



# Minutes of the F&R Committee

(Via Video Conference)

**22 March 2022**

<b>Present:</b>	D Butcher	Chair
	J Beaumont	Member
	P Whittle	Member
	G Jeffrey	Member
	N Chohan	Member & Principal
	W Rowan	Staff Member
<b>In attendance:</b>	L Swift	Vice Principal Finance & Planning
	D Bird	Vice Principal Curriculum
	J Stott	Clerk
	S Butler	Minute Secretary
<b>Meeting commenced:</b>	18:00	
<b>Meeting closed:</b>	19:25	

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The Clerk informed the Committee that J Beaumont would be arriving late to the meeting.

**01/22 Disclosure of financial and/or personal interest**

There was no disclosure of financial or personal interest.

**02/22 To agree the agenda and order of business as circulated**

The agenda and order of business were agreed.

**03/22 To approve the minutes of the meeting held on 7 December 2021**

The minutes were approved as a true record.

**04/22 Matters arising**

There were no matters arising.

**05/22 To receive a report on capital projects and estates matters**

The Director of Physical Resources reported on the status of current projects.

1) T Levels Capital - Wave 2 Works Summer 2021

This was a project spend of £200,400 made affordable due to a grant from the DfE of £150k. This project refurbished elements of existing learning facilities in the College's 'Exhibition Building' which is being used by Health and Science students and upgraded 752m<sup>2</sup> of educational space.

2) Shipley Towns Fund

With a pot of £25m for Shipley, the College has secured £5.39m for the new Community, Arts & Future Technology Centre on Caroline St. There are 3 different partners and the Centre will consist of a Future Technology Centre, a Heritage Hub, and a New Community Arts Centre. For us, this will provide another 7 classrooms and we will move our Reception and Registry spaces across to the new build. The Heritage Hub will also be a tourist information space. Other additional features include public toilets, a new pay & display car park, electric vehicle charging stations and additional community space.

Initial public consultations have taken place and most feedback has been very positive. A key point raised has been on the sustainability of the new build. We carried out a design competition with local architects and the winner was YEME Architects. We are now moving towards the pre planning process with Bradford Council. It was queried if the build is fully funded and confirmed yes, though based on the costs of a year ago, but a lot has changed since then. We hope to complete the build with the funding, but may need to explore other avenues for the interior costs. Cashflow requirements were also questioned by a member and it was clear that under present arrangements where we are granted monies in advance, cash flow should not be an issue. Bradford Council who are working with us are donating the land. A member asked if we will own the building and it was confirmed that we will own the building that houses the heritage hub and college rooms, but that the Arts Centre will be owned by Caroline Street Club. It was explained that, for the design stage of the project, the Council will send us £250k so in terms of money flow, we spend money granted by the Council and assume the rest will work in the same way. The spend is being overseen by the local MP but is run by the Council and a discussion is planned for tomorrow with the Council about the VAT aspect. We are aiming to open the building in September 2024. The key phase is to get a business case back to the Government by the end of June to be able to then move things forward.

3) FE Capital Transformation Fund (FECTF)

This project will refurbish large elements of the College's 'Mill', 'Exhibition' and 'Salt' Buildings with some minor works at the Jonathan Silver Building. The project will ensure that circa 2,500m<sup>2</sup> of educational space plus key external building fabric elements will be improved. The survey on our buildings is complete and our estimated project spend value is circa £2.8m. We had to provide a match which has come out of the Towns Fund. We have put a good case forward and should hear the outcome by the end of this month. The biggest challenge will be in the logistics - delivering the works whilst the College is still open.

4) Minor Capital Spend

A modest budget has been set this year at ~ £100k and the bidding process is now open to managers and closes on the 31/3/22. This will focus on PC replacement in classrooms and will provide match for future T Level capital equipment.

The report was received.

**06/22 To consider the Management Accounts for the period to January 2022:**

- a) Report to Management**
- b) Management Accounts**

The Vice Principal Finance & Planning (VPFP) presented the accounts which are now showing a surplus rather than a small deficit. For 16-18 funding, the T Level claw back has been resolved. There are 142 high needs students enrolled and top up funding has been requested from the Council but not yet included in these accounts.

ESFA and WYCA performance for adult skills was a bit down in January, but went back up again in February and we are hopeful we will meet both contracts. There is a 3% tolerance on both contracts. Level 3 national skills is doing really well and we have a contract for another £300k. Apprenticeships are also doing very well - the overall budget was £630k and forecast income for the year has been increased to £800k.

Tuition fees were a bit down at the start of the year but lifestyle classes are starting to recruit again. For Advanced Learning Loans we are getting close to our allocation. Although we are still recruiting it should be enough, although not yet able to identify a pattern of where people are coming from re funding, i.e. via AEB, via National Skills or via a loan.

On grant income, a number of our projects have come to an end and we received more income than budgeted including income to support the Kickstart programme which has supported 7 short term employments. Other income is a little down as Askham Bryan College has lower students this year. The Income Savings Target is down to £80k and we have returned to a 2% surplus. Some savings have been made on expenditure due to gaps in posts, changes in support staff and some restructuring. Our Financial Health remains Good.

A member asked if we have had problems recruiting and the VPFP confirmed it has taken up more time and there have been challenges where we have had to advertise a post several times, but that we have managed to fill posts.

**07/22 To receive the 3 year Financial Forecast update**

- a) Commentary Forecasts**
- b) Forecasts**

The VPFP confirmed a revised surplus of £225k was set in the previous forecasts prior to the agreement of the pay rise. Although a 2% pay rise was agreed it is still considered that a £225k surplus can be met as management have identified potential income or savings that would meet the target of £80k. This all relies on us meeting our AEB contract and the forecasts include a part time lecturing budget to achieve this.

22/23 is a very challenging year, though good 16-18 September recruitment will improve the position for 23/24 considerably - we need more students and

in the right classes. An area of real scope is the Level 3 qualification and we are hopeful for this in the H&SC and Childcare setting. We achieved a really good surplus last year and expect another surplus this year, so have reserves to carry us in 22/23. The ESFA have indicated the teachers' pension grant will continue in some format and we have included a 1% pay increase from Jan 23.

The following year looks much more challenging to get back to a position of making a surplus, but we have been in this position before. With good recruitment, that figure will go down.

A member highlighted that the average wage increase at January 2022 across businesses nationally is 3.8%. The minimum wage this year went up by 6.6%. Those figures will be higher than that next year. Looking at the Risk Register, he raised a concern that we may not be assessing the risk as fully as we should and suggested the same alert on energy costs. The VPFP stated we have added on 50% for energy. On utility costs, we are on a contract where energy has been pre bought to the end of April, and we are on a contract to the following April which reduces our risk to April 2023. Members agreed that some of the cost risks were probably higher than indicated in the sensitivity analysis

Cash flow projections are very positive and the Chair added that these projections show all the hard work carried out over the last few years, which will help us to withstand a couple of difficult years.

The 3 year Financial Forecast update was received.

**08/22 To consider a proposed agenda for a joint meeting with the F&R Committee in December 2022**

The VPFP confirmed this has been discussed with Audit who have agreed to the principle of a joint meeting. The Chair added that he felt the new format would make it more difficult to gauge timings for the different agenda items and would therefore not serve an efficient F&R meeting. Other members agreed with this point so it was therefore agreed to hold 2 separate meetings in December with the Audit Committee meeting on Tue 7 Dec and F&R meeting on Wed 8 Dec.

**09/22 To consider the latest ESFA College Financial Dashboard**

This has become a standard item on the agenda which is shared for information purposes and members agreed it is useful to see the information in this format.

**10/22 To receive a progress report on the Risk Register related to financial risks**

The Principal highlighted the main risks:

1b) Failure to achieve 16-18 student numbers - here the emphasis is on the need to recruit large numbers of 16-18 in September.

1c) Failure to manage 19+ and apprenticeship targets within allocations - this was amber as at the time of updating and is more negative about adult funding, but we expect to get there in the end so this could move to green.

2a) Failure to improve the financial base of the College and achieve the financial plan performance indicators including the achievement of the income target - to consider adding in a point about potential staff increases. There is a lot of pressure on failure to increase the financial health of the College, though the other risks are green.

The progress report was received.

**11/22 To receive an update on the West Yorkshire Consortium of Colleges Finances**

The Principal explained the various difficulties being faced by the Consortium including financial issues. In essence, the Consortium owes about £400k to the Luminate Education Group. This is a positive position as it previously owed £600k and over £200k to Calderdale. Due to the number of different projects, it is difficult to gauge the financial health of the Consortium. There are 7 Heads of Finance looking at the accounts so meetings are not easy with each scrutinising the accounts differently. Luminate has committed to underwrite cash flow for the Consortium and the College's legal risk is just £1. It was queried how much we are actually owed and confirmed less than £100k, which is due to come in very shortly. We have no redundancy risks as Luminate employs all the staff. A lot of the projects have been difficult due to the European funding, but now the new funds may come with very different strings. The Principal confirmed that he will stay on as Chair of the WYCC after his retirement in September.

The update was received.

**12/22 To receive an annual report on Procurement**

The VPPF presented the report which does not include the routine renewal of software licences and talked through some of the activities.

For Security we had tried to get Golden Crown onto the CPC framework but this failed. However, it did not feel the right time to go through a renewal during Covid. If we did change provider, our 3 security guards could TUPE across. The Principal raised the question of whether we need security guards any more - although we need that function, it could look different. We have rolled over our contract with Golden Crown for 1 more year and there is minimal scope for savings on this.

On Property Consultancy, the College exercised its option to extend the 3 year contract to 5 years at the end of April 2021. In addition, a specific tender was carried out for work to support the Towns Fund project.

For our internal audit, only 2 companies came forward with a quote - more firms have dropped out of the market. This is being discussed by the AoC, but it is a shrinking market place.

Following notification in July 2021 from Virgin media of the requirement to transfer to VOIP by July 2022 quotes were obtained from BT and Virgin. A switch over process was initiated with Virgin. The costs for the last 5 year term were £81,338 and the new 5 year cost which includes £7,539 upfront year 1 costs for the hardware. The swap will hopefully be finalised by Easter.

On Banking, F&R had agreed to continue with Lloyds bank for a further 3 years for June 2019. Prior to the renewal of the facilities at the end of May 2022, F&R are asked to consider whether we wish to continue this arrangement or look to another provider. A discussion took place and members agreed we should stay where we are for another 3 years subject to the possibility of closure of Virgin Bank in Shipley where the branch facilities are used. Should we require a rolling facility with the Towns Fund, it will be easier to get through Lloyds than somewhere else. In terms of cash, if we need to deposit at the local branch and, if this closes, a member highlighted that we can put cash into the bank through the post office quite efficiently which is always an option.

The annual report was received.

## **13/22 Any Other Business**

### **i) To consider the Fee Policy 2022/23**

[Members agreed to recommend to the Corporation the Fee Policy 22/23](#)

### **ii) New Appointment**

The Chair took the opportunity to congratulate Diana Bird on her new appointment as Principal, adding that he looks forward to welcoming her as a full and formal member of the F&R Committee from September.

### **ii) Dates of meetings to December 2022**

- Tuesday 5 July 2022
- Wednesday 8 December 2022