:** That the out of budget cost of £101k for the award of the College insurance contract is approved.	
4.4	Turnaround Director Under the endorsement of the F&GP Committee, the VPF&CS has been asked to discuss the closure of the Turnaround Director role with the bank. The approach had been agreed with the Bank and the Turnaround Director role was to conclude on the 13 October 2022.	
4.5	The Chair thanked the Turnaround Director for her assistance and guidance over the period of her appointment and wished her well for the future.	
Strategic plan Implementation		
5.	**F&GP Data dashboard**	
5.1	The VPF&CS presented the F&GP Data Dashboard and advised that the items for highlight were: • Levy funding- Stands at 18.0%, New Head of Talent and Learning is now owning the plan for levy usage. The HoDs had been challenged through business planning to employ apprentices where appropriate and more apprentice roles are in the plan for 22/23. • Staff turnover (cumulative)- Has risen from 8.00% in Q3 to 16.65%, the college has seen an increase in turnover in Q4 and coupled with the vacancies following BP3, the filling of vacant roles is under regular review and scrutiny. • Staff Costs % of Income (incl. Outsourcing)- 70%, Whilst, the spend on staffing is lower than budget these have not been enough to mitigate the lower income levels. • SOLVENCY: Adjusted Current ratio- 1.60 in Q3, now 1.65 predominantly driven by not paying down the debt down early and reduction in capital spend following the letter of concern. • ESFA 16-19 revenue funding (excl. Student Financial Support Funding)- was 16,650 in Q3 is now 16,618 worsening as a result of a £32k clawback on the capacity and delivery funding for 2020/21.	

5.2	The CEO reminded the Committee that the staff to income ratio was a key indicator for the FE Commissioner and in demining the financial health of the college. And that a conscious decision was taken by governors in relation to maintaining staff costs for the benefit of the student experience. Members noted that whilst it does appear as a red flag on the data dashboard, context is key. The VPF&CS reminded the Committee that the outsourcing costs were included in the figure and that these would be stripped out for the purpose of reporting to external bodies and the public.	
6. 6.1 6.2	**Update on the position with the Bank and ESFA** <u>Post Intervention Monitoring Support (PIMS) Plan</u> The College has agreed with the DfE that the PIMS plan will effectively be a high-level document that aligns with the strategic plans approved by the Corporation in July 2022. The Committee heard that the first PIMs meeting occurred on 20 September 2022, which focused on the PIMs plan, the format and method of providing updates going forward. With the PIMS plan in place, it has resulted in the two financial notices to improve being formally lifted. This happened on 28 September. <u>Bank</u> Following the sale of the Old Building and the proceeds being used to reduce the College's debt level, the bank has permitted the acceptance of the Transformation Fund grants. However, the bank has asked for assurance that governors are aware of the risks. The risks reported as identified by the bank were: • The College is forecast to remain in breach of its banking covenants until July 2024 • The wisdom of embarking on significant capital projects during the worst inflationary environment for years and some other very significant economic headwinds. • The projects will provide severe challenges - where the mismanagement of The David Hockney project resulted in a significant write off for both the Bank and ESFA. • A lack of clarity on what happens if the projects go over budget – the bank has no appetite to increase lending to College.	

6.3 6.4 6.5 6.6 6.7	In addition, the banks agreement to the College undertaking the projects is subject to a new minimum cash covenant. This had been negotiated with the bank and instead of the need for a covenant to check that cash is within £1m of forecast at the end of each month as first requested by the bank. The bank will replace the existing minimum £3m cash balance with a requirement that quarterly cash balance is within £1m of the August CFFR return up to and including January 2025 when it will revert to a minimum cash balance of £3m with effect from April 2025. To satisfy all parties an updated CFFR (College Financial Forecasting Return) was provided which included the capital projects (that had been awarded up to September 2022) and was able to demonstrate a continued move to bank covenant compliance and that the College's cash levels remain above £3m for the forecasted periods. The updated CFFR was shared with the Committee and was noted. However, it was noted that an updated CFFR will be needed to reflect the position following the acceptance of the newly awarded OfS Capital bid. **Q. Will the bank charge us for monitoring?** A. There will be no charges for monitoring. The bank will continue to charge for covenant waivers**.** **Q. Is there an update on the ONS review of FE Colleges public/private sector status? And what will the impact be if we move into the public sector?** A. The outcome of the review is not due until early November 2022. The impact on sector debt is currently unknow. **RECOMMENDATION:** To discuss the concerns raised by the bank with the wider Corporation with the view to being able to report that the Corporation is cognizant of the risks.	
Finance		
7. 7.1 7.2	**Student Recruitment** The DSR&EA provided a forecast on the provisional recruitment position for 2022-23 noting that the data and commentary was headline as the main recruitment period does not finish until the end of October. More details on student recruitment numbers and the financial impact of these numbers will be available at the next Q&S and F&GP Committee meetings. Student recruitment and enrolment has progressed positively. Enrolment was well managed this year. Student induction and the	

	start of term has generally been very positive, with students settling into studies quickly. • 16-19 – enrolments at 4,000, look to achieve the budgeted 3,650 at day 42. • Adult September enrolments are looking on target across the board, more to do in-year. • HE numbers will be influenced by late enrolments, but looks positive and expected to be relatively in line with the budget. • Apprenticeships picture positive with £2m carry in and on target for September starts. Governors noted the report.	
8. 8.1 8.2	**2021-22 Quarter 4 outturn** The VPF&CS presented the 2021-22 Quarter 4 outturn, highlighting that: • Following the end of the academic year the draft financial outturn of the College has been consolidated. The purpose of the report was to inform the Committee of the main variances to the Q3 forecast. • The draft Q4 outturn for 2021-22 shows an EBITDA surplus of £1.8m against the Q3 forecast of original EBITDA surplus of £1.7m. The main changes versus the Q3 forecast is a net increase in income of £0.5m, but also an increase in costs of £0.36m (£0.25m in staff and £0.11m in operational costs). • The income increase of £0.5m is mainly driven by exceeding the AEB threshold, thereby securing the full allocation and project income coming in higher than forecast, as a prudent view was taken at Q3. • There is the yet unquantified potential liability following the recent ruling around holiday pay for staff who are term time only and on variable hours, it is currently being reviewed and initial views are this only impacts variable hours staff. This is not expected to be a material change. At most the liability expected to be £60k. • In terms of the adjustments for pensions for the financial statements, the auditors have asked that the revaluation is re-calculated to reflect current levels of inflation. The Committee noted the 2021-22 Quarter 4 outturn.	

Resources		
9.	**People Strategy Update** The DPS provided an overview on the People Strategy Update, highlighting: • Brazel vs Harpur Trust – the supreme court ruling on holiday pay for casualised employment may be an issue for educational establishments. The People Services and Payroll Teams have been understanding the implications for College contracts and are determining solutions to address the ruling. A proposal for how the college will manage casualised/zero-hour contracts is being agreed; TTO (term-time only) contracts are not an issue. • The recruitment market remains a concern and Strategic Risk 6- failure to recruit, retain and engage skilled, motivated and passionate employees is now proposed as rated amber on the risk register. • The RF annual absence target was 4%, with the college target being 3% for all Heads of Department. In Q4, absences reduced to 3%. Long term sickness cases reduced to 9 in August which is the lowest level the College has had. • Collective consultation commenced on 13 June 2022 and briefings were given to those impacted on 14 June. The initial proposals which came about from business planning meant that 28 roles were proposed to be removed.	
9.1		
9.2	**Q. What is the latest on the pay review?** A. The unions are aware we can't offer the 10% increase they requested. The College is carrying out some modelling, looking at both a % increase or a flat amount increase for staff. Discussions are ongoing with the unions.	
9.3	**Q. Are the recruitment issues across the board or is it just academic staff?** A. It is across all areas.	
9.4	**Q. Is there a bespoke approach in terms of recruitment strategy?** A. Yes, we are looking at individual vacancies to see what we can be doing differently.	
9.5	**Q. In terms of the HR policies and procedures, what are the stumbling blocks?** A. It has taken us a long time to negotiate with the unions but we will now be taking a consultation approach rather than negotiation, so	

	that we can bring the outstanding policies up to date in a timely manner.	
10.	**Estates update**	
10.1	The VPF&CS explained that the College has accepted the transformation fund bids for the refurbishment of Garden Mills and demolition of Junction Mills and construction of the Future Technology Centre. The two projects total £12.6m, with the College committing to providing a match funding amount of £1.6m (12.7%) within the total over the next two years.	
10.2	This however does not cover inflation costs of the original projects and the revised projects have been value engineered and additional funding to cover this is being explored with WYCA (West Yorkshire Combined Authority).	
10.3	The risk remains as per previous papers to the Committee around timescales and costs dues to inflation, as the required completion date of the projects is 2024. The delay will mean the strategic goal and timescales to move the apprenticeships 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. However, they are still scheduled to complete within the funding window of the grants.	
10.4	In addition to this the T-level capital fund bid was successful with no requirement of match, this funding amounts to £1.3m. This will provide the necessary infrastructure changes to deliver T-levels in DHB and the ATC.	
10.5	Since the preparation of the Committee papers, the outcome of the OfS Capital bid had been confirmed, with the College being successful with the bid (college notified on 13/10/22), resulting in the opportunity to accept £5.8m to redevelopment Garden Mills as a HE building, therefore meaning that elements of the Transformation funds cannot be used in conjunction with this HE focused project. The VPF&CS is to liaise with the ESFA around the possibilities open to the College with the Transformation funding for Garden Mills building.	
10.6	It was proposed that a Capital Special Interest Group of is formed to monitor the progress of these infrastructure projects, to provide greater visibility to the Corporation around the management of these projects, covering timing, costs and associated risks to the College.	

	Neil Ward agreed to act as Chair and Lendy Ho and Chris Webb agreed to be members.	
10.7	**RECOMMENDATION:** That Corporation approves that a Capital Special Interest Group is formed using the circulated outline Terms of Reference and incorporating members from both F&GP Committee and Quality and Standards Committee.	
Policies and Statements		
11.	**a) HE Fees Policy 2023-24**	
11.1	The HE Fees Policy had been updated to reflect a change to fees and a change to the title.	
11.2	**RECOMENDATION:** That the HE Fees Policy 2023-24 is recommended to the Corporation for approval.	
11.3	**b) Disciplinary Policy** The Disciplinary Policy had replaced an out of date policy.	
11.4	**RECOMENDATION:** That the Disciplinary Policy is recommended to the Corporation for approval.	
11.5	**c) Grievance Policy** The Grievance Policy had replaced an out of date policy.	
11.6	**RECOMENDATION:** That the Grievance Policy is recommended to the Corporation for approval.	
Governance and Risk		
12.	**Strategic Risk Monitoring**	
12.1	The Committee reviewed the strategic risks for which it has oversight. The VPF&CS advised that:	
12.2	**SR1-** The old building sale completed in early August and the draft outcome for the full year is in line with the Q3 forecast, this still results in a financial health score of requires improvement and three covenant breaches in July. Covenant waivers were secured prior to the end of July and therefore there will be a material uncertainty paragraph will be contained within our annual financial statements. Inflation is becoming an increasing risk and the rising costs of our suppliers may be passed onto the College, this will be monitored through the normal performance management cycle.	

	Following a recent ruling around holiday pay for casual contracts, this has given rise to a risk of claims going back up to two and a half years around incorrect holiday pay rates. This is currently being reviewed by HR and Payroll to quantify the risk. On a very basic point this will increase to cost of employing individuals on variable hours contracts. The increase in the Bank of England base rate and the forecasted future interest rate rises will see the College interest costs increase as £6.2m is held on a variable rate. Therefore every 0.5% increase will increase the annual interest payments by £31.5k, the impact of the increases since completing the budget will result in interest payments in 22/23 being £90k higher.	
12.3	**SR6**- The wider issues with UK economy and job vacancies being greater than available candidates is impacting recruitment times in filling new vacancies. There was also an increase in turnover in Q4 (excluding restructure exits and end of FTC) which with the number of vacancies from business planning has meant an increase in college vacancies impacting operations and the student experience. Additional temporary resource had been brought into the Talent Team to bolster recruitment activity and the vacancy data is being reviewed weekly by the SLT. Therefore, it was proposed that the risk be increased to 'amber'.	
12.4	**ACTION:** The VPF&CS to reflect the outcome and implications of the Office for Students capital bid against SR3 before it is presented to Corporation.	**VPF&CS**
12.5	**RECOMMENDATION:** That with the changes proposed, the updated to the risk register be proposed to the Corporation for approval.	
13.	**Internal Audit Reports***	
13.1	The following Internal Audit Reports were shared with the Committee for information: • Bradford College Payroll Review Report • Bradford College Catering Follow Up Review 2021-22 Report • Bradford College Business Continuity Disaster Recovery Follow Up Review 2021-22	
Any Other Business		
14.	**Items for report to the Corporation** • Minutes of meetings – 13 October 2022 • Position with the Bank and ESFA • Student Recruitment	

	• 2021-22 Quarter 4 Forecast • Estates update • Disciplinary Policy • Grievance Policy • HE Fees Policy 2023-24	
15. 15.1 15.2	**Any other business** The VPF&CS offered his personal thanks to the Turnaround Director for her support. The Chair closed the meeting at 18.40.	
16. 16.1	**Meeting Evaluation** **ACTION:** To be circulated by the Assistant Clerk.	 **Asst Clerk**

Approved by the Committee:

C. Orange
Signed by the Chair

13.12.22
Date

Agreed actions

No	Minute	Action	Who?
2	12.4	The VPF&CS to reflect the outcome and implications of the Office for Students capital bid against SR3 before it is presented to Corporation.	VPF&CS
3	16.1	Meeting evaluation to be circulated.	Assistant Clerk