



Minutes of the F&R Committee

7 July 2020

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| Present: | D Butcher A Podesta J Beaumont N Chohan W Rowan | Chair Vice Chair Member Member & Principal Staff Member |
| In attendance: | L Swift J Stott S Butler | Vice Principal Finance & Planning Clerk Minute Secretary |
| Apologies: | P Brown | Member |
| Meeting commenced: | 18:03 | |
| Meeting closed: | 18:51 | |

[In advance of the meeting, members put forward a number of comments and questions which were responded to and are set out at the end of these minutes on Page 6.]

01/20 Disclosure of financial and/or personal interest

18:03

There was no disclosure of financial or personal interest.

02/20 To agree the agenda and order of business as circulated

18:03

The agenda and order of business were agreed.

03/20 To note the F&R report to Corporation and Management responses to questions raised by members following the late cancellation of the 17 March 2020 meeting due to Covid19

18:03

Members had read and accepted the F&R report and responses to questions.

04/20 Matters arising

18:04

There were no matters arising.

05/20 To receive a copy of the External Audit Planning Document from Mazars

18:04

The Vice Principal Finance & Planning (VPFP) highlighted that this document has already been through the Audit Committee and is presented here for information. A query had been raised in advance of the meeting about the large fee increase by the auditors. In response, the VPFP had shared a paper which went to Audit to explain the reason for the increase, which is due to all the extra requirements such as increased work on the insolvency regime and around cyber security. Also to note is that the Auditors are now asking for a Going Concern Policy before they start the audit.

The External Audit Planning Document was received.

06/20
18:07

To consider the Management Accounts for the period to April 2020

The VPFP reported that, pre-lockdown, we were heading for a particularly good year. The situation still remains good, and we are due to hit our income savings target. The accounts show an underlying operating surplus of £277k to date compared to a budgeted surplus of £147k.

07/20
18:09

Financial Forecasts

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

The VPFP explained how the forecasts are made up of our internal version of the 3-year financial forecasts which are much more detailed than the ESFA's summarised version. It was queried why we have prepared for 3 years and not 2. The VPFP explained that she had attended some AoC briefings where the ESFA were present and, although they have said we can prepare 2 years, they would ideally like to see 3, which we have done in the spirit of being open. Each line has been scrutinised and discussed with relevant staff to see where they think things will be next year. We know where the income savings target will probably come from, but it will be a bit more challenging than the last few years to achieve.

It was queried if the ESFA had provided a logic for the extra forecast. It was explained that the ESFA wanted something simpler than our last major financial modelling back in February to make it easier to keep an eye on what is happening with colleges since COVID-19. It helps them get a quick feel for the sector and the costs and to quantify the impact of COVID.

The Principal personally thanked the VPFP for the huge amount of work undertaken to produce these forecasts and members agreed saying they appreciate all the detailed information provided in the commentary.

It was agreed to recommend to the Corporation the 3 year Financial Forecasts

b) To consider the 2020/21 budget recommendation to the Corporation of Income and expenditure and Capital expenditure

It was agreed to recommend to the Corporation 2020/21 budget

c) To consider ESFA return

There was a comment on the ESFA Commentary on page 10 on the cash flow forecast and cash days where the years appeared mixed up which the VPFP will look at and amend. To note is that we have no overdraft facility - in part because we hadn't used it for 3 years. Positive is that we managed to secure most of our income from Leeds College of Building before the lockdown. Queried

was the cash days target and when that applies. It was clarified that the target is for at least 25 days at any point in the year. Another query was on the capital budget and why it was not being discussed at F&R. The Principal explained that, as there was little new to report, it was decided to submit to the Corporation instead. There was a new T Level equipment grant to report which was money in, money out. Where we spend our normal money in August, we are trying to pay for it in July to secure the kit, which makes it look like an unusually large amount of money spent this year.

d) To consider a draft Going Concern statement for year end accounts

The VPFP confirmed that she would put together some draft words for the year end accounts for members to agree electronically on the Going Concern Policy which she will then give to the audit team to put in the accounts.

08/20
18:26

To consider Financial Regulation Matters:

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

The VPFP explained there is little scope for change and that there are no new recommendations to report.

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

The Principal reported that we are continuing with the services of the same security company, but that we would have gone out to tender if lockdown had not occurred. However, we remain happy with their services, but plans for a re-tender are in place.

The annual report was received.

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

Regular reminders are sent to staff about disclosing receipt of gifts and hospitality and there are only 2 to report which is typical for the year.

The annual report was received.

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

As this has been through and agreed by the Audit Committee it is presented to F&R for information purposes. There are only minor changes, some of which reflect the changes we have made during COVID-19 which we plan to continue e.g. the acceptance of electronic signatures.

The update was received.

e) To receive a report on the College Subsidiary companies

The Principal stated that Shipley College Services will continue, but that we do not have to produce any accounts. It is good to hold onto the name in case we need it in the future.

The Report was received.

f) To receive a report on Minor Capital Budgets (Fin Reg 4.4.6)

As this was covered earlier on in the meeting the report was received.

09/20
18:31

To receive an update on WYCC

The Principal reported that WYCC continues as part of a Joint Venture with the other West Yorkshire Colleges. Finances have been difficult with the numbers of projects running and the DWP being slow at paying. Things are progressing though and ongoing debt is not increasing which is a major change and they should be able to start paying off the colleges who have money invested. The key message to note for the College is that, if the whole thing collapsed, we would owe about £100k. Projects delivered have not been ideal and we have not been able to deliver as much as we wanted, but delivery is picking up particularly with the Reboot project and Let's Talk Real Skills. Overall, the finances are better controlled now than they were previously and there is a better collective understanding of the projects. We are looking at a break even for next year, maybe even a surplus, so it is moving in the right direction.

The update was received.

10/20
18:35

To recommend to the Corporation the Learner Financial Support Policy

The VPFP highlighted a few small changes made. A query made in advance of the meeting was at para 4.7 dealing with course related costs and why "including course trips" has been deleted. It was clarified that we often say no to course trips because students receive bursaries and course teams do subsidise trips. Also, students can fundraise if required. However, in cases where we want to show discretion and subsidise course trips, we can still do this under "course related costs".

It was queried if it is reflected anywhere about resources for online learning and confirmed no, as we have prioritised our capital to buy more laptops.

It was agreed to recommend to the Learner Financial Support Policy

11/20
18:37

To approve changes to WYPF discretionary policies

The VPFP reported that there have been some discretionary policies attached to the WYPF that need to be updated as a result of recent changes. It was proposed that this be done before the December meeting and at the same time as sending out updates to the Going Concern Policy, the VPFP will also send the proposed changes to this policy to be approved electronically which was agreed.

12/20
18:38

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

The Principal highlighted the updates in red. 1c) Failure to manage 19+ and apprenticeship targets within allocations has changed as we do not know how we will deliver our AEB next year. We do have plans in place, but it is difficult to know if people will turn up for classes but we have some flexibility. Devolution could mean an £80k reduction but we are challenging that proposal. At 2a) on the financial base, COVID-19 will have an effect on us. We have additional spend £22k on signage associated Covid costs and an extra £20k allocated for next year. We are getting ready for a fall in apprenticeship numbers of around 60%.

The progress report was received.

13/20
18:42

To approve:

a) The Policy and Procedure for the Hire of College Premises

Only a small number of changes are proposed around cancellations which affects the numbering which will be updated.

The Policy and Procedure for the Hire of College Premises was approved.

b) The proposed lettings charges for 2020/21

This has been put together in conjunction with the policy and we are not suggesting any changes as we do not expect to be able to let the building out very much for some time.

The proposed lettings charges for 2020/21 were approved.

14/20
18:44

To receive the ESFA's review of Financial Statements/Financial Plans

The Principal reported that the ESFA agrees with our assessment of Good but are silent on our 'early intervention' status which we had expected would be dropped this year. This means that we have to continue to send them quarterly accounts. It was queried if we are Good why they are silent on this and the Principal explained that they had agreed we would come out of early intervention but, before the letter arrived, COVID was upon us, so they are probably being careful. We are looking at a £175K surplus next year instead of £225k which reflects the challenging times.

The ESFA's Review was received.

15/20
18:49

Any Other Business

- i) It was highlighted that this is Phil Brown's end of service on the F&R Committee and to note and thank him for all his valuable contributions over the years.

ii) **Dates of meetings to December 2020**

- Tue 13 October 2020 (if needed)
- Tue 8 December 2020

iii) **To consider which recommendations/proposals are reported to the Corporation**

- **Minute 07/20 a)** on recommendation to the Corporation the 3 year Financial Forecasts
- **Minute 07/20 b)** on recommendation to the Corporation the Income and expenditure and Capital expenditure
- **Minute 10/20** on recommendation to the Corporation the Learner Financial Support Policy

Responses to questions submitted in advance of the meeting

| Item | Presented By | Questions/ Comments | Response |
|--|--------------|--|--|
| 5) To receive a copy of the External Audit Planning Document from Mazars | VFPF | I am sure that the Audit committee has been through the quotation with care but I was curious about the apparently large increase in fees. (P Brown) | Explained in the audit committee paper |
| Item 7 | VFPF | <ol style="list-style-type: none"> 1. Why submit three years to the ESFA if we only need to submit two years? 2. Why is there not any detail or discussion on the capital budget? How can F&R do its job if discussion is postponed to the corporation meeting? 3. Can a reconciliation be provided from the original capital budget to the £574k fixed asset purchased figure for 19/20 (item 7a page 4 reconciliation of cash balances) 4. Does the cash days target mean 25 days at year end or 25 days at any point in the year? | <p>Webinars encouraged 3 years happy to remove 1 if F&R would prefer.</p> <p>See attached paper</p> <p>See attached paper</p> <p>Measure against this all year</p> |

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| | | <p>5. Year end cash balances increase from July 20 to July 21, so why does the low cash point in the year decrease from 19/20 to 20/21 rather than increase? (D Butcher)</p> | <p>Included in 20/21 is 3 new trainee teachers supported by a grant but believe the grant may not be received until April £49k. Also in 19/20 we delivered a significant amount of the Leeds College of Building grant in the early part of the year so received payments before April, assumed this could be delayed in 20/21.</p> <p>Also there is an income savings target for 20/21, although this may come from a variety of areas and assumed the income is post April. Eg overdelivery of AEB would be after April.</p> |
| 7c)To consider ESFA return | VPFP | <p>section 4: under the heading of "Future Position," the 3rd and 4th sentences read "Currently assuming a 50% attendance for full time students. The higher the level of students, the higher the level of online attendance." I did not understand the logic of the 4th sentence. (P Brown)</p> | <p>Level 3 students are coping with remote learning better than the lower levels</p> |
| 7c)To consider ESFA return | VPFP | <p>section 9: the date for Corporation approval should read "2020" and not "202". (P Brown)</p> | <p>Thank you will amend on original</p> |
| 8e) To receive a report on the College Subsidiary companies | Principal | <p>Do we really need to keep Shipley College Services Ltd? Anything to get rid of some admin even if it only very minor. (P Brown)</p> | <p>Keeps the name which may be useful in the future</p> |
| 10) To recommend to the Corporation the Learner Financial Support Policy | | <p>in para 4.7 dealing with course related costs I was disappointed to see that "including course trips" has been deleted. (P Brown)</p> | <p>We often say no to course trips because students receive bursary and course teams do subsidise trips. Also students can fundraise if required.</p> <p>However, in cases where we want to show discretion and subsidise course trips, we can still do this under "course related costs".</p> |