



**Minutes of the Finance & General Purposes Committee
held on 24 February 2022 at 5.30 pm via Microsoft Teams**

Present:	Owen Trotter (Chair) Rob Hickey Donald Inglis Heidi Fraser-Krauss Lee Probert (Chief Executive and Principal)	
In Attendance:	David Hawkins – Vice Principal for Finance and Professional Services Chris Leng – Human Resources Manager Carolyn Barker – Director of Governance Danny Brett, Deputy Chief Executive & Principal (Curriculum and Quality)	
1.	Apologies for Absence / Declarations of Interest	Action
1.1	Apologies were received from Melanie Jones. There were no declarations of interest.	
1.2	Item 10.2 T-Level Capital Bid This item was moved to the beginning of the meeting to allow the Deputy Chief Executive & Principal to update the committee following circulation of a written resolution to governors on the 8 February 2022. The purpose of the agenda item was to update the committee on progress with the capital bid. The bid was one of the options discussed at the board Investment Seminar in 2021. The committee was advised that the bidding was across BSE and engineering routes with the aim to support the reduction in costs in some areas. The bid application has been scaled up to a two-storey building to facilitate growth and to service apprenticeships and 16-18 provision. The application is to be submitted on a 25% match funding basis. The application is progressing well and, in a position, to prepare the financials to submit within the application timeline of the 31 March 2022. The committee was advised that there is no obligation for the college to take the work forward at any stage, should college circumstances change. The committee was invited to comment. A governor asked what would happen if the bid were unsuccessful in terms of impact to the college’s T-level provision. The committee was advised that capacity to grow was unlikely without the capital bid and would need to reprofile numbers. The bid was strong with 4 employers (2 regional, 2 national) that are supporting the bid. One of the governors offered support to review the bid submission. <i>The committee resolved to support the bid and await confirmation of the approval after the 31 March 2022.</i> The Deputy Chief Executive & Principal (Curriculum and Quality) left the meeting at this point.	

2.	Minutes of Previous Meetings	
	The minutes of the meeting held on 25 November 2021 were not approved at the meeting. Minor typos are to be addressed and rewording of 7.1 sentence is required prior to Chair approval.	CB
3.	Matters Arising – Actions	
	The matters arising were completed or included as papers for the meeting.	
4	FINANCIAL SUSTAINABILITY	
	<p>2021-2-22 Financial Performance</p> <p>4.1 Learner Recruitment</p> <p>The Vice Principal for Finance and Professional Services presented the learner recruitment figures for the year. 16-18 student numbers are down on last year and currently 112 below target of 3715. The committee was advised that there are several initiatives in progress to bring the numbers up to the end of the year but remains a real challenge. Apprentice numbers, positive outlook, and the income it generates. Challenge is really trying to get all the achievements through to the end of the year. HE numbers are below target of 300 at 266 and is reflective of the previous returns sent to governors.</p> <p>The governors were invited to comment on this year's numbers.</p> <p>The committee questioned whether there is a drift on adult provision across the sector, whether it is reflective of the Covid-19 restrictions and if there are plans to restrict the college's portfolio. It was confirmed that the drift is reflective across the sector and that there are no plans to restrict provision. A review of curriculum areas, an increase in numbers where possible and applying financial targets is in progress. The committee asked about the spike in apprenticeship numbers and was it considered to be a one-off. It was not considered to be a one-off and apprenticeships numbers are proving positive although the challenge is the accommodation particularly in construction.</p> <p>The committee queried whether the relative fall in vocational numbers is normal. There are not as many students at level 3 that would normally come through and 16-18 seems to be slightly up on previous years but there is a fair way to go on that.</p> <p><i>The committee resolved to note the Learner Recruitment report.</i></p> <p>4.2 Management accounts for the 2 months to 31 January 2022, including year-end forecast</p> <p>The Vice Principal for Finance and Professional Services provided an overview of the latest management accounts focusing on the Year End provision. A waterfall graph was shown at the December board meeting and received good feedback to include within the pack. The financial forecast for the year indicates a deficit of £139k and is certainly a challenge. Apprenticeships are considered the most volatile income streams with checks being completed on apprentices that are due to complete by the end of the year. A governor advised that the position is impressively stable.</p> <p>The committee was invited to comment.</p> <p>The committee noted trading and operating income pressures around energy costs. The college has experienced a rise in gas costs. Given the depreciation the committee asked whether the £300k is going to be worse</p>	

	<p>than expected. It was advised there was a slightly false position at the end of last year due to other funds and incentive payments that the ESFA clawed back in current year. It was also confirmed that the cash position is going to be down on previous years.</p> <p><i>The committee resolved to note the 2021-22 Management Accounts to 31 January 2022.</i></p> <p>4.3 Pay Award Update</p> <p>The committee was advised that the pay to income ratio paper is also to be submitted to the P&G Committee.</p> <p>The Director of HR presented the Pay Award update. It was noted that the college paid a 1% pay award in August 2021 which was consolidated, and discussed with unions to change the award date to December 31st, to avoid staff waiting and negating the need to back date payments</p> <p>The recent announcement of increases in the funding rates of 16–18-year-old from August 2022 negates the decline in the number of students. Given the announcements and increases in national insurance and the cost of living, a further 1.5% in addition to the 1% already agreed should be considered for the 12-month period 1 January 2022 to 31 December 2022. The proposal was outlined as 1% implemented from 1 January 2022 with the potential of a further 0.5% payable in July, backdated to January depending on the 2021-22 financial out-turn, the 2022-23 budget and student applications for 2022-23.</p> <p>The committee noted that it is an incredibly difficult position not just for York but for all colleges given the expected 5-6% cost of living rise. The committee asked whether there is anything more the college can do and whether there is a concern that a problem may be building up in the future. The Chief Executive and Principal advised that one of the reasons the analysis on cost pressures was circulated is that there is a discussion at P&G Committee to consider a radical redesign in how we deliver courses. Some colleges have outsourced most of their professional services teams which takes them out of the local government pension schemes. A debate on the workforce strategy is planned.</p> <p>The committee asked about staff issues, any feedback, and the position on turnover. It was confirmed that pay is a big issue for staff, but most would probably say they are rewarded fairly. There is no significant change regarding staff turnover.</p> <p>It was noted that the reasoning and issues were well articulated to this committee and the board. The main concerns are regarding those staff on part time variable hours, where there is flexibility from term to term, and they feel it is a very uncertain type of work. A review looking at averages over time to give some stability to those staff, is in progress.</p> <p><i>The Committee is supportive of the recommendation to consolidate the pay award of 1.0% from 1 January 2022 to 31 December 2022 with a further 0.5% potentially payable in July and backdated to January depending on affordability.</i></p>	
5.	ESTATES AND COLLEGE ENVIRONMENT	
	<p>5.1 Health, Safety and Welfare Update</p> <p>No major incidents of concern were reported.</p>	

	<p>The college is returning to more normal levels reported in previous years. Audits have begun with one in construction being completed with some initial findings to tidy a few areas but overall, a pass at audit.</p> <p>The committee was invited to comment.</p> <p>The committee questioned the college's position regarding free Covid testing and no obligatory testing following the change in government guidelines. It was advised that staff and students are not to attend college in the event of a positive test or Covid symptoms. If the college can place an order for tests while they are still free, they will do.</p> <p>The number of RIDDOR incidents was reported to be 5. The committee queried whether this was abnormal. It was advised that it was not. There were no significant concerns raised regarding the incident of a student coming into the pot wash area.</p> <p><i>The Committee resolved to note the report.</i></p>	
6	COLLEGE STAFF AND TEAMS	
	<p>6.1 HR Report</p> <p>The Director of HR presented the HR report and advised that sickness absence (mental health) is high but not as high as it was this time last year. Overall, fairly pleased in how sickness absence has been managed.</p> <p>The committee was invited to comment.</p> <p>The committee noted the sickness absence rates and were not surprised to see an increase in mental health cases. Staff sickness rates reflects the resilience of staff. It was noted that we may see a change in these rates as we transition from a position where staff were doing what they could to one where they are required to meet different expectations around standards and performance.</p> <p>The committee questioned the appointment and shortlisted percentages by ethnicity data, recorded as being down. The committee acknowledged all that the college is doing. It was advised that we have only recently implemented further initiatives to attract candidates from underrepresented communities where they can thrive and be valued. Several measures to attract applications from BAME backgrounds have been implemented including visibility of case studies being added to the website vacancies page.</p> <p>A governor advised that it would be helpful to understand the 92.68% staff utilisation data. It indicates HE programmes are 36 weeks and 102 in early years which is doing very well. It was asked if there is a change to 40 hours a week is there a need to increase the number of tutors. The committee was advised that there would not be a need to increase the number of tutors.</p> <p><i>The committee resolve to note the report.</i></p>	
7	CORPORATE GOVERNANCE AND ASSURANCE	
	<p>7.1 Strategic risk monitoring</p> <p>The Vice Principal for Finance and Professional Services presented the Strategic Risk Monitoring report and provided an overview. The committee monitors risks 1 through to 8. The direction has changed on long term sustainability, costs on estates and such like and at present we are right to highlight an increase in risk going forward. Further updates included:</p>	

	<ul style="list-style-type: none"> - Continuing to invest in our estates (risk 4). - Keeping on top of disaster recovery plans. Investment made previously has been beneficial (risk 8). <p>The committee queried whether risk 7 (Covid impacts) would be rated lower and eventually removed from the register. It was advised that staff would be asked to continue to the Easter break with current arrangements and hopefully the virus will dissipate allowing us to remove the risk.</p> <p>Previous committee discussions included cyber security risks and the need to conduct phishing testing and training. It was noted that the priorities of the IT services team remain focused on building the plan in the event of an attack. The committee commented that the first line of defence are the staff and the awareness building and training on phishing attacks is important. A report is to be presented to the next meeting on the phishing mitigation plans.</p> <p><i>The Committee resolved to note the risks and controls.</i></p> <p>7.2 Strategic Plan Implementation</p> <p>The committee noted the report covering pillars 4, 5 and 6.</p> <p>The Vice Principal for Finance and Professional Services advised that financial sustainability meetings are being held and that the content of the staff cost percentage papers are being reviewed. There are several reasons why the staff numbers appear high, and we have considered whether we might be slightly over staffed. To compare and consider more fully the Vice Principal for Finance and Professional Services is visiting Halesowen College to help with our way forward on this.</p> <p>A governor asked about the long-term financial stability and whether the lifelong learning allowance that is to be launched in 2024-25 will help. It was noted that it has potential to negatively impact the college dependent on what happens with the Math and English allowances.</p> <p><i>The committee resolved to note the report.</i></p>	DH
8	POLICY AND OTHER MATTERS - None	
	<p>8.1 Financial Reserves Policy</p> <p>The committee noted the policy is reviewed every 3 years. The Financial Reserves Policy was received and noted.</p> <p>Resolved that the Financial Reserves Policy be approved.</p>	
9	HORIZON SCANNING	
	<p>9.1 2021-22 Budget Challenges</p> <p>The Vice Principal of Finance and Professional Services advised that with the announcement of increased funding rates for 2022-23 it should result in significant improvement on income negating the decrease in student numbers. The net result on 16-18 funding is an expectation of circa £800k in additional funding.</p> <p>The committee noted the key positives outlined in the report and commented they are looking forward to reviewing the budget for next year.</p> <p><i>The committee resolved to note the budget challenges report.</i></p>	

10	OTHER MATTERS	
	<p>10.1 Internal Audit Report</p> <p>The internal audit report for Sales Ledger and Online shop was presented to the committee.</p> <p>An important control issue was noted in the audit where a write off had taken place that exceeded the authority of the finance manager. Technically the matter would have been approved by the Vice Principal of Finance & Professional Services however it was not in line with the financial regulations. The point has been accepted. Reasonable assurance was given by the auditors.</p> <p><i>The committee resolved to note the internal audit report that is to be submitted to the Audit committee.</i></p>	
11	SUMMARY MATTERS	
	<p>Key Meeting Outcomes and/or Actions</p> <p>11.1 Matters for report to the Governing Body (if any)</p> <ul style="list-style-type: none"> • Learner recruitment • Management accounts • Pay award • Health and safety • Financial reserves policy • Budget challenges • T-Level capital bid <p>11.2 Matters for report to the Audit Committee (if any)</p> <ul style="list-style-type: none"> • None 	
13	Any Other Business	
	The committee discussed the attendance format for the next meeting due to one of the members noting they would be unable to attend in person. Director of Governance to discuss arrangements with the Chair and advise accordingly.	CB
14	Date of the Next Meeting	
	14.1 Date of the Next Meeting – 5 May 2022	
Signed		
Name:	Owen Trotter	
Date:		