



Minutes from the meeting of the Finance and Resources Committee held remotely on the 21st March 2023

<p>Present: D Butcher (DBu) Chair D Bird (DBi) W Rowan (WR) - <i>via Google Meet</i> G Jeffrey (GJ) - <i>via Google Meet</i></p> <p>Apologies: J Beaumont (JB) Vice Chair P Whittle (PW)</p>	<p>In Attendance: D Carter (DC) - Clerk L Swift (LS) - Vice Principal Finance and Planning G O'Shea (GOS) -Vice Principal Curriculum - <i>via Google Meet</i> I Durham (ID) -Director of Physical Resources</p>
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		Action
Meeting commenced at: 6.07pm		
1	<p>Welcome, Apologies for absence, Disclosure of financial and/or personal interest DBu welcomed everyone to the meeting. Members had previously agreed to a hybrid meeting to ensure quoracy. Apologies were received from PW and JB. There were no personal or financial interests to declare.</p>	
2	<p>To agree agenda and order of business as circulated Members agreed the agenda, LS requested item 12 to be taken after item 5 so ID can be in attendance. <i>Agreed.</i></p>	
3	<p>To approve the minutes of the meeting held on 7 December 2022 The minutes were approved as a true and accurate record of the meeting.</p>	
4	<p>Matters arising: a) item 6. ID will check the program and circulate dates to committee members. - Resolved b) item 12. Page 17 to be amended - DBu states he was reappointed April 22, and is on Search and Remuneration as well as F&R to amend - Resolved</p>	
5	<p>To receive a report on Capital projects and estate matters Section 1 of the paper was not discussed due a matter which has recently emerged and is of a sensitive nature. DBi confirmed it would lead to delays and agreed to update DBu as Chair outside of the meeting. ID explained section 2 of the papers; the £4.1million FECTF fund to be spent on existing college buildings. Six local contractors have been on site as part of the tender process, one company has asked for an extension on the deadline and this has been granted. All contractors are struggling with the timescale of the Summer periods, therefore have asked for base tenders on the basis that they can complete over the next two summers and to add narrative to what they feel is realistic and this will be discussed</p>	

	<p>with the lowest tenderer at that point. May have to utilise other college breaks.</p> <p>A member asked if all contractors have received the extension, ID confirmed they had.</p> <p>LS stated had planned a two month delay between FECFT claim and receipt on previous cash flows but reduced to one month as the turnaround has been much quicker for initial claims, usually in the same month as claimed.</p> <p>The contractor appointment date is the 21st April. Action: ID explained the committee will be consulted via email or a short single item virtual meeting to allow people to ask questions. The tender will be shared prior to aid discussion.</p> <p>Members agreed on this process.</p> <p>Two further capital grants have been received recently from the DfE: £89,571 to be spent on improving the energy efficiency of our estate. £224,244 to be spent on capital projects, prioritising condition improvement of the College's estate.</p> <p>The above funding is allocated in proportion with the revenue funding of our institution received in 2021 to 2022.</p> <p>Projects that the funding could be spent on are being discussed at present by the College's Finance Management Group and include:</p> <ul style="list-style-type: none"> • Decarbonising one of our buildings. • Upgrading a domestic teaching kitchen to a professional catering kitchen. <p>The funding has to be spent before the 31st March 2025 and the committee will be kept updated on what leaders decide to use the funding for.</p> <p>A question was asked around the FECTF match fund, if theoretically the Towns Fund does not go ahead. LS explained the College has received a letter from the ESFA to state in such circumstances Shipley College would need to put £500k in, this is affordable as this is due to be the contribution towards the Towns Fund.</p>	ID/Clerk
12	<p>To receive an annual report on Procurement</p> <p>LS explained the report is longer than usual due to the amount of activity in the last 12 months, this report is created by the Procurement team who are not specialists but manage the main procurement and utilise support by CPC.</p> <p>A member stated it would be useful to separate out the table to see which relate to the Towns Fund, FECTF etc. LS confirmed she will separate spend with capital suppliers going forward.</p> <p>Regarding item 3.11 for student records; this was agreed through DBu and John Egan - Chair of the Corporation, to confirm agreement before signing a new 6 year contract.</p> <p>A discussion around gas and electric took place and how the College</p>	

	<p>contract works to try to keep costs even throughout the year rather than having increases and decreases at different periods.</p> <p>DBu stated it is a helpful, clear report and thanked the Procurement team for their work on this.</p> <p><i>ID left the meeting at 6.22pm</i></p>	
6	<p>To consider the Management Accounts for the period to January 2023:</p> <p>a) Report to Management</p> <p>b) Management Accounts</p> <p>The accounts are showing a better position than the forecast. LS noted the staff costs are key here, there has been a significant saving due to vacancies as previously discussed, not expecting savings to continue and it will be a challenge to meet the contracts.</p>	
7	<p>To receive the 3 year Financial Forecast update</p> <p>a) Commentary to Forecasts</p> <p>b) Forecasts</p> <p>There is an improvement in 22/23, the income/savings target was previously £309K, and now is down to £129K. There are contingencies which may not be spent, some expenditure budgets have not been used up to their total but the full budget has been included, and all overspends have been counted. Tried to de-risk most of the income line although there are still some that could be a challenge. It assumes the College will meet the 19+ contract.</p> <p>The original proposed budget for 2022/23 was a £200K deficit, but this would trigger a financial health score of Requires Improvement, so although affordable, was reduced to £84K . Because of the formula calculation £84K no longer puts the EBITDA over 1% but would take very little to put it back over 1%.</p> <p>There are a lot of changes that have gone through this update of the forecasts and members were referred to the commentary for the detail.</p> <p>A discussion took place around the interest rates of the deposited monies and the process around this.</p> <p>Next year is a lot better than previously reported, with the income target down to £315k meeting the Colleges Strategic Objective. However anything over a 2% pay increase will put us back over £400k</p> <p>A discussion around the potential pay increase took place.</p> <p>The key reason for the 23/24 improvement is the 16-18 allocations are looking good, had an increase in numbers this year, not as much as had hoped, but this increased the number of students funding and the ESFA have increased the base rate. Better than expected funding for disadvantage (DA). We have also had an increase in the programme weighting factor. So some of our provision that previously had a 20% uplift now have 30%.</p> <p>Cash Flow shows good cash balances, LS has included the delay in payments on FECTF, and has not yet included the Towns Fund, if included this would have a positive impact.</p>	

	Members note it is a good position.	
8	<p>To consider in more detail the Sensitivity Analysis of the financial forecasts <i>GOS left the meeting at 6.35pm</i></p> <p>LS explained areas where the report has been updated. Key areas were identified including the planned T Level numbers, adult education budget and the 5% increase from WYCA. The Free Courses for Jobs at Level 3 would have used loan funding but these are now free. Key item is as always is the income saving target. A member noted an error to the heading on the columns which was noted by LS.</p>	
9	<p>To consider the latest ESFA College Financial Dashboard There has been no change since the December meeting.</p>	
10	<p>To receive a progress report on the Risk Register related to financial risks DBi explained updates are noted in red.</p> <ul style="list-style-type: none"> • 1B - free schools application, won't know outcomes till Autumn. <p><i>GOS rejoined at 6.40pm</i></p> <ul style="list-style-type: none"> • 1C - Regarding Rail, recruited a L2 tutor, having some discussions around this. New starters; appointed new Head of Business Development, an internal candidate got this. They will be supporting WR in all activities to achieve full contract values of 19+ • 2B - Expecting a new funding handbook in 2024. Not knowing what this will entail is challenging. • 2E - FECTF commentary and additional pots of funding. • 2G - WYCC will be discussed in next item • 5A - The rules around cyber essentials are changing, when the time to renew comes leaders will have to look at multi factor authentication. It is a complex task for the IT team to work on. • On pg 6 - The Level 3 qualification reform, lots of activity from Principals and the AoC on this, which will see a raft of L3 courses defunded-from 2024/25. This will be a risk, 54% of Shipley College's full time students are on L3 programmes so it is a significant concern as not all will be able to complete a T Level. <p>Members receive the report.</p>	
11	<p>To receive an update on the West Yorkshire Consortium of Colleges Finances (WYCC) There is one risk around this, College's legal liability is £1, our moral liability is £100K. The key risk is potential cost of redundancies and the £455K debt that is owed to the Luminare group. There have been discussions about the future of the group, only two college Principals are still Directors. DBi is still attending, not as a director but maintaining the college's commitment.</p> <p>A member asked what the income generation from WYCC has been like. DBi feels the College has had a decent amount of income since 19/20. Have staffing costs through collaborative projects and sustainability work.</p> <p>There is a debt to Luminare, they asked for it to be paid in a series of four payments. The ONS reclassification rules make continuation of the debt a challenge.</p>	

	DBi advised there is a meeting due to take place next month to discuss the future structure of WYCC and this will be reported back to F&R and Audit committees.	
13	<p>To receive the Sector and Service accounts for the year to 31 July 2022</p> <p>This item has been deferred and will be shared for information via email following the meeting and noted at the next meeting.</p> <p>Action: <i>To be noted on the agenda</i></p>	Clerk
14	<p>To agree new bank mandate and associated resolutions</p> <p>LS explained the background, the long standing mandate has just had amendments attached for many years as advised by Lloyds and was amended due to the previous Principal retiring and GOS joining. Also have a finance officer retiring so needed another person on that electronic mandate. Recently it has been identified that all the resolutions on the original mandate have named people rather than posts, therefore have now tried to depersonalise where possible.</p> <p>Anything under £2K can be signed by 2 finance staff, anything over £2K needs at least one SMT member. For electronic payment batches, internally signed as the mandate, electronically anything over £150K; one authoriser must be an SMT member. Other changes e.g. new accounts or loans must be Principal and one Vice Principal.</p> <p>Awaiting advice from the bank manager on the correct completion of the form. If the form needs amending the committee will be informed.</p> <p>Members agree the resolution and recommend to the Corporation.</p>	
15	<p>To Consider:</p> <p>a) Phased and Flexible Retirement Policy</p> <p>b) Charity Fundraising Policy No changes</p> <p>A member asked about the phrase British Values and stated they had to look this up, DBi explained it is an Ofsted phrase and to make this clear will add inverted commas, the values are noted later in the policy.</p> <p>c) Fee Policy A member asked about the removal of Overseas Students, LS explained that due to not having a Home Office licence the College cannot accept overseas students therefore this does not need to be included in the policy.</p> <p>d) Sustainability and Environmental Policy</p> <p>Members approve the above policies and recommend to the Corporation.</p>	
16	<p>Any Other Business</p> <p>No other business was raised.</p>	
	<p>Dates of meetings to December 2023</p> <ul style="list-style-type: none"> • Tuesday 04 July 2023 • Tuesday 05 December 2023 <p><i>Agreed</i></p>	

Meeting closed: 7.11pm

Decision and Action Tracker

Date /Item	Decision/Action	Person responsible
210323 item 3	The minutes were approved as a true and accurate record of the meeting.	
210323 item 5	<i>ID explained the committee will be consulted via email or a short single item virtual meeting on the contractor appointment.</i>	ID/Clerk
210323 item 13	<i>To receive the Sector and Service accounts for the year to 31 July 2022 has been deferred and will be shared for information via email following the meeting and noted at the next meeting.</i>	LS/Clerk
210323 item 14	Members agree the resolution and recommend to the Corporation.	
210323 item 15	Members approve the policies and recommend them to the Corporation.	