

**MINUTES OF THE MEETING OF THE FINANCE & GENERAL PURPOSES COMMITTEE
HELD: on Thursday 12 October 2023 at 17:00 in 4F07 DHB Boardroom**

Present	In Attendance
Bulbul Barrett (Chair)	Chris Malish (Vice Principal Finance & Corporate Services)
Chris Webb (CEO/Accounting Officer)	Sarah Cooper (Director of People Services)
Lendy Ho	Sarah Towan (Vice Principal of Recruitment & Communications)
David Fearnley (via MS Teams)	Marc Gillham (Chief Information Officer)
Apologies	Allison Booth (Clerk)
John Williams	Rachel Henry (Assistant Clerk)
Cuthbert Pazvakavambwa (Vice Chair)	
Asa Gordon	

L/J Denotes the time any individual left/ re-joined the meeting.

Item		Action
1.	Introductions, Apologies for Absence and Disclosures of Interest	
1.1	Bulbul Barret had previously agreed to Chair the meeting when the Chair had given his apologies.	
1.2	Apologies were noted for John Williams, Cuthbert Pazvakavambwa and Asa Gordon.	
1.3	There were no declarations of interest.	
2.	Chair's action	
2.1	There had been a Chair's action taken to approve a submission for a Salix bid for funding of £2,547k, which would require a College contribution £364k (13%). This funding would be spread across two financial years (24/25 and 25/26) and the financial implications/costs were included within the financial modelling provided at the extra F&GP meeting on the 29th of September.	
3.	Minutes of the meeting on 6 July and 29 September 2023	
3.1	The minutes of 6 July and 29 September 2023 were approved as an accurate record to be signed by the Chair.	
4.	Matters Arising	
4.1	The Matters Arising Report was reviewed.	

4.2	13.2 The VPF&CS advised that valuations for the College’s high value/collectable items had been obtained and these would be provided at the next meeting.	
4.3	13.5 The VPF&CS advised that the College had changed insurance providers as a result of the previous insurers exiting the market and going out to tender had not returned any viable results. FE Protect (an insurance broker for Further Education Colleges) was now being utilised by the College and had worked out to be more cost effective.	
4.4	ACTION: The VPF&CS to provide the Clerk with the valuation details to present at the next meeting in December.	VPF&CS
5.	VPF&CS Report	
5.1	<p>The VPF&CS highlighted the following items:</p> <p>Item 7 – Student recruitment; noting the number of 16-18-year olds and how it compared to target as well as the position with HE student numbers and Advanced Learner loans.</p> <p>Item 8 – Quarter 4 forecast; the VPF&CS asked members to consider the over performance of the College to its financial targets, such as EBITDA percentage and the lower than forecasted capital spend.</p> <p>Item 10 – Estates update; noting the position with regards to the various capital projects, the disposal of the Appleton Building and the lease and potential sale of the Little Germany site. Neither disposal has been assumed to occur with previously presented financial models.</p> <p>Items 13 – Strategic Risk monitoring; noting the impact upon relevant risks informed by the papers about, these had been highlighted for ease of identification.</p> <p><i>DF/L</i></p>	
Strategic plan Implementation		
6.	F&GP Data dashboard	
6.1	<p>The VPF&CS presented the F&GP Data Dashboard advising that the figures were currently in draft and were subject to change.</p> <ul style="list-style-type: none"> • PERFORMANCE: EBITDA % of Income-is 10.0% • BORROWING: Borrowing % of Income- 31.0% • Staff Costs % of Income - 61.2% • Capital Programme (External Resources)- £1802k, the position was, that due to delays with project approval and work with the DFE and incoming OFS funding, this would be delivered but over a longer time scale. 	

	<ul style="list-style-type: none"> • Capital Programme (Internal Resources)- £1,269k - reclassified in excess of £100k as revenue spend, having reviewed all capital spend. • Covenant Compliance- stands at 80%. As per the financial plan the college was in breach of covenants but waivers had been agreed with the Bank to July 2023, the main reason for the breach was the match funding required for the Transformation funding, which at the time of agreeing the plan had not been approved by the bank. • Total Income- 52,126- Excluding capital income which was in line with the forecast in Q3 • SOLVENCY: Adjusted Current ratio- 1.51 in Q4. 	
Finance		
<p>7.</p> <p>7.1</p> <p>7.2</p>	<p>Student Recruitment</p> <p>The VPR&C advised that positive growth had been seen at all levels. Around 5,000 16-19-year-old learners had been enrolled (progressing and new). Departments were actively managing transfers and withdrawals within the 42-day window, to ensure learners are effectively managed onto the correct programmes.</p> <p>The College had seen growth in entry and level 1 enrolments driven mainly by the closure of 2 local providers who had contracts with DfE to deliver 500+ study programmes. A proportion of these students had not attended since enrolment.</p> <p>The College continued to lobby the DfE and Council to get additional resource upfront and to seek assistance with estate and resource support, as any further growth in recruitment would have a negative impact on learners.</p> <p>The College was seeing an impact from its focus on growing direct entry to Level 3 programmes where there was opportunity to increase market share. Initial enrolment data showed a +20% increase in new business at Level 3.</p> <p>There had been an increase in learners entering into Further Education at Level 2, in particular Maths and English GCSE, which was a direct, unexpected impact from grade reprofiling post pandemic.</p> <p>Q: Could you comment on the expected attrition rate? A: Telesales exercises will be carried out to determine why students had initially enrolled but then did not attend. Attrition rates appear to be slightly higher but a clearer picture will emerge once the main</p>	

<p>7.3</p> <p>7.4</p> <p>7.5</p>	<p>recruitment period (the first 42 days of the new academic year) has been reached.</p> <p>The increase in 16-19 provision was the biggest challenge for quality; impacting the quality of student experience. Enrolment was approx. 120%, meaning that intake had to be closed. This fitted with the current the national picture. Over-recruitment indicated good growth but presented the College with resourcing challenges.</p> <p>Q: Are students enrolled on a first come, first served basis? A: There is the mandatory qualifications criteria required for the courses. However, every student who received an offer was given a place. Some prospective students who applied late could not be placed and had been placed on waiting lists.</p> <p>Governors noted the report.</p>	
<p>8.</p> <p>8.1</p>	<p>2022-23 Quarter 4 outturn</p> <p>The VPF&CS presented the 2022-23 Quarter 4 outturn advising that it was a draft position and subject to change due to year-end adjustments:</p> <ul style="list-style-type: none"> • Underlying EBITDA (excl. capital grant income £1.8m and adding back the holiday pay accrual £179k) to the end of July was £5.2m, which was £1.5m favourable to budget. As a percentage of income, this was 10.0% vs. a budget of 7.5%. • The current financial position indicated that the Cash Sweep would be triggered for 2022-23. The projected figure was £772k split evenly between the Bank and the ESFA. These figures could change when the final financial position was determined. • Income was favourable to budget by £3.5m; if the capital income is excluded, it was favourable by £1.7m. Staff costs were £0.1m adverse to budget and non-pay costs are £0.5m adverse to budget. • The staff costs as a percentage of income (excl. capital income) is 61.2%, which is 2.5% favourable to budget. It was explained that this excluded outsourcing, and if included, this would take the cost income ratio to just over 65%. • The Cash position was £5.7m higher than budget. The main constituents of this were advanced payment of Capital Grants (+£3.3m) [received £5.1m, paid out £1.8m], higher than budget Local Authority Income (+£1.4m), increased 16-19 Funding 	

	<p>(+£1.0m), and lower than budget Staffing Costs (+£0.7m). These positive variances were partly offset by lower than budget Apprenticeship Income (-£1.1m).</p> <ul style="list-style-type: none"> • Of the five loan covenants in place there was a breach in the projected cash flow cover covenant in July 23. Waivers were in place for all covenant breaches in the test periods in 2022-23. • As per the budget for 2023-24, there were breaches predicted in the CFADS: Debt service in April and July 2024, and the projected cash flow covenant in October 2023, January and April 2024. All other covenants are met in the test periods in 2023-24. 	
Resources		
<p>9.</p> <p>9.1</p> <p>9.2</p> <p>9.3</p> <p>9.4</p> <p>9.5</p>	<p>People Strategy Update</p> <p>The DPS provided an overview on the People Strategy Update, highlighting:</p> <p>External challenges remained, with labour availability and pay pressures. There were recruitment gaps within the Maths and English department, with internal progression creating vacancies.</p> <p><u>Industrial Action</u></p> <p>There was no further strike action taken by UCU during enrolment and induction. Their 6-month strike ballot ended at the end of September and to date, no new strike ballot had taken place. The DPS had spoken with the Regional Officer for UCU over the Summer and agreed to ACAS facilitated conciliation meetings over pay. UCU were focussed on increasing pay (part 1 of their claim). However, further meetings would be held on part 2 which related to workload, professional respect, health and wellbeing.</p> <p>Pre-meetings with ACAS and the college and UCU took place in August and an ACAS facilitated meeting on pay was held in September. Following this, a joint statement was released by both parties.</p> <p>It was hoped that both the 2022/23 and 2023/24 pay claim would be resolved with the additional funding that had been received.</p> <p><u>Pay and Banding</u></p> <p>Pay scales, bands and organisational structures were being reviewed in line with the strategic objectives and the delivery of an outstanding college to determine whether changes were needed.</p> <p><u>Restructure 2023</u></p>	

9.6	<p>Required restructuring in curriculum areas was completed through individual consultation in a timely manner with no compulsory redundancies.</p> <p><u>HR KPIs</u></p> <p>Recruitment remained stable in a difficult market, with increased staff retention and staff turnover being below the sector average.</p> <p>Absence management remained a focus in 2023/24 and had been delivering a positive result, which ultimately impacts student experience. Absence in quarter 4 was 3% and long-term sick cases had increased.</p>	
9.7	<p><u>HR Policies and Procedures</u></p> <p>All out of date HR policies and procedures had been updated and were going through the required approval processes.</p> <p>The recognition agreement had been updated and was with the employment lawyers for final checking. The trade unions had been informed that they would be given notice on the current agreement when it was ready for consultation.</p>	
10.	Estates Update	
10.1	<p>The VPF&CS provided the following Estates update:</p> <ul style="list-style-type: none"> • The T-level Wave 4, Garden Mills and FTS projects were being overseen by the Capital Special Interest Group, with the T-level Wave 5 project also being added to the remit of this group. • T levels Wave 5 – The T-level Wave 5 allocation of £3,252k was accepted, with £361k match funding. £25k had been spent to date. Completion would be in August 24. Work had started on the review of the designs by the relevant curriculum areas. • All additional capital funds that had either been won through bids or allocated would be in addition to the annual £1.5m capital limit for internally funded capital (covenant as part of the RF deal and loan agreement) agreement. The Bank agreed a covenant waiver for July 2023 to cover additional capital spend that was fully funded • The sale of the Appleton Building was still ongoing. The buyer was required to submit a pre-application planning proposal as the Council were no longer accepting outline planning bids. This was submitted but no response had been received. In the event of a positive result, the buyer was looking to move forward with the 	

	<p>purchase and it was expected that this would take a further six weeks, rather than wait for full planning approval.</p> <ul style="list-style-type: none"> • Terms were currently being agreed with the Council to lease three floors of the Little Germany, with the initial lease to the 31 August 2024, with the option to extend on a quarterly basis beyond that. It also included an option to buy at the agreed price of £1.65m until the 31 March 2024, if this option was not taken, the site would be placed on the open market in April 2024. The purchase of the site was going through the Council business case process. • There were no additional financial costs beyond those discussed at the extra F&GP meeting. However, any proceeds from sale of buildings had not been factored into any financial forecasts. If both sales proceeded this would amount to £2.85m (£1.2m for Appleton and £1.65m for the Little Germany site). 	
10.2	<p>The Terms of Reference for the Capital Special Interest Group had been updated to include T Level Wave 5 and an update on members names. The changes to the TOR were recommended to the F&GP Committee for approval.</p>	
10.3	<p>RECOMMENDATION: That the changes to the CSIG TOR be recommended to Corporation for approval.</p>	
10.4	<p>The Estates Update was noted by members and the position on the Little Germany Site understood.</p>	
11.	<p>Draft- Annual Environmental Sustainability Report</p>	
11.1	<p>It was agreed that the Draft- Annual Environmental Sustainability Report would be deferred until the next F&GP meeting in December.</p>	
11.2	<p>ACTION: The VPF&CS to bring a draft Annual environmental sustainability report to the next F&GP meeting.</p>	VPF&CS
<p>Policies and Statements</p>		
12.	<p>a) Health & Safety Policy</p>	
12.1	<p>The Health & Safety Policy had been updated to include stress management.</p>	
12.2	<p>RECOMMENDATION: That the Health & Safety Policy is recommended to the Corporation for approval.</p>	
12.3	<p>b) Expenses Policy The Expenses Policy had been updated to reflect a change of job title and to include an additional statement for value for money.</p>	

12.4	RESOLVED: The Business Expenses Policy was approved.	
12.5	c) FE FEES Policy 2023/24 The FE Fees Policy had been updated to reflect updated Funding Rules link, Changes to Adult FE Fees and Updated Apprenticeship Fee guidance.	
12.6	RECOMMENDATION: That the FE Fees Policy 2023-24 is recommended to the Corporation for approval.	
12.7	d) HE FEES Policy 2024/25 The HE Fees policy 2024/25 had been updated to reflect the removal of FdSc Ophthalmic Dispensing fees, removal of Qualified Teacher Status (QTS) programmes from fee list, a line added for franchised QTS programmes to be charged maximum of £9250 and Employer Sponsor Courses – update multiple students to minimum of two students.	
12.8	RECOMMENDATION: That the HE Fees Policy 2024/25 is recommended to the Corporation for approval.	
Governance and Risk		
13.	Strategic Risk Monitoring	
13.1	The Committee reviewed the strategic risks for which it has oversight.	
13.2	SR1 – The Chair requested that some commentary to acknowledge the current rate of inflation levels and its impact on the capital project costs be added to the notes section of SR1.	
13.3	ACTION: The VPF&CS to add commentary to acknowledge the current rate of inflation levels and its impact on the capital project costs to the notes section of SR1.	VPF&CS
Any Other Business		
14.	Items for report to the Corporation	
14.1	<ul style="list-style-type: none"> • Minutes of meetings – 12 October 2023 & Extra meeting 29 September- Inc CSIG mins • Uplift & proposal on pay • Student Recruitment • 2022-23 Quarter 4 Forecast • Estates' update • Changes to the Capital Special Interests Group ToR • Health and Safety Policy • HE Fees Policy 2024-25 	

	<ul style="list-style-type: none"> FE Fees Policy 2024-25 	
15.	Any other business	
15.1	At the July F&GP committee meeting, delegated authority had been provided to the VPF&CS of up to £720k for the demolition works of the Junction Mills building and the stage 1 design fees for the Future Technology centre. Following the extra F&GP on the 29.09.23 a revised budget for the Future Technology Centre programme was approved at £17.2m, thereby it was requested that the delegated authority for the demolition works of the Junction Mills building and the PCSA (pre-construction services agreement) was revised upwards to £1,198k, this amount covered all current bid contractor submissions (scoring and selection to be finalised). This would enable the project to move forward swiftly. Members were asked to note that the maximum amount is £332k higher than within the revised £17.2m approved cost plan.	
15.2	RESOLVED: That the delegated authority for the demolition works of the Junction Mills building and the PCSA is revised upwards to £1,198k is approved.	
15.3	The Chair closed the meeting at 18:35	
16.	Meeting Evaluation	
16.1	To be circulated by the Assistant Clerk.	Assistant Clerk

Approved by the Committee:

...**J Williams**.....
Signed by the Chair

...**07.12.23**.....
Date

Agreed actions

No	Minute	Action	Who?
1	4.4	The VPF&CS to provide the Clerk with the valuation details to present at the next meeting in December.	VPF&CS
2	11.2	The VPF&CS to bring a draft Annual environmental sustainability report to the next F&GP meeting.	VPF&CS
3	13.3	The VPF&CS to add commentary to acknowledge the current rate of inflation levels and its impact on the capital project costs to the notes section of SR1.	VPF&CS
4	16.1	Meeting Evaluation to be circulated by the Assistant Clerk.	Assistant Clerk