



Minutes of the F&R Committee

(Via Video Conference)

23 March 2021

Present:	D Butcher	Chair
	J Beaumont	Member
	G Jeffrey	Member
	N Chohan	Member & Principal
	W Rowan	Staff Member
In attendance:	L Swift	Vice Principal Finance & Planning
	J Stott	Clerk
	S Butler	Minute Secretary
Observers:	H Modak	Student Governor
Apologies:	-	
Meeting commenced:	18:00	
Meeting closed:	19:18	

The Chair welcomed Grace Jeffrey to her first meeting of the F&R Committee.

01/21 Disclosure of financial and/or personal interest

There was no disclosure of financial or personal interest.

02/21 To agree the agenda and order of business as circulated

The agenda and order of business were agreed.

03/21 To approve the minutes of the meeting held on 8 December 2020

The minutes were approved as a true record.

04/21 Matters arising

There were no matters arising.

05/21 To receive a report on capital projects and estates matters

The Director of Physical Resources presented his report highlighting projects worth potentially over £6 mil. The Digital and Education & Childcare project completed on 19 Aug 2020 which cost us £121k with a 1:1 match which helped with maintenance throughout the buildings. Another £75k government grant for the digital T Level route bought us additional resources including high level laptops. The T Level capital wave 2 works due to start this summer is for around £200k.

The FE Capital Allocation Works is part of a £1.5 billion investment announced by the government last June which stipulated we had to spend our allocation of £334k by the end of March this year. It has allowed us to make improvements to roofs and we have also committed £100k to IT and infrastructure works. We are due to finalise a return this week on how we have spent the money.

The Towns Fund is part of a £3.6 billion fund to level up towns in which Shipley and Keighley were successful with up to £25 mil allocated per town. We have submitted 2 bids - one for an extension to the Exhibition Building in the car park and the other for a bigger community based project including space for us with a future technology center on Caroline street car park. This exciting project has been agreed by the Shipley Towns Fund Board. We should hear by May if we get through stage 1 and we estimate the cost of the centre to be around £5 mil, with at least £2.5 mil allocated for the College.

Another project is the Accelerated Towns Fund Works which is for those businesses affected by Covid and we managed to secure £86k for the benefit of Victoria Hall.

We put in a bid yesterday for the FE Capital Transformation Fund (FECTF) which is for bringing the condition of the buildings up to Condition A. We should know the outcome of Stage 1 by 14 May. If accepted, a more detailed 'Stage 2' application will need approval at the July Corporation with final confirmation due by September. The £3m project will be to compete by Sep 2024 with match funding provided by the Towns Fund bid and £285k from College reserves over the next 3 years.

It was queried if we would own the new club building and confirmed no, as the club want a separate building - we would get a long ground rent on the full site and own the shipley college elements but we would work in partnership. Saltaire Stories would also be a minor partner.

The Chair thanked the Director of Physical Resources for his interesting report and he left the meeting at 18:25.

The report was received.

06/21 To consider the College financial reports:

i) Management Accounts for the period to January 2021

The Vice Principal Finance & Planning (VPFP) presented the accounts which had a big question mark over the Adult Education Budget (AEB) in particular. The accounts have been produced on the normal basis that we would meet our contract which is why we have a large surplus. However, we have since received notice to say the tolerance for the AEB contract is 90%. We are 60% at the moment and should get up to 70%, but the ESFA decision means that we may lose over £350k. This will change the figures presented, though we believe we can still make a surplus. Cash will not be returned until December, which means we will be cash rich into the new year. It has been an unusual year and with lagged 16-18 funding, we have delivered less than our contract value.

We have now heard from the Council and High Needs income is matching the details we have and is £100k more than expected which has improved our position. Apprenticeships are doing well - still below a normal year, but £76k higher than budgeted. We also have other sources of income from project work eg Skill House employing staff to help us get people back into work. The downside of not delivering the AEB courses is that we are also not getting tuition fees. Our biggest chunk of tuition fees income is for PGCE delivery. Advanced loans are going well and we believe we have achieved our forecast income. Savings have been made on pay expenditure, mostly due to gaps in vacant posts as well as paying less overtime over the last year. There are various savings for non pay expenditure including calls on landlines, materials for classes, admin costs, marketing and exams.

With £1.6 mil in the bank at the end of January we are currently cash rich and our financial health score stands at Outstanding.

ii) **Updates of the 3-year Financial forecasts**

The forecasts include the full AEB contract value so this needs to be updated now. The Principal added that we were looking at a surplus of over £400k this year but, due to the recent AEB announcement, this will drop to £50k. What was to be a great year has been hit over the last day. However, looking at our Strategic Plan over the last 3 years, it has meant we have not been hit as much as others as we have diversified our income.

It was queried if a reason has been given for the claw back and explained that the government said they have based achievement figures on realistic data. Note that we know of no other institution except one that will achieve more than 90%; most are between 70 and 80%.

Overall, we have some room for optimism that we can make a small surplus.

For 21/22 we were quite pessimistic and dropped our target to a break even. As income is confirmed, the income savings target is going down - now down to £297k. We have increased our forecast for income from the council and now have staffing for the extra students and feel confident we can get the income target to break even. In addition, we should get a national budget for some of our 19+ work outside of West Yorkshire.

The following year, the income savings target is £1 mil as there is so much we do not know yet. The cash flow projection is in a much better position than past years.

If not for the claw back in AEB we would be in an excellent position, but it has put us on the edge of some poor ratios, so it is crucial in the last term to make or save more money.

The FE Commissioner has published some benchmarks and reported how we stand against those which shows we are doing okay.

07/21 To consider in more detail the Sensitivity Analysis of the financial forecasts

The VPFP highlighted that the biggest risk has already happened as discussed above. The Chair added that it shows the value of the document that the risks are in the forecasts.

08/21 To receive a progress report on the Risk Register related to financial risks

The Principal went through the risks and changes shown in red confirming that the biggest risk is AEB. Full time recruitment numbers are looking ok, but we still need to keep pushing for more. We have recently committed to pay £10k on an additional piece of software that keeps in touch with potential students. For apprenticeships we have done better than expected. Our financial base was good at the time of writing, but the position has changed in the last days. Note that devolution has led to further complications with our contracts that will require careful monitoring.

Allocations of capital this year means we have been able to get ahead of our capital spend and we have built some maintenance costs into our forecasts in case our new bid is not successful. The extra pension commitment has now been settled and will be paid going forward. IT security is a risk going forward but we are keeping an eye on JISC.

The progress report was received.

09/21 To receive an annual report on Procurement

The VPFP reported we have a procurement team in place with the main specialist being the Physical Resources Manager. This is a yearly report with nothing specific to highlight and we continue to check our spend each year.

The Chair asked about external audit and the VPFP explained that several audit firms are starting to leave the FE sector. Both RMS and Mazars have been approached for a quote which we may have received by the Corporation meeting next week. It has been agreed with the Audit Committee not to carry out an internal audit this year.

The annual report was received.

10/21 To receive an update on the West Yorkshire Consortium of Colleges (WYCC) Finances

The Principal explained the WYCC is a separate company run by the West Yorkshire FE Colleges of which he is the Chair and the VPFP is on the Finance Committee. They oversee a number of projects worth £10-15 mil. All the ESFA projects have proven difficult due to delays with paperwork etc, but we managed it finally. The Consortium has had cash flow problems but this is improving with more stable projects. Shipley income totals over £236k over the last 3 years. This paper is to remind governors of the risk and that we are only liable for £1.

The update was received.

11/21 Any Other Business

There was no other business.

12/21 i) Dates of meetings to December 2022

- Tuesday 06 July 2021
- Tuesday 07 December 2021

ii) To recommend to the Corporation:

a) the Fee Policy 2021/22

Members agreed to recommend to the Corporation the Fee Policy

b) the Phased and Flexible Retirement Policy

Members agreed to recommend to the Corporation the Phased and Flexible Retirement Policy

i) consider which recommendations/proposals are reported to the Corporation

- **Minute 11/21 ii)** on recommendation to the Corporation the Fee Policy
- **Minute 11/21 ii)** on recommendation to the Corporation the Phased and Flexible Retirement Policy