



Finance & Resources Committee Meeting 5 July 2022

Cover Report to the Corporation highlighting any Recommendations for Approval

Minute Number	Recommendation(s) to the Corporation
	To approve:
20/22 a)	<p>To recommend to the Corporation the 3-year Financial Forecasts:</p> <ul style="list-style-type: none"> i) 3 year Financial Forecasts ii) Financial Forecast Data iii) Draft Commentary <p>including a non-consolidated payment from September of £500 to staff (pro-rata for PT Staff and those who started mid-year) paid over 4 months.</p> <p>To recommend to the Corporation that agreement of the CFFR submission be delegated to F&R to approve by email before submission at the end of July.</p>
20/22 b)	To consider the 22/23 budget recommendation to the Corporation of Income and expenditure and Capital expenditure
21/22	<p>To recommend the following approaches to Capital Projects:</p> <ul style="list-style-type: none"> i) the approach to the Shipleys Towns Fund in particular the extension of the appointment of the professional advisors ii) the approach to the FE Capital Transformation Fund (FECTF)
23/22	To recommend to the Corporation the The Learner Financial Support Policy



Minutes of the F&R Committee

5 July 2022

Present:	D Butcher	Chair
	J Beaumont	Member
	P Whittle	Member
In attendance:	L Swift	Vice Principal Finance & Planning
	D Bird	Vice Principal Curriculum
	J Stott	Clerk
	S Butler	Minute Secretary
Apologies:	N Chohan	Member & Principal
	G Jeffrey	Member
	W Rowan	Staff Member
Meeting commenced:	17:50	
Meeting closed:	19:25	

J Beaumont informed the meeting that she would need to leave at 7.15 pm.

14/22 Disclosure of financial and/or personal interest

There was no disclosure of financial or personal interest.

15/22 To agree the agenda and order of business as circulated

It was agreed to address any items that require committee approval before 7.15 pm whilst the meeting is still quorate.

16/22 To approve the minutes of the meeting held on 22 March 2022

The minutes were approved as a true record.

17/22 Matters arising

There were no matters arising.

18/22 To receive a copy of the External Audit Planning Document from Mazars

The Vice Principal Finance & Planning (VPFP) presented the document for information purposes only. The report is standard and, apart from highlighting Mazars approach on the risk of income claw back, there was nothing else to raise.

The External Audit Planning Document was received.

19/22 To consider the Management Accounts for the period to April 2022

The VPFP said these figures report the position of several weeks ago due to the timing of our meeting and show a similar position to the previous accounts which backs up the fact the forecasts have a higher surplus. Apprenticeships are way above our budget and we think we will meet our AEB contract with the West Yorkshire Combined Authority with the tolerance. We have some good projects such as Collaborative Apprentices and Shipley is the highest performer on this contract. There are some savings on pay due to gaps in service after staff have left.

20/22 Financial Forecasts

a) To consider and recommend to the Corporation the 3-year Financial Forecasts:

- i) 3 year Financial Forecasts
- ii) Financial Forecast Data
- iii) Draft Commentary

The VPFP presented the detailed forecasts. They show a higher surplus than anticipated due in part to a new project taking place this week. A discussion took place around the AoC pay recommendation for 22/23. AoC have recommended a 2.5% increase plus a non consolidated payment of £500 or £750 and suggested this is based on FTE salary. The unions started at 10% which has been rejected. The College's decision will be based on affordability. Before agreeing a consolidated uplift of 2.5% it was agreed we first need to see how our 16-18 numbers look in September. The VPFP asked members to consider whether we want to include an assumed pay rise of 2.5 % in the budget or leave it at 1%. As student numbers are not formalised until mid October for 16-18, it was agreed it would be difficult to make any offers at this stage.

In respect of the proposed non-consolidated payment this could either be paid as a lump sum (though this would increase the National Insurance contributions for lower paid staff), or over 3/4 months which would make them better off. Two figures were considered of £500 and £750 and that an announcement should be made to staff at the start of term as a thank you for all their hard work and that we have had a few good years. A member added that if the increase is positioned as a thank you, then all staff across the board should be paid the same amount.

The VPFP then talked through the forecasts highlighting the commentary which is in the recommended ESFA format. The Strategic Plan has been included which states we will make a 2.5 % surplus next year, but that is not in the forecasts any more. The figures do not include any bonus payments. Highlighted was the Position Summary at section 4 showing the income savings target last year was £216k to break even. The key challenge this year has been the Adult Education Budget, but we believe we are getting back on target and will make up the shortfall.

For 22/23 we have a lower 16-18 income due to the drop in recruitment the year before and the income savings target is now £251k which we believe is achievable. Inflation has been added to each line of figures as utility bills have increased significantly, doubling since April. This year is not as bad as we had a contingency in the budget, but next year we will see big rises. All lines of expenditure have a minimum 3% added. If we can recruit an additional 50 students next year, we hope to return to a surplus by 23/24. We have a number of grants, more capital for the next round of T Levels and some large capital projects including the Transformation Fund. Sensitivity has been set out in the usual way, and will be updated after this meeting and the decision on the pay award. Members agreed it is the most challenging period for budgeting and the key is to recruit and retain our students.

There was a query on the reconciliation of cash balance and the treatment of the FECTF project. This may well be treated as repairs and renewals but for consistency with the bid cash flows for the ESFA it is currently shown as capital expenditure fully funded by the grant. The VPFP explained that we claim it in arrears with monthly returns - we pay the suppliers within 30 days but assume 60 days before we get the money back from the ESFA. The Chair said it would be helpful to include in the forecasts going forward a capital expenditure table which was agreed. Putting the pay rise to one side, members agreed the forecasts look fine.

The discussion returned to the pay rise and members agreed the 2022/23 forecasts still looked okay with a 2.5% increase built in and this would be considered in the Autumn round of meetings subject to September's enrolment. If we make a non-consolidated payment, to be accrued in the 2021/22 accounts and paid from September, then a formal recommendation needs to be made at this meeting to be approved by Corporation next week.

After further discussion, members agreed to recommend a non-consolidated £500 bonus (pro-rata to PT Staff and those who started mid-year) and to explain to staff that this is to be paid over 4 months to avoid increased NI contributions and is a thank you payment to staff.

The VPFP confirmed that she will change the forecasts and update the commentary to reflect decisions made today.

As the forecasts will change after today's meeting, the ESFA version of the forecasts, the CFFR, has not yet been completed. The VPFP had asked the committee to recommend to the Corporation that agreement of the CFFR submission be delegated to F&R to approve by email before submission at the end of July.

It was agreed to recommend to the Corporation the 3-year Financial Forecasts i) - iii) including a non-consolidated payment of £500 to staff (pro-rata to PT Staff and those who started mid-year)

It was agreed to recommend to the Corporation that agreement of the CFFR submission be delegated to F&R to approve by email before submission at the end of July.

b) To consider the 22/23 budget recommendation to the Corporation of:

- **Income and expenditure**
- **Capital expenditure**

The VPFP confirmed that the budget is the 2022/23 column of the forecasts approved as part of item 20/22 a) above. F&R were asked to formally approve the 22/23 forecasts as the budget for the year, subject to the amendment of the pay increase from 1% to 2.5% with effect from 1/1/2023.

[It was agreed to recommend to the Corporation the Income and Expenditure and Capital Expenditure for 2022/23](#)

c) To consider a draft Going Concern Statement for year-end accounts

The VPFP said members are required to formally agree the Going Concern Statement. She has added some rationale and it is for F&R to confirm her assessment that the Going Concern principle can be adopted.

[Members agreed the Going Concern Statement.](#)

d) To consider the latest ESFA College Financial Review and Dashboard

The VPFP highlighted that the ESFA have confirmed they agree with our Outstanding assessment based on the 2021 Finance Record and that we will be Outstanding again this year, subject to the impact of the non consolidated payment. They have also sent us some graphs which are also available on the Governors' Dashboard. The Chair asked that the full Corporation be sent instructions on how to access the Dashboard to view this data.

e) To receive a benchmark report on FE Sector 21/22 Finance Data

This item is to be deferred to the October training session as the data has only just been released and to allow more time for discussion.

21/22 To consider Financial Regulation Matters:

a) To undertake the annual review of the Treasury Management Policy, including cash investment

This policy is reviewed annually and the Committee agreed to the proposal that no changes are to be made to the policy,

The report was accepted.

b) To receive the annual report by the Principal on any significant exceptions on the use of Financial Regulation Procedures

There has been one rolling exception for the last few years around Security Personnel. We employ 3 people through a local company which is more beneficial

than employing them in house. They provide a good service and we have established staff and cover is provided when needed due to sickness. However, they are not on the CPC Framework. They have been trying, though it doesn't open up again until April next year. They are costing us no more than employing the staff ourselves.

The report was received.

c) To receive the annual report on Gifts/Hospitality received by staff

The VPFP highlighted a few small declarations which are insignificant. Fraud awareness training was carried out today and it is always highlighted to staff why it is important to declare gifts and hospitality.

The annual report was received.

d) To receive an update on changes to Financial Regulations & Annexes as recommended by the Audit Committee

The VPFP confirmed she had been through the Financial Regulations in detail and had highlighted the few changes in her report.

The update on changes was received.

e) To receive a report on the College Subsidiary companies

This is a carbon copy from last year with nothing additional to report.

The report was received.

f) To receive a report on Capital Budgets

The Director of Physical Resources reported a positive situation with £8.19m to spend in the next 3 years. He then talked through the 3 main projects:

Shipleigh Towns Fund

£25m has been secured for Shipleigh with £5.9m earmarked for our project. The Council has tentatively agreed to pay for the build and, if the VAT does not go away, we have a plan B. If the money comes through our books, money will be released up front and if the project does not progress, we have 5% up front to develop the project which can be used for fees which will not be clawed back so there is no risk. It was queried in what circumstance the project might not progress and confirmed that it is highly unlikely. RIBA Stage 2 should be finalised by Thursday and we are not expecting any issues and not to complete. The College will provide up to £500k to equip the building. via T level grants. Plans have changed since the last F&R meeting and the budget came in higher than planned. Caroline Street Club has now pulled out of the project due to cost so we can now focus on the College build and Saltaire Collection which puts us more in control of this exciting project for which there is a lot of support.

Governors approved the approach to the Towns Fund and recommended it to the Corporation.

The project team were appointed following a competitive design competition to take the project to RIBA Stage 2. Due to timescale constraints on the project, the Council Officers assigned to the Towns Fund projects, and their consultants, have advised us to carry on with RIBA Stage 3 (up to planning submission) while the Government Department looks at the RIBA Stage 2 / Business Case submission.

As appointing the above consultants for RIBA Stage 3 without a further tender process being undertaken technically falls outside our normal practices, F&R are asked to approve "alternative procedures" as noted in section 7.5.2 of our Financial Regulations in order to appoint the project team for the remainder of the project. This would be with the proviso that any development work ceases if for any reason the Government rescinds the Towns Fund monies.

Governors approved the alternative procedures.

FE Capital Transformation Fund (FECTF)

The primary purpose of the FECTF project is to upgrade existing space with grades B and C from the 2019 DfE commissioned survey or as substantiated by an independent report.

Alternative plans have been agreed with the ESFA should the Towns fund project which provides the match not go ahead, with a maximum contribution from the College of £500k and a possible alternative project in the Exhibition car park.

It was confirmed that the years shown in the report are April to March not College financial years.

Governors approved the approach to the FECTF and recommended it to the Corporation.

Minor Capital Spend

£277k worth of capital items have been approved this year by the Finance Management Group partially funded by £96k T Level grant funding. IT equipment forms the majority of approved items made up of replacing older desktop PCs, new laptops, tablets and Smartboards. 50k has been allocated to purchase equipment for the new eSports course which will include a separate dedicated internet line with firewall for security.

The report was received.

22/22

To approve the proposed lettings charges for 2022/23

No changes were recommended.

Members approved the Lettings Charges for 2022/23

23/33 To recommend to the Corporation the The Learner Financial Support Policy

A few minor changes have been made which members agreed.

Members agreed to recommend to the Corporation the Learner Financial Support Policy

J Beaumont left the meeting at 7.15 pm.

The meeting then moved to being in quorate. Management presented the remaining reports with notes taken for information.

Note 1 To receive an update on WYCC

The VPFP talked through the report. There are fewer projects currently but the budget for 2022/23 is for income and following lots of discussion at the Finance Directors Group they have not challenged this budget. There are concerns of risk and there will be a negative balance sheet at 31/7/2022 but with a chance to pull it back if the 2022/23 budget is achieved. Some colleges had backed out but are talking about coming back in. There is minimal risk for us and we have no legal liability.

A member asked that F&R be informed if invoices are not paid within 60 days which was agreed and confirmed that we are monitoring things very closely.

The update was received.

Note 2 To receive a progress report on the Risk Register related to financial risks

There have been just a few small changes with updates made to the text. All the red text is about inflation and members agreed it all makes sense, There was nothing particular to flag up and that many of the risks are to do with the economy which we have no control over.

The progress report was received.

Note 3 Any Other Business

i) Dates of meetings to December 2022

- **Wednesday** 8 December 2022

ii) Message from the Chair

The Chair announced that if the Principal had been present this evening, he would have liked to formally thank him in person for his contribution at what would have been his last meeting of the F&R Committee due to his upcoming retirement. The Chair then thanked the Clerk on his final F&R meeting before his upcoming retirement and for all his assistance to him as Chair of the Committee which he has greatly appreciated.