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**Minutes from the meeting of the Finance and Resources Committee held remotely**

**on the 7th December 2022**

| **Present:**D Butcher (DBu) ChairJ Beaumont (JB) Vice ChairG Jeffrey (GJ)P Whittle (PW)D Bird (DBi)W Rowan (WR) | **In Attendance:** D Carter (DC) - ClerkL Swift (LS) - Vice Principal Finance and PlanningG O’Shea (GOS) -Vice Principal CurriculumI Durham (ID) -Director of Physical Resources |
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|  | Meeting Commenced at: 5.02pm | Action |
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| 1 | **Welcome, Apologies for absence, Disclosure of financial and/or personal interest**DBu welcomed everyone to the meeting. There were no apologies. WR disclosed an interest in item 15 therefore will not participate in that agenda item.  |  |
| 2 | **To agree agenda and order of business as circulated** Members agreed. |  |
| 3 | **To approve the minutes of the meeting held on 5 July 2022****The minutes were approved as a true and accurate record of the meeting.**  |  |
| 4 | **Matters arising** None |  |
| 5 | **To receive a copy of the letter from the ESFA regarding the outcome of their review of the financial plan and consider the related Financial Dashboard** LS explained the college receives the letter every year and ESFA agreed to the three year budgets. The dashboard is included. The letter explains Governors can access this through the portal and LS is currently looking at blanket access being given rather than individually requesting this. *GJ joined the meeting at 5.04pm*The dashboard shows the forecast and year end returns which is updated twice each year. This will be downloaded and shared each meeting. **Q. How often is it updated?** A. Not often for Shipley College, twice a year, so LS will automatically download and this will be on the agenda each time as a standing item.  |  |
| 6 | **Report on Capital projects** ID reported on the Towns Fund capital project. It had been agreed at £5.39m from Towns Fund to build the new build on Caroline St / Victoria Road. The current estimate is around £5.9m. Therefore a shortfall of £500k, college has committed to funding one way or another. All figures include VAT and the College has a VAT consultant with a target to save £500k VAT.**Q. Does the change by ONS change VAT?**A. Not currently, we had hoped and this is still being pursued by AoC on colleges’ behalf. This is one of five requests they have.ID continued to state college has also committed to funding equipment in the building, and feel we can do this from two avenues; future TLevel allocations, as these get equipment linked to each stream and other ideas such as sponsorship. There are VAT quirks around this such as sponsorship being a ‘mere mention’, so working through this. The £5.39m bid has been approved by the Corporation. Now have the funding agreement and DBi, ID and LS to look through this and DBi to sign. We went through the planning pre application route and this has paid off as getting positive feedback. We are now well into the pre-planning stage. Had a public consultation which gave mixed reviews and are now putting together responses to this with the marketing department, also had lots of positive comments from stakeholders and neighbours.**Q. What were the negative comments?**A. Mainly the lost parking. Highways initially have no real issues around this though, Saltaire is trialling the Active Travel Neighbourhood Scheme which aims to reduce traffic in the village. There is a worry of displaced resident parking, but ID explained they are well in their rights to request permit parking. One or two Caroline St residents and allotment holders came along to ask questions, it was worth doing and unsure if it will change the scheme but had both positive and negative feedback**Q. Do we know how the funding will work?**A. We are still hoping to get this in advance, the Council have put this forward, we have a meeting with the Towns Fund contact Monday so will pursue this then. Cannot afford to finance this upfront.**Q. Is there any risk in that we have agreed to fund the equipment?** A. LS doesn't believe so as we may direct our normal spend for that Summer into this, we will prioritise this area so would say it is a very low risk. ID explained the more technical TLevels will attract heavier weighted funding. ID moved on to the FECTF Project. Prime purpose of the FECTF fund is to improve buildings, we had costed the project prior to inflation etc. so option is there to do less for our money. The DfE Funding Manager requested we re-price the whole scope. We have completed this now and recosting spend value has increased. Therefore will hopefully receive the £4.1ml and undertake the project we had wanted.**Q. How robust is the scope now as building prices are changing daily?**A. We spent a lot of time with the quantity surveyor and he has checked it all and had support from people in the building trade. We have built in inflation, although there is a recession coming so that could alter the costs. It is a bit of an unknown going forward . LS added the council stated up to £5m would be agreed due to the Town Fund match.A discussion around when fixed costs for this Summer will be received and then inflation will be discussed for next phase, it was explained there is a 5% contingency. **Q. Is this 5% and no higher?**A. Yes, at one point wanted 10% and the quantity surveyor stated 5% is the lowest he would like to go. **Q. If costs increase what are the mitigations so we are not exposed?**A. We could reduce the scope of work. **Q. What about the impact of increased prices on the Towns Fund?**A. There is a little scope but less so.**Q. What is the plan and timeline (for both projects)?** A. FECTF out to tender in January, start Summer 2023 and may do some over Easter also. Roofing, external work and the Mill lift will hopefully be complete before Summer 23, then conclude all works in August 2024, for Towns Fund, hoping to have the shovel in the ground by August 2023. and conclude July 2024. **Q. What is the tender timeline?**A. LS stated the pre tender is in January for Towns Fund. Tender period is 11/4/23 for 6 weeks. FECTF tender period is 11/1/23 for 5 weeks.**Q. Regarding appointment of the suppliers for each project, how will that be approved?**A. LS checked regulations and confirmed this will come through Governors for approval. To tie in with existing meetings or by email or extra meeting before contracts are signed with suppliers.DBu stated there are no cost breakdowns in the report and the need to include a contingency is essential. The figures are available to provide before Tuesday if required. ***Action:*** ID will check the program and circulate dates to committee members.**The members approve the approach to both but want the Towns Fund money in advance not in arrears, and approve DBi to sign the Towns Fund funding agreement.***ID left the meeting 5.31pm* | ID-resolved |
| 7 | **To consider the Management Accounts for the period to October 2022**1. **Report to Management**
2. **Management Accounts**

Governor received the account. There were no questions forthcoming.  |  |
| 8 | **To receive the 3 year Financial Forecast update**1. **Commentary to Forecasts**
2. **Forecasts**

ID has explained the capital side which are in these forecasts. There has been no change to the July assumption on pay increases. The saving in National Insurance from 1st November is not included. The income saving target for the current year has gone down to £309k. The income saving target for next year is decreasing slightly. A discussion around the target took place and how this may affect the deficit and if college is labelled Requires Improvement due to this.T Levels funding is included based on actual for 22/23 and future plans, LS explained the in year uplift and lag in funding. DBi stated there is a national shortage in specialist staff recruitment. In both AAT and Rail college had struggled to recruit, which is a general problem across the sector. Have now recruited Rail, therefore playing a little bit of catch up. Council is paying additional element 3, also recruited 14 more students than being paid for in element 2. This is not included in the management accounts but is in the forecast. There is more detail in the management accounts. There are some other one off projects where we have a new income, ESOL lottery bid and WYCC project for the SDGs. LS explained a potential saving that is not in the forecast.The Harpur Trust vs Brazel case was explained. LS explained there are 89 individual calculations to be made, a sample of 5 has been completed and there are some potential liabilities and some potential mitigations against this. Term time only staff have been agreed as paid correctly by the solicitor, so they are not a risk. LS now has to recalculate every variable hours contract to ensure the pay meets the 5.6 weeks. Current risk is low that there have been underpayments.Utilities were significantly increased in the July forecasts including expecting a further increase in April 23 once the contract is up. This quarter is matching our forecast but it is not the highest usage quarter. Although some colleges are being impacted by industrial action, Shipley hasn’t as yet. **Q. Although we can afford a higher deficit, it will trigger the requires improvement, have you discussed avoiding this?**A. Yes, SMT want to avoid this as much as possible, although it does not trigger formal intervention. LS described that 2023/24 16-18 income has decreased due to Summer 22 recruitment. The council have agreed to bid for our lag high needs number, there is 160 for next year so LS is more confident to put a similar figure in going forward. There is a West Yorkshire Pension increase expected from April 2023, expecting to find out in the next few weeks what the next 3 years contributions will be. ESFA confirmed funding for teachers pension will continue. The national minimum wage also impacts main employees and subcontracted employees, especially security and cleaning, so have built this into the forecasts assuming the Government is continuing to aim for £10.50 by April 2024. *JB left the meeting 5.55pm*The cash flow projections show a good level of cash for the next 3 years. This does give us confidence. LS is hoping to put some money on deposit after speaking to the bank regarding this. |  |
| 9 | **To consider in more detail the Sensitivity Analysis of the financial forecasts**Askham Bryan are contracted until 2026 for the Mill building. There is an opt out clause if there is a significant drop in student numbers *JB rejoined at 5.58pm***Q. Are they are committed for the 3 years?**A. Yes currently, unless the numbers drop, however they did drop below the stated level previous and there were no changes requested but something to keep an on.  |  |
| 10 | **To consider an update of the College’s assessment of use of the ‘Going Concern’ principle**LS made an assessment in June to prepare the accounts. A further review is required by the Auditors to state Governors formally look at Going Concern before authorising the signing of the year end accounts. **Members agreed the adoption of the principle.**  |  |
| 11 | **To consider the Audit Completion Report from External Auditors**College received a clean audit report, a very minor item was raised which was WYCC balance, which LS is confident we will get, really pleased with such a clean report.A discussion around pension contributions and valuations took place and how these can change. Members receive the report. |  |
| 12 | **To consider the draft College Financial Statements following Audit Committee’s review and recommendation of the signing of the Balance Sheet within these statements** These were reviewed by the Audit committee last night, they recommended the first half of the report, F&R to recommend signing of the balance sheet. LS advised this will show slightly different at Corporation but only in the few small areas that are highlighted yellow. LS directed Governors attention to pg8 and pg32 that shows summary operating surplus to pension adjusted operating deficit and then the final surplus. ***Action:*** pg 17 - DBu states he was reappointed April 22, and is on Search and Remuneration as well as F&R. LS/DC to amend.**Members recommend to the Corporation the signing of the balance sheet.** | DC/LS - resolved |
| 13 | **To consider the reconciliation of forecasted and actual outturn for previous financial year**This compares the formal presentation with normal presentation and the July forecast. Now have 5 funding streams which are reliant on R14 which doesn't go out until the 20th of October which is post account completion. Members receive the report.  |  |
| 14 | **To consider Shipley College Developments end of year accounts** This is a dormant account. But has to be kept open for the warranties around the Johnathan Silver Building. **Members recommend to Corporation the accounts for Shipley College Development**.  |  |
| 15 | **To consider a Pay Award for Staff other than Senior Post Holders***As declared WR has an interest and therefore will not take part in the discussion and decision of this item*.LS shared this at Leadership and Management. The Corporation always tries to adopt a living wage foundation although it is not always affordable. It is an expectation from AoC but not compulsory. We still set pay increases regardless of ONS reclassification. LS explained the seven options. The table shows all these costs. This is in addition to the introduction of the bonus for 2011/22 which was paid over 4 months to December. Option 5 is what SMT would like to recommend, this would cost £74K, and would impact this year by £43K. **Q. Can you explain the reasoning behind recommending this option?**A. SMT were concerned about the problem with the squeeze on the differentiation for scale 3 and 4 and this is getting worse every year, the propose option addresses this, there are a lot of staff in these scales. The next big group is lecturing staff. We are having problems recruiting at lecturer scale and feel it will cause problems if we opt for other options. DBi doesn't feel we can afford not to pay an increase. There is already a struggle to compete with schools and to recruit. **Q. What did school get?**A. 5%. **Q. Is there an emergency plan if we get this wrong?**A. There was an extended session in L&M and had a range in terms of pay that they received. SMT put these options to them and 2.5% was well received. College and LS is very open with finances and we discuss this regularly with staff. Messages are clear, consistent and strong. A discussion took place around the gap in differentiation and how this could affect colleges going forward. **Q. Is the intention to go with the proposal plus the bonus?**A. The bonus was £500 per FTE and this has already gone through the payroll. **Members are content with affordability and recommend to the corporation for approval option 5 from the 1st January 2023.**  |  |
| 16 | **To receive a progress report on the Risk Register related to financial risks** DBi explained the red text which shows the updated items. There are three free school applications currently being submitted, this will mean additional Post16 places within Bradford which is a concern. Apprenticeship income and the difficulty of the Level 2 Maths was discussed. Regarding the ONS reclassification, there are still lots of changes and things still to confirm, including if Colleges have to move to March year end and how far back this would have to be changed to. WYCC will be discussed further in the next item. Subcontracting guidance has changed through ESFA and there are lots of discussions happening around this but nothing to address immediately. There are still issues with T Levels, Especially Health and Social Care nationally, recruitment is not as positive as we had hoped, the national issue has been publicised widely and this has not helped. Had Ofsted visit this time last year to review T-Level provision. They will be back between January and April to review T-level provision. Study programs added 40 Guided learning hours, this put some pressure on rooms but have managed to deal with this under current staffing this year. No questions forthcoming. Members receive the report. | l |
| 17 | **To receive the Sector and Service accounts for the year to 31 July 2022** Deferred to the March meeting.***Action:*** To be added to the agenda. | DC/Agenda |
| 18 | **To receive an update on the West Yorkshire Consortium of Colleges Finances**College is currently delivering a Sustainable Development Goals project and other projects that are coming up. The staff are employed by Luminate and there is a debt owed to Luminate. They are now discussing a repayment schedule over the next 2 years. There are currently discussions happening on WYCC and how it continues, as you may be aware Bradford and Kirklees have pulled out, Leeds College of Building has a new principal, as have we, and Calderdale are getting a new principal. DBi is not a director but still involved in discussions. The summation is we believe in terms of risk most of the money due to the College has been paid back, but there are a lot of decisions to be made over next few months. **Q. What will inform the decision on being a director?**A. Cannot say at this point as it depends on what the joint venture turns into. Once these conversations happen SMT will bring the information back to Governors. **Q. Have you looked at personal risks as a director?**A.Yes, we are still at the table for the decision which is helpful.*JB left the meeting 6.44pm* |  |
| 19 | **To receive the details of the main changes to the Funding Agreements**LS explained the administrative impact is high, the tuition fees may also be impacted. Members received the report. |  |
| 20 | **To receive a report on the Student Union Income & Expenditure to the 31 July 2022**Leavers Hoodies were purchased with the money this year. Members receive the report.  |  |
| 21 | **To consider the outcome from the 2021/22 F&R Committee Performance Review Questionnaire**Received by members. No changes made. |  |
| 22 | **To review the Terms of Reference of the Committee** **Members accept the Terms of Reference.** |  |
| 23 | **Any Other Business**None raised. |  |
| 23i | **Dates of meetings to December 2023*** Tuesday 14 March 2023
* Tuesday 04 July 2023
* Tuesday 05 December 2023
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Meeting closed 6.48pm

**Decision and Action Tracker**

| Date /Item | **Decision**/*Action* | Person responsible  |
| --- | --- | --- |
| 071222 item 3 | **The minutes were approved as a true and accurate record of the meeting.**  |  |
| 071222 item 6 | *ID will check the program and circulate dates to committee members.***The members approve the approach to both** **but want the Towns Fund money in advance not in arrears, and approve DBi to sign the Towns Fund funding agreement.** | ID - resolved |
| 071222 item 10 | **Members agreed the adoption of the ‘Going Concern’ principle.**  |  |
| 071222 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.***Members recommend to the Corporation the signing of the balance sheet.** | LS/DC |
| 071222 item 14 | **Members recommend to corporation the accounts for Shipley College Development**.  |  |
| 071222 item 15 | **Members are content with affordability and recommend to the corporation for approval option 5 from the 1st January 2023.**  |  |
| 071222 item 17 | *The Sector and Service accounts for the year to 31 July 2022 to be added to the March agenda.* | DC/ Agenda |
| 071222 item 22 | **Members accept the Terms of Reference.** |  |