



Minutes of the F&R Committee

(Via Video Conference)

6 July 2021

Present:	D Butcher	Chair
	J Beaumont	Member
	G Jeffrey	Member
	P Whittle	Member
	N Chohan	Member & Principal
	W Rowan	Staff Member
In attendance:	L Swift	Vice Principal Finance & Planning
	D Bird	Vice Principal Curriculum
	J Stott	Clerk
	S Butler	Minute Secretary
Observer:	Ron Hill	from Stone King
Meeting commenced:	18:00	
Meeting closed:	19:30	

Consultant Ron Hill was welcomed to the meeting as an observer who is in the process of undertaking a governance review for the College and Peter Whittle was also welcomed as a new member to this committee.

*[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 9**.]*

13/21 Disclosure of financial and/or personal interest

There was no disclosure of financial or personal interest.

14/21 To agree the agenda and order of business as circulated

The Chair proposed to move item 12 up the agenda and take it immediately following item 7c as both are financial benchmarking items, which was agreed.

15/21 To approve the minutes of the meeting held on 23 March 2021

The minutes were approved as a true record.

16/21 Matters arising

a) 05/21 – Update on Stage 2 of the FE Capital Transformation Fund Bid

To be discussed later on in the agenda under minute 21/21f.

17/21 To receive a copy of the External Audit Planning Document from Mazars

The Vice Principal Finance & Planning (VPFP) confirmed that this has already been through, and fully discussed at, Audit and is for information purposes. **She highlighted the new requirement to include an audit on funding. We don't** yet know what format that will take or the impact on costs but it will extend the work. Additionally, there is more emphasis on Going Concern which will be discussed later on in the agenda. The Chair queried if there is an estimate of the extra work that will be required and it was confirmed not at this stage; the auditors are awaiting national guidelines and are unable to quantify it yet.

The External Audit Planning Document was received.

18/21 To consider the Management Accounts for the period to April 2021

The VPFP presented the accounts picking out the main points from the report. Despite a cut in the AEB budget we are still looking at a good surplus as many budgets have made savings due to staff working off site.

Apprenticeships are doing really well and there has been a big improvement in grant income, though tuition fees have taken a hit. Other income has gone down but we have made savings elsewhere. We have met our income savings target through numerous small savings which means we are in a good position.

A member commented that the savings made appear not to be repeatable but do offset the claw back and it was confirmed that they are one off savings.

The Chair thanked the VPFP for her very thorough report.

19/21 Financial Forecasts

The VPFP updated the committee on the forecasts.

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

The forecasts have been prepared in exceptional detail as we have been **through 2 years now that could not be considered 'normal'**. We are making sure we have realistic budgets set for next year. Highlighted in the covering paper is the fact this is the 4th return we have done in a 12-month cycle. The VPFP explained she had completed the new College Financial Forecasting Return (CFFR) template after producing the accounts but that the process and system is very different. She will therefore not be in a position to submit the accounts in that format to Corporation next week as the 2 versions are not compatible. As the accounts are presented in an entirely different way, webinars have been put on to help organisations understand the changes.

The figures presented today are in our own format which we understand, know works and are accurate. The VPFP proposed we agree the commentary to the accounts at Corporation subject to any small changes and then send the CFFR once completed and delegate approval of the figures to F&R.

Included in the commentary is a summary position and we are predicting in the forecasts a £348k surplus for this year which is quite conservative and could go up. We are looking at a break even position next year with a £216k income savings target which feels achievable and there may also be a small surplus. The following year we hope to be back to our 2% surplus but have a challenging £940k income savings target. However, there are a number of income streams not yet included and we will reduce the target as the next year proceeds. A table has been produced of the risks with a summary on the left hand side of the main figures showing the status, mitigation, and sensitivity we have assumed. It sets out the worst case scenario.

A member asked what the College sees as the biggest risk factor and the Principal confirmed it is always 16-18 enrolments which we have put extra investment into this year. Another queried if there is a feel of the competitor landscape for 16-18 and the Principal stated that the numbers applying are higher and that the landscape seems to have settled down.

On the cash flow and figures where the cash balance goes up in this year but **doesn't in 21/22, this is because of claw back** - there are several funding lines given to us this year that are being taken back next year.

The Chair added that the sensitivity analysis and RAG rating is really helpful to see.

Members agreed to recommend to the Corporation the 3-year Financial Forecasts

b) To consider the 2021/22 budget recommendation to the Corporation of:

- **income and expenditure &**
- **Capital expenditure**

Members agreed to recommend to the Corporation the income and expenditure and the capital expenditure

Members also agreed to recommend to Corporation that approval of the CFFR Accounts template be delegated to F&R

c) To consider ESFA return

The ESFA agrees with our assessment of the figures and the dashboard shows that we have a high level of accuracy with our forecasting. The dashboard also provides a rounded picture of where we are which is useful to see.

The Principal praised the VFPF for her accurate forecasting and the Chair agreed adding it gives us confidence that the process works.

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

Governors were asked to consider whether or not they support the College adopting a going concern assumption and to confirm their assessment of going concern based on the information provided to them in this and previous meetings.

The VPFP confirmed she is comfortable she can adopt a going concern assumption and is happy to move this forward and prepare the accounts on this basis.

A member added that, if we have cash in the bank to pay the bills and the cash flow shows we have solid reliability to meet future bills, then that should provide assurance.

The Chair summarised and stated, on the basis of the figures, the committee is happy for the accounts to be prepared on a going concern basis.

20/21 To receive a benchmark report on FE Sector 19/20 Finance Data

The VPFP explained that this data is released every year. It is a very large document, but worth looking at for some of the benchmarking data. It has been broken down into six tables and colour coded so that red means we are worse than our competitors and green means we are in a better position. Picked out as our peer group are local GFE Colleges and other colleges with less than £15 mil turnover. We fall mid-point in this group. **We don't have** interest, but we do have rent for our buildings. Only 3 of our peers have no borrowings at all.

The tables show there is quite a mix in the way colleges operate with no 'standard' GFE college. **Looking at staff costs, the tables suggest we are paying** our staff less than our local competitors and for the WYPF we have high rates compared to other local colleges. To note for contracted teaching hours, it refers to contracted hours and not actual. We have a small SMT which impacts some of the ratios.

A member commented on our staffing benchmarks being lower and whether we are okay in terms of staffing. The Principal replied that we do generally attract the right people into jobs, though there have traditionally been ongoing issues recruiting teachers to IT, computing and accounting.

The Chair stated that this report contains a lot of interesting data, giving us a good feel for where we are in the sector and if it could be shared annually when it is released which was agreed.

The benchmark report was received.

21/21 To consider Financial Regulation Matters:

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

The VPFP confirmed there are no real changes coming out of the review of this policy. We have no borrowings, keep an eye on the cash flow and this policy is included within the financial regulations in the next item.

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

The Principal highlighted the rules we have to follow for spending cash and that any breaches must be reported to governors. As a rule we use the CPC framework which is used by most colleges across the north of England and we have taken tenders from companies that are on that framework. However, during lockdown, our security firm could not access the CPC framework. It did not feel the right time to be changing the security staff provider during these uncertain times. Other than that, the Finance team has done all they can to follow the financial regulations from their domestic settings.

The annual report was received.

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

The VPFP presented the report which only shows 5 items which are all quite minor. Some of the gifts are not from individuals but from a group of students but we still report on it as good practice. A discussion took place on whether the £25 threshold is still realistic or whether it should be increased.

Members agreed that although the list is always short, it is useful to see and that it feels better to be open and declare these things. It was queried what the value of the headphones was and confirmed £100 which will be added to the report.

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 we go through the regulations each year as systems do adapt so we make sure we reflect that and ensure we reflect changes to job titles. It goes through Audit for approval and is for F&R to ratify. There is nothing significant to note and a summary of the changes has been set out with any changes in red.

The update was received and ratified.

e) To receive a report on the College Subsidiary companies

For information, the Principal presented his report to show there has been no activity this year.

The report was received.

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

The T Level capital works for summer 2001 will refurbish elements of our Exhibition Building which will be used by Healthcare T Level students.

The most exciting bid is the Towns Fund which has allocated £25m to Shipley. There is a lot of positive energy about it, though there may be push back from some in the local community. The Council are commissioning a consultation company - we want the local community involved as soon as possible before any big announcements are made. £5.48m should be made available for the new Community, Arts & Future Technology Centre on Caroline St. Initial discussions have taken place with our project partners, Caroline Street Club and Saltaire Stories. There is a meeting with the planners next week to see **what we can and can't do**. From end Aug, we will have 1 year to submit a detailed plan so the build is unlikely to start until winter 2022.

The accelerated towns fund works have provided extra support for Victoria Hall and the works are now finished. The funds were spent on essential roof works, masonry repairs and some internal enhancements to lighting and Main Hall sound system.

The report was received.

22/21 To receive an update on WYCC

The Principal explained that the WYCC is a joint vehicle that all the heads of the local colleges manage together. It does have some issues and has large projects in the millions which have been very difficult to deliver and made the running of the company difficult. This year Shipley College has started to see some decent income which is positive. However, cash flow for the company is an issue, and it also owes money to Calderdale and Leeds City College. The key message is that the future looks difficult due to the amount of money that is owed. Bradford College has withdrawn from the joint vehicle. **We can walk away with 14 days' notice and have no real liability.**

A member suggested that, should the situation get any worse, we ought to consider some sort of provision in the accounts against non payment of claims

The VPFP confirmed that we already provided for the non-payment of the additional loan of £5k and £100k (as stated in the paper) is the worst case. This is something we will keep an eye on. We need to be aware of how much money we have exposed at any one time. We could just walk away from the **WYCC debt if we were harsh, but we can't walk away from the potential of a bad debt for non payment of our project income claims.**

Members agreed they would like to be informed if our debtor days went out any further and the VPFP confirmed this information will be included in our future reports.

The update was received.

23/21 To receive a progress report on the Risk Register related to financial risks

The Principal presented his report with updates highlighted in red. The key risk is failure to achieve 16-18 numbers. Our 19+ figures are poor though there are lots of Covid related reasons for that. Apprenticeships are looking okay for next year. The main focus for all of us is the target for 22/23 with an income savings target of £940k. Capital is in a very good place at the moment with a lot of work having gone into IT and we are in the process of trying to get Cyber Essentials accreditation.

The progress report was received.

24/32 To approve the proposed lettings charges for 2021/22

The VPFP confirmed that we are not letting to anyone other than Askham Bryan College so there are no proposed changes to the rates.

Members approved the lettings charges for 21/22

25/21 Any Other Business

i) Dates of meetings to December 2022

- Tuesday 07 December 2021

ii) To recommend to the Corporation:

a) The Learner Financial Support Policy

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

b) The Receipt of Gifts & Hospitality Policy

Members agreed to recommend to the Corporation the Receipt of Gifts & Hospitality Policy

c) The Charity Fundraising Policy

Members agreed to recommend to the Corporation the Charity Fundraising Policy

d) The Phased & Flexible Retirement Policy

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

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

- **Minute 19/21 a)** on recommendation to the Corporation the 3-year Financial Forecasts:
- **Minute 19/21 b)** on recommendation to the Corporation the income and expenditure and the capital expenditure and the recommendation that approval of the CFFR Accounts template be delegated to F&R
- **Minute 25 ii)** on recommendation to the Corporation:
 - a) The Learner Financial Support Policy
 - b) The Receipt of Gifts & Hospitality Policy
 - c) The Charity Fundraising Policy
 - d) The Phased & Flexible Retirement Policy

Agenda No.	Item	Presented By	Questions/Comments	Response
6i)	To consider the Management Accounts for the period to April 2021 Report	VPFP	2.4 - Budget set at £432 and income to date is the same? (W Rowan)	Excellent spot Wendy! Words have been updated for clarity.
7a ii)	To consider and recommend to the Corporation the 3-year Financial Forecasts: i) 3 year Financial Forecasts	VPFP	Why is there a drop in ESFA funding for 22/23? (W Rowan)	Adult skills in 21/22 includes a carry in budget, not sure this will be available in 22/23 so not included
11	To approve the proposed lettings charges for 2021/22	VPFP	pg 2 who would hire rooms/buildings after 9pm. Are the headings wrong? should it be 9am, what about out of term time? (W Rowan)	Post 9pm letting has happened though only once in 10 years. Note "Bookings for Sundays or during non term time - rates are to be negotiated separately and must be for a minimum of 4hrs"
12	To receive a benchmark report on FE Sector 19/20 Finance Data	VPFP	Spreadsheet - key ratios - please can our line be colour coded too, for ease of reading? and on other tabs please (W Rowan)	Tables have been colour coded where this assists the comparisons so that green indicates Shipley is in a better position than the comparator college, red Shipley is in a worse position.
12	To receive a benchmark report on FE Sector 19/20 Finance Data	VPFP	Word doc table 2 - refers to HE and not OfS? Should this be consistent? (W Rowan)	Changed to HE in the table
13ii b)	The Receipt of Gifts & Hospitality Policy	VPFP	Should this figure be increased - it has been £25 for as long as I can remember? (W Rowan)	<i>Worth a discussion in the meeting.</i>