

**MINUTES OF THE MEETING OF THE FINANCE & GENERAL PURPOSES COMMITTEE
HELD: on Thursday 7 December 2023 at 17:00 in 4F07- DHB Boardroom**

Present	In Attendance
John Williams (Chair) (Via MS Teams)	Chris Malish (Vice Principal Finance & Corporate Services)
Chris Webb (CEO/Accounting Officer)	Marc Gillham (Chief Information Officer)
David Fearnley	Asa Gordon (Vice Principal Curriculum)
Lendy Ho	Sarah Cooper (Director of People Services)
Bulbul Barrett	Sarah Towan (Vice Principal Recruitment & Communications)
Observing	Richard Lewis (RSM) (Via MS Teams)
Sharon west	Allison Booth (Clerk to the Corporation) (Via MS Teams)
Apologies	Rachel Henry (Assistant Clerk to the Corporation)
Alina Khan	
Cuthbert Pazvakavambwa	

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

Item		Action
<i>This session was a joint meeting with members of the Audit Committee and was chaired by the Audit Chair</i>		
1.	<u>Annual Report and Financial Statements/Audit Management Letters/Letters of Representation</u>	
1.1	Richard Lewis of RSM gave members of F&GP Committee and Audit Committee a tour of Financial Statements. Members were advised that there would be some changes to the Draft Annual Report and Financial Statements as issued with the meeting papers, although not material, the changes include some outstanding audit work.	
1.2	Key items highlighted by RSM were: <ul style="list-style-type: none"> • The governors report - relating to public benefit and how this had been delivered. • Governance and internal control – information relating to the work of the Audit Committee and the assurance they offer the Corporation • Budget and Cash flow forecasts had been examined by the Corporation and its conclusion that that the College is a going concern. RMS agreed with this conclusion. • The audit opinion - RSM’s opinion was that the financial statements: <ul style="list-style-type: none"> ○ gave a true and fair view of the state of the College’s affairs as at 31 July 2023 and of the College’s surplus of income over expenditure for the year then ended; ○ had been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and 	

	<ul style="list-style-type: none"> ○ had been prepared in accordance with the Accounts Direction issued by the Education and Skills Funding Agency ● A material uncertainty related to going concern arising from the forecasted bank covenant breaches. The Auditors opinion was not modified in respect of this matter. ● Pension liability was considered by the actuary to take account CPI levels. ● Capital investment - the College invested £3.1m in fixed asset additions during the year 22/23. ● Reserves – the College reserves amounted to £90.5m and it held £14.5m in cash and bank balances at the year end. £3.3m of cash and bank balances at the year-end have been received from ESFA in advance of spend on capital projects. ● The audit opinion was expected to be unqualified. ● The regularity opinion was expected to be unmodified. 	
1.3	RSM gave an overview of the draft Audit findings report, explaining that there were a few outstanding issues to resolve with management but that these were not material and the report would be updated accordingly prior to the Corporation meeting on 14 December 2023.	
1.4	The draft letters of representation were yet to be finalised and would be circulated by the Clerk when received.	
1.5	RECOMMENDATION: Subject to any further minor amendments required, that the Annual Report and Financial Statements 2022-23 be approved by the Corporation for signing by the Chair and Accounting Officer. <i>L/SW& RL</i>	
2.	Introductions, Apologies for Absence and Disclosures of Interest	
2.1	The Chair welcomed everyone to the meeting.	
2.2	Apologies were noted for Alina Khan 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 12 October 2023.	
4.1	RESOLVED: The minutes of 12 October 2023 were approved to be signed by the Chair as an accurate record of the meeting.	

<p>5.</p> <p>5.1</p>	<p>Matters Arising</p> <p>The Matters Arising Report was reviewed.</p> <p>4.4 - The VPF&CS to obtain valuations for the College’s high value/collectable items- These will be sent on the Clerk to circulate.</p> <p>11.2 - It was noted that the draft Annual Environmental Sustainability Report would be addressed at item 10 on the agenda.</p> <p>14.6 – Cyber Security training would be sourced for the Corporation Training and Development session in April 2024.</p>	
<p>6.</p> <p>6.1</p>	<p>VPF&CS Report</p> <p>The VPF&CS provided an overview of the report, highlighting key things to note were:</p> <p>Item 1. Financial statements – reviewing the Audit Management Letters and College Annual Accounts. Specifically noting the reconciliation between the period 12 management accounts to the financial statements, especially around the recognition of Capital grant income. These will also be required to be recommended to Corporation</p> <p>Item 7. F&GP Data Dashboard – noting the overall positive position on the finance metrics labelled under Draft Q1 Forecast position. Full details will be provided in the new year.</p> <p>Item 9. 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 10. Annual Sustainability Report – noting the progress that has been made on sustainability and some of the initiatives that have taken place over the last academic year and the future priorities.</p> <p>Item 13. Strategic Risk Monitoring – noting the impact upon relevant risks informed by the papers; these have been highlighted for ease of identification.</p> <p>The CEO drew members attention to the following:</p> <ul style="list-style-type: none"> • The significant growth in 16-18 income and the resulting funding uplift. • The College’s success in gaining Capital Grants. 	

	<ul style="list-style-type: none"> The decline in HE students that had been seen historically, appeared to be plateauing, which could be attributed to the work completed on the curriculum and significant investment in student recruitment. 	
Strategic plan Implementation		
7.	F&GP Data dashboard	
7.1	<p>The VPF&CS presented the F&GP Data Dashboard highlighting:</p> <ul style="list-style-type: none"> Absence- stands at 3.0% PERFORMANCE: EBITDA % of Income- 7.1% BORROWING: Borrowing % of Income- 26% Staff Costs % of Income - 62% Capital Programme (External Resources)- £1716k Capital Programme (Internal Resources)- £750k AEB Income (inc. inc. Free Courses for Jobs)- £8562k Advanced Learner Loans- £529k Apprenticeship Income- £4440k HE Fee Income- £7045k 14-16 Learner Fees (Schools) - £1894k Total Income- £59,718k SOLVENCY: Adjusted Current ratio- >1.4 <p>Q. Are there expected implications of reporting a total income of £59.7M?</p> <p>A. The £1.8m extra funding provided by the DfE was used to facilitate the 6.5% pay rise for staff. An increase of approximately £1.5m was received due to the increase in student numbers as a result of collapsed educational institutions.</p> <p>Q. Can you explain the missing figures in relation to Student Recruitment?</p> <p>A. These, as well as conversion of applications to enrolments figures, will be provided in Q2, following the period permitted for internal progression.</p> <p>Members were mindful that should the college achieve an outstanding rating in finance, that the accounting should clearly demonstrate the reason why, which would be due to various accounting procedures, not any sudden increase in income. It should also be highlighted that the Capital Projects were ring fenced.</p>	
Finance 2023-24		
8.	Management Accounts (October 2023)	

8.1	<p>The VPF&CS gave an overview of the Management Accounts highlighting that:</p> <ul style="list-style-type: none"> • The underlying EBITDA (excl. capital grant income £1.7m) to the end of October is £1.0m, which was £0.3m adverse to budget. The adjusted EBITDA percentage of Income is 7.0% compared to the budgeted figure of 9.2% to this period of the year. • Income (excl. capital income) is adverse to budget by £0.7m, Staff costs are £0.1m favourable to budget, and Non-pay costs are £0.2m favourable to budget; mainly related to timing of spend. Though recent communications from the ESFA indicated that the College would be in receipt of additional income for 16-19 students due to growth in year. This would be included within the Quarter 1 forecast. • Staff costs as a percentage of income (excl. capital income) are 63.7% vs budget of 61.3% to this period of the year. • The Cash position is £3.1m higher than budget due to a higher opening balance and timing of income and project expenditure, as detailed in Section 4. • As per the latest forecast for 2023-24, there are breaches predicted in the CFADS: Debt service covenant in July 2024, and the Projected Cash Flow covenant breaches for the whole of 2023-24. We are in the process of obtaining waivers in respect of the Cashflow Cover and Projected Cashflow Cover covenants from Lloyds Bank. • All other covenants were met in the test periods in 2023-24. <p>Q. Will we still be able to achieve everything we set out to with regards to the Capital Projects?</p> <p>A. Yes, with the use of the contingencies and added funds but the risk of inflation rises must be recognised.</p> <p>Q. Is the biggest continuing risk project timing?</p> <p>A. Yes, the largest risk is project timings being pushed back and the impact of inflation on costs.</p>	
9.	<p><u>Student Recruitment</u></p> <p>9.1 The VPR&C presented the Student Recruitment & External Relations Update Dec-23, highlighting:</p> <p>Q1 recruitment position for 2023-24</p> <ul style="list-style-type: none"> • 14-16 – 163 versus target 180 – with an expected increase in year. • 16-19 – enrolments were at 4,145, exceeding the target of 3950 at day 42. There was growth at all levels, however the greatest increase was in Entry and Level 1. The College received an uplift in funding rates in this year’s allocation for 16-19 of £1.8M, and 	

	<p>expects approx. £1.5M in additional funding in year, as part of a growth case agreed with the DfE as the College over recruited more than 200 extra learners.</p> <ul style="list-style-type: none"> • Adult September enrolments performed well, with 2,168 having been enrolled so far versus the end of year target of 4,000. There would be more to do in-year for January starts. The caveat to this was that Advance Learner Loans stand at 183 versus the target of 230 which would have in year budget implications that would need to be addressed at department level. Forecast income was £8,562k versus the budget of £8,493k. • HE numbers were 1,053 against a target of 1,000 however, there was a budget shortfall of approximately £250k against target. (The headcount increase had a lesser value in the Diploma in Ophthalmic where there had been growth.) £7,045k forecast income against the target of £7,300k. • Apprenticeships - new starts were ahead of profile - 316 against a Q1 target of 310. The current position was a total of 1,126 apprentices versus the end of year target of 1,500. The forecast was £4,440k, versus the budget of £4,532k. <p>It was noted that numbers were lower on the skills for jobs course and this was attributed to the courses one year duration.</p> <p>Q. Is there any leeway to run shorter skills for jobs courses? A. No, this is a national programme.</p>	
Resources		
<p>10.</p> <p>10.1</p>	<p>Annual Environmental Sustainability Report</p> <p>The VPF&CS presented the Annual Environmental Sustainability Report which demonstrated the College’s Sustainability Journey and the progress so far. Over the past year, the College had implemented significant initiatives to help achieve its goal of reaching net zero by 2050.</p> <p>The College had already begun to implement sustainable initiatives, yet acknowledged its early stage in this journey and the potential for further impactful changes. The initial Heat Decarbonisation Plan and the Estates Plan indicated a roadmap toward net-zero targets, emphasising the need for planned building transitions and the potential for substantial carbon savings from retrofitting and energy-efficient upgrades. While funding limitations posed challenges to immediate implementation, the college aimed to pursue financing opportunities for energy efficiency improvements through initiatives like Salix finance loans. The development of the Bradford Energy</p>	

10.2	<p>Network and upcoming sustainable schemes such as the reusable cup scheme and Planet Earth Games underscored the commitment to environmentally conscious practices and student engagement. The establishment of a Sustainability Committee and initiatives like Carbon Literacy Training and use of the Standardised Carbon Emissions Framework aimed to further embed sustainability within the college's culture and operations. With ongoing efforts aligned with the SDG Accord and a commitment to report progress and successes, the College remained steadfast in its pursuit of sustainable excellence, fostering a future marked by environmental stewardship and continuous advancement toward established sustainability goals.</p> <p>Q. Who has ownership of the sustainability strategy? A. The VPF&CS, we also have a sustainability group with a lead in place and it is hoped we will draw champions from across estates and various curriculum areas.</p> <p>Q. Will students have representation on the sustainability piece? A. Yes but we need to consider how we will implement student engagement.</p> <p>Q. It is heavily weighted on the environmental side and should demonstrate all of the other endeavours the college is making. A. We will consider how to present that better in the reporting going forward.</p> <p>It was suggested that a key chart/ table of figures be input on to page 4 of the report to demonstrate performance against the Sustainable Development Goals (SDGs).</p> <p>ACTION: The VPF&CS to update the report to reflect performance against sustainable goals.</p> <p>Members also wanted to see comparisons on last years carbon figures and benchmarking data against other colleges sustainability performance. The VPF&CS advised that he would collate this data going forward and input in to the next report.</p>	VPF&CS
11.	<p>People Strategy Update</p>	
11.1	<p>The DPS provided an overview on the People Strategy Update, highlighting:</p> <p>Trade Unions 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. UCU</p>	

	<p>region were not happy that the college implemented the 6.5% pay award to staff without their express agreement. The next meeting with ACAS is scheduled for 6 December 2023 with a focus on workload.</p> <p>HR Policies and Procedures All out of date HR policies and procedures have been updated and have been going through the necessary approval processes. Apart from the updated recognition agreement they have all been through the JCC and written feedback has been received from the trade unions.</p> <p>HR Quarterly Report Average sickness absence for Q1 is below target at 3%, although an increase in seasonal coughs and colds made this the top absence reason for most days lost. This was followed with personal stress and then work-related stress for most days lost although the number of staff that this impacted was relatively low. There were 15 long terms sick cases in Q1. Absence reasons and trends are reviewed at both Health and Safety committee and JCC. The college is following the latest guidelines for covid-related illness.</p> <p>Of note was the high recruitment levels in Q1 in line with the new budget year and growth in student numbers. In Q1 there were 113 new starters and 52 open vacancies at the end of the quarter.</p> <p>Members discussed the impact and reasons behind new recruits not staying on after the initial induction period. The DPS advised that there was a need for better training for HoD's and improved induction programmes in order to retain new starters.</p> <p>Other Q1 Activity Staff Development Day was held on 18 October 2023. The focus of staff development for this year is digital innovation and there was a full schedule of sessions on the day with positive feedback received.</p>	
<p>12.</p> <p>12.1</p>	<p>Estate's update</p> <p>The VPF&CS advised that the College had the following Estates Capital projects in train, which were:</p> <ul style="list-style-type: none"> • T-levels Wave 4 Capital Building works completed – Budget £1,293k (no match); expected underspend of £40k • T-Levels Wave 4 Special Equipment Budget – awarded £979k; expected underspend of £25k 	

- FTC (Future Technology Centre) – Revised Budget £17,200k (Inc. £1,296k original match); £571k spent to date. Tendering for the demolition and stage 1 design of the building complete and at legal stage with Morgan Sindall.
- Garden Mills – Revised Budget £6,800k (Including £1M revised match from original no match), £428k spend to date – with an expected June completion date. Stage 2 tender received and signed on the 30/11/23. Other funding opportunities being explored to assist with meeting the revised match.
- Energy Efficiency Grant (no match) – Allocation £356k must be spent by 31 March 2025 – this is part of the three-year plan. Nothing spent to date, but order for replacement of TG boilers in place, following the tendering.
- FE reclassification capital (no match) – Allocation £892k must be spent by 31 March 2025 – this is part of the three-year plan. £250k spent to date on the DHB Chillers. Project due to complete early November however commissioning expected in December, members were advised that this was on track to be completed by the end of the month.
- Skills injection fund (no match) – Allocation £289k must be spent by 31 March 2024. £100k spent to date remainder, currently reviewing position given student recruitment and clawback position.
- T levels Wave 5 – Building Project - Budget £3,252k, with £361k match, £70k spent to date – Appointment of professional team had been completed using the Procure Partnerships framework.

The sale of the Appleton Building was still ongoing, as the feedback from the Council on the pre-application planning proposal had meant the buyer's lenders had requested further information to support that the feedback could be accommodated without requiring additional funding. The buyer was confident this was the case and working through the feedback. Solicitors on both parts were engaged with an expectation of completion in the first quarter of 2024.

The lease with the Council has been agreed for three floors of the Little Germany, with effect from the 1 December 2023 to the 31 August 2024 initially, with the option to extend on a quarterly basis beyond that. It also includes an option to buy at the agreed price of £1.65m until the 31 March 2024, if this option is not taken the site will be placed on the open market in April 2024. The purchase of the site is going through the Council business case process.

Policies and Statements		
13.	Modern Slavery Act Statement	
13.1	The College is required to publish a Modern Slavery Act Statement on an annual basis. In the absence of the VPEDI&SE, the VPF&CS presented the statement for 2022-23 noting the activity that the College had undertaken to assure itself that modern slavery was not evident in the supply chain.	
13.2	RECOMMENDATION: That the Modern Slavery Act Statement 2022-23 is recommended to the Corporation for approval and then publication on the College website.	
Governance and Risk		
14.	Strategic Risk Monitoring	
14.1	The Committee reviewed the strategic risks for which it has oversight. The VPF&CS had added commentary to acknowledge the current rate of inflation levels and its impact on the capital project costs to the notes section of SR1 as requested by the Committee. There were no suggested changes in scoring.	
Any Other Business		
15.	Items for report to the Corporation	
15.1	<ul style="list-style-type: none"> • Minutes of meeting – 7 December 2023 • Annual Report and Financial Statements (presented by RSM) • Student recruitment • Modern Slavery Act Statement 	
16.	Any other business	
16.1	There was no other business.	
16.2	The Chair closed the meeting at 19.01.	
17.	Meeting Evaluation	
17.1	ACTION: To be circulated by the Assistant Clerk.	Asst Clerk

Approved by the Committee:

J. Williams

01.02.24

Signed by the Chair

Date

Agreed actions

No	Minute	Action	Who?
1	10.2	The VPF&CS to update the report to reflect performance against sustainable goals.	VPF&CS
2	17.1	Meeting evaluation to be circulated.	Assistant Clerk