

Agenda No: 02



FINANCE AND GENERAL PURPOSES COMMITTEE

FRIDAY 30 SEPTEMBER 2022

Report: Minutes of the meeting held on Friday 17 June 2022

Author: Clerk

Action: Approve

Status: Open

Present: Martin Hedley (MH – Chair)
David Alexander (DA – Principal)
Gareth Edmunds (GE) (virtual)
Sharon Kinleyside (SK)
Sarah Stewart (SS)

In attendance: Jeremy Cook (JC – Deputy Principal: Finance & Resources)
Ivan Jepson (IJ – Director of Business Development & Planning)
David Keetley (DK – Financial Controller)
Chris Toon (CT – Deputy Principal: Curriculum & Quality)
Emma Moody (EM – WBD, Clerk)

F/106 Chair's Welcome, Apologies and Conflicts of Interest

The Chair welcomed participants to the meeting.

Apologies were received from David Brind and Alan Potter. Members had approved the co-opting of Sarah Stewart in advance of the meeting by email to ensure that the business could be conducted validly and the meeting declared quorate.

GE declared a situational conflict of interest in the matter relating to the FTC offices. No other conflicts were raised, but members were reminded to declare any potential conflicts in matters discussed at the meeting as they arise.

The Chair recorded the emergence of the College out of formal intervention and reminded Governors of the need to allow the executive to take responsibility for operational management, and for Governors to seek assurances and hold to account in their governance role.

F/107 Minutes of the last meeting dated 20 May 2022

The minutes from the Finance and General Purposes Committee meeting on Tuesday 29 March 2022 were agreed as a correct record.

F/108 Matters Arising

The action log was presented to the meeting and noted by members.

F/109 Property Update

A verbal update was given by JC.

GE withdrew from the meeting at 10.15.

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GE returned to the meeting at 10.25

The report was noted.

F/110 Bad Debt Provision

The report was presented by JC.

JC said that the College Finance team would review the thresholds in the financial regulations and in the future propose limits under which the executive could approve write offs without the need for Committee authority and alternatively thresholds over which write offs would require consent of the Committee. These would be graded proportionate to value and risk.

Members noted an element of risk where students' fees are covered by student loans, and complications arising through student movements/transfers to and from College. JC felt that the College credit procedures were robust, and the College has followed its debt collection procedures – indeed the amounts being written off had already been fully reduced in the College accounts by 100%.

Action: bad debt write off thresholds to be reviewed by the executive in a future period and any revised process to be presented to the Committee for approval

The report was noted.

F/111 Management Accounts – May 2022

The management accounts were presented by JC.

GE asked if the College was experiencing price increases on areas of construction and secondly if IT projections were achievable in light of sector delays on delivery of parts.

JC confirmed as follows:

1. In relation to construction, the College submitted a bid in March to work on T level facility upgrades, which was on the assumption that the ESFA does not require matched funding. In the event the College is successful, then the cost of the modification to buildings will be reviewed and a determination made as to whether it remains affordable.
2. In relation to IT, there is a degree of risk although College has taken action early in this regard and there was no indication thus far from suppliers that there would be delays that would impact September delivery.

SS asked if a delay to the T level decision would affect next year's budget if approved and JC confirmed it would.

MH queried adult funding and fees. He asked about next year's projections and the learning from this year. JC confirmed this was an issue being experienced by other Colleges. It was a consequence of the position of the employment market and after effects of covid. The College is planning for more subcontracting next year (discussed later) but confirmed the reduced level of activity this year was taken into account in next

year's budget and cash flow forecasting. JC noted there was a risk but the remodelled curriculum ought to help mitigate this.

CT said that the position may be improved if there was a better devolution deal for the region in the future.

GE mentioned the previous presentation of an enrolment report which could be aligned against the financial presentation. JC confirmed this report would be brought early next year as it was in the first part of the year where the enrolment position was more volatile and therefore this data more relevant.

DA noted to the Committee that the Curriculum and Quality Committee received detailed information on student numbers throughout the year.

The management accounts were noted.

Action : enrolment report to be brought to meeting early in next academic year

F/112 Subcontracting 2022/23

The report was presented by IJ. The appendix to the paper was circulated to members.

IJ noted that the report would be presented for Board approval on 6 July. The College was about to complete its due diligence and contract award process for the delivery of AEB budget and an update on this would be provided within the Board report.

IJ reminded members that the ESFA had approved sub-contracting levels above the limits set for the sector for this year and next. By 23/24, the College should be at a level of 25% which would be aligned with ESFA limits if still required at that time – however, a devolution agreement may see this not required.

SS questioned whether the direction of travel to reduce sub-contractor use was realistically achievable. DA acknowledged the risk but said that there was an absolute requirement to move to 25% by 23/24 so this would have to be done – although it may result in lower overall levels of AEB being delivered to meet this criteria. There was a challenge in doing this in light of the contract volumes, but there would be two years between now and then to monitor trajectory. He imagined this would be a sector wide issue so would remain in dialogue with the ESFA in this regard.

Members noted this as a KPI in the management accounts and agreed to track this throughout the year to ensure that the College's movement in this area remained on target. The Committee was reassured that the College closely mapped sub contractor quality and performance was strong.

The report was noted and would be proposed to the Board on 6 July for approval

Action : Committee to track sub-contractor delivery (as a %) throughout the next two academic years (rolling item)

F/113 Update on External Funding Bids and Collaboration

The report was presented by IJ.

SS asked how much work would be done to the 2022-23 budget in the event funding was confirmed by end of year. DA said that any impact on the budget would result in a bridging paper at the point of change. JC confirmed there was no anticipated change to the budget at this time, but Board members would be on notice that a change to the budget could result if this funding was secured. EM asked if this would be an issue from a timing perspective if the College was aware of successful award before the meeting on 6 July, but the budget did not account for it, and if the auditors would take issue with this.

DA and JC confirmed this would not be an issue, especially as the position would not be adverse for the College, however, the narrative in the budget should include a note to reflect the potential receipt of these funds.

The report was noted and it was hoped the College would have an outcome by 6 July Board meeting.

Action: narrative in budget to include a reference to potential receipt of funding from this bid

F/114 2022/23 Budget

The report was presented by JC.

DA recorded thanks to the entire College team for the work undertaken in relation to the budget preparation.

DA commented on trajectory and direction of travel. The College's financial outturn for 2020-21 had been categorised by ESFA as outstanding the current 2021-22 outturn forecast would also see an outstanding ESFA classification if achieved; and achievement of the 2022-23 budget would see an outstanding ESFA financial rating for a third year in a row.

SS highlighted the staff pay ratios and asked if the ESFA would express concern about the increase in this regard, with it being above 65%, this being a KPI for the College and the regulators. Other members also queried this, but it was noted that staff costs were already slightly in excess of 65% and ESFA were aware of this position and that all colleges would be under some pressure in the next few years in light of cost of living and inflation rises.

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Members noted the early consideration of activity with the Saturday Youth Trust and the potential of opening College facilities during weekend, with the costs for this having been included in the budget. This would support the commitment of the new College strategy to the supporting of local communities.

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GE asked about the proposed capital budget for IT spend. JC confirmed that the College was responding to need across the business, and this investment in IT infrastructure was an absolute requirement to protect the College from risk (including cyber security) and to continue supporting business need.

Action: It was agreed that a short paper would be brought to the next Committee meeting outlining the progressive work undertaken in relation to College IT infrastructure during the last 18 months.

The 2022/23 budget was approved

F/115 ONS Classification of FE Colleges

The report was presented by JC.

The report was noted with concern and would be brought to the Board's attention.

F/116 Risk Register

The report was presented by JC.

The risk register was reviewed by the Audit Committee on Wednesday and the register would be revised over the Summer and revised in line with the new strategy.

The report was noted.

F/117 Any Other Business

JC updated the Committee on the procurement process for insurance provision. Due to a slight delay to the process, the outcome has not been properly considered but will be presented to Governors for approval on 6 July, with email circulation in advance to this Committee.

Action: insurance proposal to be circulated to Committee in advance of presentation to Board

F/118 Date of next meeting

The date of the next meeting was confirmed as Friday 30 September 2022 at 10.00am.

It was noted that MH would attend the Board meeting on 6 July virtually.