Bradford College

MINUTES OF THE MEETING OF THE FINANCE & GENERAL PURPOSES COMMITTEE
HELD: on Thursday 4 July 2024 at 17:00 in 4F07 DHB Boardroom

Present	**In Attendance**
Bulbul Barrett (Chair)	Chris Malish (Vice Principal Finance & Corporate Services)
Chris Webb (CEO/Accounting Officer)	Sarah Cooper (Director of People Services)
Lendy Ho	Sarah Towan (Vice Principal Recruitment & Communications)
John Williams (Via MS Teams)	Marc Gillham (Chief Information Officer)
David Fearnley	Allison Booth (Clerk)
David Merrett	Rachel Henry (Assistant Clerk)
Apologies	

L/J *Denotes the time a Governor left/joined the meeting*

Item		Action
1.	**Introductions, Apologies for Absence and Disclosures of Interest**	
1.1	The Chair welcomed David Merrett to his first F&GP meeting and introductions were made.	
1.2	There were no apologies for absence.	
1.3	There were no declarations of interest.	
2.	**Chair's action**	
2.1	There had been no use of Chair's actions since the last meeting.	
3.	**Minutes of the meeting of 9 May 2024**	
3.1	**RESOLVED:** The minutes of 9 May 2024 were approved to be signed by the Chair as an accurate record of the meeting.	
4.	**Matters Arising**	
4.1	The Matters Arising Report was reviewed: **5.6-** *The DPS to include details in the paper on the staff survey participation rates and how it could be improved* – Due to the volume of reporting required for the meeting, this item had been deferred until the next meeting. **4.2** – *The VPF&CS to notify Wentworth Woodhouse, which is now in charitable ownership that the College holds two works by Charles*	

    4.2	*Broughton* – The VPF&CS had contacted the CEO at Wentworth Woodhouse and had been advised in June that they would be back in touch. **Q. Have the valuations been done on the Appleton and Little Germany sites?** A. The last valuation on the Appleton Building in 2021 was £1.2m and the Little Germany site was previously valued at £1.4m, both are being marketed at that price. The bank has recommended that the full College estate should be revalued as the last valuation were carried out in 2018.	
5. 5.1	**VPF&CS report** The VPF&CS introduced his report, drawing members attention to the specific items that they were being asked to recommend to Corporation: • Item 10. 3-year financial plan including budget for 2024/25 and capital plan, specifically the position on financial health, bank covenants and cash sweep for recommendation to Corporation. • Item 11. Employer of choice strategic objective for 2024/25 for recommendation to Corporation. • Items 12. To maintain a sustainable college strategic objective for 2024/25 for recommendation to Corporation. • Items 13. To grow college income through student recruitment objective for 2024/25 for recommendation to Corporation. • Items 16. People plan update, specifically the paper on Organisational changes and the paper on changes to employee contracts to include PILON, both of which were for recommendation to Corporation.	
Strategic Plan Implementation		
6. 6.1	**F&GP Data dashboard** The VPF&CS presented the F&GP Data Dashboard, advising that it provided the finalised position on Q3, with no significant changes to note. • Financial Health- Good • Total income- Good at 55,371 • The figures for AEB had been split out into the length of courses, now categorised as very short, short and long.	

	The VPF&CS advised that going forward, he would ensure that new members were provided with the definition of the metrics, measures and the initial targets that had been set.	
6.2	**Q. Why is the above-target growth in Higher Professional & Technical Student Recruitment Numbers not mirrored in a higher Internal Progression percentage for this cohort?** A. Fewer students previously studying Level 3 or A-Level courses have joined our HE provision than hoped. Many students prefer to opt for the University experience. However, the College remains a popular destination and the lower-than-expected internal progression has not affected our overall student numbers for this cohort. We are seeing a higher number of adult learners joining our Level 4 and 5 courses.	
6.3	The VPR&C advised that commentary would be added to the dashboard to provide reasoning and context to the figures reported. It was noted that AEB funding streams were complex in that they were split into different course lengths. Demand for short courses to facilitate upskilling was high, however funding was more readily available for long courses which were less sought after. However, it was now being recognised by the combined authorities that funding needed to be addressed, in order to better meet local skills needs.	
Finance 2023-24		
7.	**Management Accounts (May 2024)**	
7.1	Members considered the Management Accounts for May and the Q3. • The underlying EBITDA (excl. capital grant income £0.5m) to the end of May is £5.07m, which is £1.25m favourable to budget. The adjusted EBITDA percentage of income is 10.24% compared to the budgeted figure of 8.18% to this period of the year. • Income (excl. capital income) is favourable to budget by £2.81m; made up of a number of large variances across different income lines. • The College had received a new funding allocation which included an additional £198k from the ESFA to mitigate the Teacher's Pension contribution rates increase in April. This was received in May. • Staff costs are £1.9m adverse to budget mainly due to a pay increase of 6.5% as compared to a budget of 2%, partly offset by vacancies across the College.	

	• Staff costs as a percentage of income (excl. capital income) are 63.1% against the budget of 62.9% to this period of the year. This increase is being driven by the full increase in the ESFA funding being used to support the additional increase in salaries. • Non-pay costs are £0.3m favourable to budget, mainly related to timing of spend on IT costs and Publicity. However, there are some permanent savings in Subscriptions. • The cash position is £8.7m higher than the budget due to a higher opening balance and timing of income and project income and expenditure. • As per the latest forecast for 2023-24, there are breaches in the Projected Cash Flow covenant (as there are breaches in the CFADS: Debt service covenant in 2024-25). All other covenants are met in the test periods in 2023-24. • A waiver in respect of the Projected Cashflow Cover covenant is being progressed with Lloyds Bank. The proposal is to waive all breaches for 2023/24 to April, including the capital spend limit of £1.5m, with the covenants being reset for July 2024. The VPF&CS advised that proposals had since been accepted by the Bank but the College were awaiting a decision by the ESFA, who would communicate their response by the end of July 2024. There had been no breaches or forecasted breaches under the new terms.	
8. 8.1	**Q3 Forecast** • Following the third performance review process and Q3 financial forecast, the College had produced a revised financial forecast for 2023/24 and provided analysis of the variances to the plan signed off in July 2023. • The College was on track to deliver all financial metrics. • A proposal had been put to both the ESFA and Bank to suspend the cash sweep for the year of 2023/24, without which, cash totalling £2.2m would be paid to the bank and ESFA. The amount going to the bank would reduce the capital amount on the College's variable loan. Regular meetings continue to take place with the College's lenders.	
Finance 2024-25		
9. 9.1	**Student Recruitment** The VPR&C provided an update on student recruitment, highlighting that HE recruitment was an area of risk:	

               9.2	• HE recruitment continued to be challenging, though Teacher Education offer was looking a lot more positive and should achieve its revised BP3 targets. • Bradford School of Art was the largest concern, +50% of UCAS applications had withdrawn at the acceptance/rejection deadline at the start of June. Anecdotal feedback communicated that applicants have selected larger Universities over the College. Feedback from the College Marketing Network communicated that all HE in FE arts provision was struggling. Budget impact could be as severe as £250k shortfall in income which would be mitigated with in-year savings at Q1. • HTQs in Engineering were also struggling to gain momentum, costs would be mitigated by a shift to full cost recovery provision to achieve the budget target for that department. **Q. Is the issue the subject or that provision is better elsewhere?** A. Historically, we were the only provider offering specific Arts courses; the market is now flooded. We need to create a stand out offer to showcase our provision. We are in the process of creating a City of Culture workshop programme and we are hoping to capitalise on clearing and late applications in the Summer. It is a challenging market which is seeing a decline nationally.	
10. 10.1	**a) 3-year financial plan including budget for 2024/25 and capital plan for 2024/25** Three rounds of rigorous business planning had been undertaken, which involved detailed examination and challenge of Departmental plans and resulted in a three-year financial plan. The plan anticipated total income (excluding capital grants, interest) increasing from £60.0m forecast for 2023/24 to £66.0m during the three-year period reflecting confidence in the recruitment process and the underlying provision being offered to the students and employers in the district. Given the complexity of funding streams it is likely that there would be some variation in individual income lines but the overall growth is considered prudent by the Senior Leadership Team based on current intelligence and estimates. A turnover of £66.0m provides an excellent planning total against which to target improvements in the staff cost base over the three years. The forecast outturn for each year of the plan resulted in a financial health rating of ‘Good’, due to the underlying operating position and the planned reduction in debt.	

	Whilst the income position continues to improve and debt continues to reduce, the large amount of capital investment projected over the next two years means that the College continues to breach its loan covenants in 2024/25, namely the Debt Service and Projected Cash Flow covenants. Discussions were ongoing with Lloyds Bank regarding the possibility of them issuing a waiver, with a review underway around working capital to mitigate the breaches. The VPF&CS advised that the Committee were approving the 3- year plan, which would meet all new covenants, subject to it being updated to reflect the covenants and cash flow. The updated version would be submitted in the Corporation papers.	
10.2	**RECOMMENDATION:** That the 3-year financial plan including budget for 2024/25 and capital plan for 2024/25 be recommended to the Corporation for approval.	
10.3	**b) College Financial Forecasting return (CFFR)**	
10.4	**RECOMMENDATION:** That the College Financial Forecasting return (CFFR) is recommended for Corporation to approve its submission to the ESFA.	
10.5	**c) ESFA – Financial Health Grade Confirmation Letter & Dashboard** Members were presented with the Bradford College Financial Statements Review 2022 to 2023 letter from the ESFA, which had been received on 3 June 2024 and had since been responded to by the College. Following the review of the College's financial forecasting return (CFFR) submitted in July 2023, the ESFA had concluded that the college's financial health grade for 2022/23, based on the outturn forecast, was Good.	
Strategic Objectives		
11.	**SO4- Employer of Choice Strategic Action Plan**	
11.1	The DPS advised that Strategic Objective 4 (SO4) had been updated to reflect where the College currently is as an organisation, the key deliverables had also been changed to the following: • We attract, support, develop, appreciate and retain high performing staff. • We deliver an outstanding employment experience for all staff, including supporting their health and wellbeing.	

	• We deliver an innovative learning and development programme to become outstanding in everything we do. • Our mission, vision and values are embedded in everything we do and staff are highly ambitious for our students.	
11.2	**RECOMMENDATION:** That the updated Employer of Choice Strategic Action Plan is recommended to the Corporation for approval.	
11.3	Members discussed pay gaps across educational organisations and the impact that this can have on recruitment. The VPF&CS advised that the College average salary was competitive. It was acknowledged that many of the courses required staff with industry and technical skills which made recruitment in those areas difficult. The Recruitment Team were actively seeking out potential employees, attending jobs fares and marketing on social media. The College was also rolling out talent development for existing staff to encourage them to stay on and progress internally. The VPR&C advised that the College was looking into their brand perception which would be built into surveys for potential employees and that more market intelligence was required. While it was acknowledged that the College was making significant efforts, members asked how the management of the brand was being measured.	
11.4	**ACTION:** The VPR&C and DPS to determine how to provide metrics to measure the effectiveness of developing an employee brand.	
12.	**SO5- To maintain a sustainable college**	
12.1	The VPF&CS presented the Sustainability Strategic Action Plan to maintain a sustainable college, which showed the planned financial performance for the next three years, including the continuous refinement to the estate. The key deliverables were: • Deliver College Budget and Strategic financial plan • Deliver planned income • Deliver all funding returns • A relevant fit for purpose estate that is sustainable	
12.2	**RECOMMENDATION:** That the Sustainability Strategic Action Plan be recommended to the Corporation for approval.	
13.	**SO6- To grow College income through student recruitment**	
13.1	The VPR&C presented Strategic Objective 6 which included	

	the three-year plan for student recruitment. The key deliverables were: • Deliver a successful recruitment strategy to achieve growth ambition (achieving budget targets across all segments) • Improve and protect the College's reputation • Build and utilise stakeholder relationships in a strategic way • Engage effectively with schools in a planned strategic and data led approach • Develop and grow employer relationships	
13.2	**RECOMMENDATION:** That SO6- To grow College income through student recruitment plan be recommended to the Corporation for approval.	
Resources		
14.	**Capital Projects**	
14.1	The VPF&CS advised that the College currently had the following Estates Capital projects in train, which were:	
14.2	**<u>FTC</u>** • FTC (Future Technology Centre) – Revised Budget £17,200k (Inc. £1,296k original match), £1,715k spent to date. • The current reported programme completion date of 20 October had since slipped to the 5 December; an update would be presented at the next CSIG meeting. The lease for Bowling Back Lane was in place till the 31 July 2026 as a contingency to mitigate delays and ensure learners were not disrupted. Members discussed the delay on the FTC project and agreed that any risk and impact on student experience should be reported to Q&S Committee members. It was acknowledged that further delays to the project completion dates posed a high risk in terms of impact on the student experience, particularly if in-year transitions were required. • An early cost plan review took place with the contractor based on the Stage 3 information in order to mitigate the second stage tender price coming over budget. This highlighted cost pressures £1.6m above budget. Workshops had taken place to identify area of value engineering to target areas acceptable to the College and the contractor was working through these to assess for viability and savings. The College had also obtained a VAT exemption certificate for the new build element to mitigate some of these expected increases.	

14.3	**Garden Mills** • Garden Mills – Revised Budget £6,900k (Inc. £1,000 revised match from original no match), £3,396k spend to date. • Completion date remained 5 August. The project was currently forecast as £72k overbudget, this was mainly due to the sink hole that was discovered over the Christmas period, which cost the College almost £80k in programme delays. • There were a number of contentious issues that had been raised with the contractor and that the College was now seeking legal advice on. At year end, a view would be taken on whether a provision was to be made for these amounts.	
14.4	**Energy Efficiency Grant** (no match) • Allocation £356k must be spent by 31 March 2025. £287k had been spent to date on replacement of all TG (Trinity Green) boilers. The remaining amount would be utilised over the coming months on energy efficiency upgrades.	
14.5	**FE reclassification capital** (no match) • Allocation £892k must be spent by 31 March 2025 is part of the three-year plan. • £478k has been spent to date replacing the DHB Chillers and associated pipework within the building. These are now installed, commissioned and are now fully operational. The remaining amount will support improving the colleges estates condition and may be utilised to mitigate some of the expected increases in the FTC project costs.	
14.6	**Skills Injection Fund** • Skills Injection Fund 1 – Capital & Resource Allocation £434k, spend to date £199k. Spend was halted to mitigate clawback due to student recruitment position and projected student numbers for associated courses being lower than what was within the original bid. This appears to have been a national issue with the scheme of funding. • Skills Injection Fund 2 – Capital & Resource Allocation £325k, no spend to date, as the focus had been on recruitment and curriculum development to progress to a required level before committing spend. Student numbers were positive and on track to hit funding requirements and spend had been profiled. It was acknowledged that both skills injection funds carried a clawback risk, potentially of £770k. However, the VPF&CS advised that clawback was the worst-case scenario and would only be actioned if there was no student recruitment to these areas. Members were assured that there was a low level of financial risk	

	but that the reasons for clawback and the expected amounts should be reported for transparency. The VPF&CS advised that he would present a separate paper on the skills injection funds at the next F&GP meeting.	
14.7	**ACTION:** The VPF&CS to present a report on clawback at the next F&GP meeting.	
14.8	<u>**T levels Wave 5**</u> • Building Project - Budget £3,252k, with £361k match, £313k spent to date. • The Contractors' initial cost plan submitted exceeded the project budget, however through intense negotiations and reviews, this had now been reduced and was within budget, with work having started on site on 20 June 2024. • The external catering element of the project remained a risk, due to recently identified ground conditions, the position on this was now being reviewed.	
14.9	<u>**ATC (PLW relocation)**</u> Work had been ongoing to ensure the College had a project that was deliverable on budget and within the timescales. The final cost plan from the contractors was expected within the next 2 weeks, though some initial works had already commenced (i.e., Access Barriers). All intelligence suggests that despite challenges, this remains on budget and on time.	
14.10	The T-level Wave 5, T-level Wave 4, Garden Mills and FTS projects are being overseen by the Special Interest Group, which had met once since the last F&GP Committee and the minutes of which had been included in the F&GP pack.	
14.11	<u>**District Heating Network**</u> In March, the F&GP Committee had agreed to approve the acceptance of the £2.66m Salix grant awarded for the essential connection and upgrade works to the DHB and the ATC buildings, in order to make substantial progress towards achieving the College's Net-Zero target. Due to the specialised nature and limited suppliers who could provide this, it was recommended that the award of the contract for the supply (for 10 years) and connection was a direct one, to the only supplier Bradford Energy Limited. This was supported by the procurement framework created by the Council and the University to demonstrate there were no alternative providers. A Single Source Justification would be completed to ensure compliance.	

14.12 14.13 14.14 14.15	**Q. Would there be any difference in costs if the College were to commit to a longer contract?** A. There is no difference in the 10- or 25-year costs. The College will seek to renegotiate the contract after 10 years. **Q. Does the 10-year supply period meet Salix requirements?** A. Yes, the Salix requirements do not stipulate a length of contract. **Q. As there is no supplier framework involved due to there only being one supplier that can provide this, could this be a Governance risk?** A. I will check the position on Governance and come back to you. **RESOLVED:** That the contract for the connection and supply of the heat to both the DHB and ATC building for a period of 10 years through the Heat network is awarded to Bradford Energy Limited is approved.	
15. 15.1 15.2	**Estates Strategy update** The VPF&CS provided members with an update on the College estate: • Since the last meeting the buyer of the Appleton Building had not been in contact and the property was being actively marketed, with a viewing scheduled to occur in the next two weeks. • The Little Germany site was now actively being marketed and two requests to view the property had been received. The Council, who were the current tenants, were aware that the site was being marketed for sale. • In April 2024, the initial term of the outsourced facilities management contract ended. However, within the contract it allowed for up to two one-year extensions. Therefore, given changes in the Head of Department role, the first one-year extension was granted, with a cost of £866k excl. VAT (inc. VAT £1,039k). This excluded Cleaning, as the College directly engaged with the current sub-contractor due to having effectively managed this supplier for the last year. Therefore, a separate cleaning contract was put in place at a cost of £672k excl. VAT (inc. VAT £807k) and effectively mitigated £81k of management costs from the current provider. **Q. Does the F&GP Committee need to approve the extension of the facilities management contract?** A. No, it just needs reporting as it is not a new contract, it is an existing option within a contract that has already been agreed.	

15.3	The VPF&CS advised that the Financial Regulations stipulated that contracts over £100k would be *reported* to the F&GP Committee, and that *approval* would be required if it was a new business endeavour. Members requested a refinement of the Financial Regulations which would provide the Committee with better oversight on approvals. The lease for Doris Birdsall House was due to end in July 2025. The College would enter into discussions with Unipol to determine whether to continue with the lease or repurpose the building. The Corporation Chair advised that Unipol would not be extending the lease on Doris Birdsall House and that discussions with Unipol should commence as soon as possible.	
16. 16.1	**People Strategy Update** *A separate confidential minute was recorded – see annex.*	
Policies and Statements		
17. 17.1 17.2 17.3	**a) Credit Control and Debt Management Policy** The Credit Control and Debt Management Policy had undergone its annual review and no substantive changes had been made. **RESOLVED:** The Credit Control and Debt Management Policy is approved. **b) Financial Regulations 2024** The VPF&CS advised that the Financial Regulations Policy had been updated to reflect changes in roles/titles, an increase in the Capitalisation limit from £1k to £1.5k and removal of Projects from Appendix C: Key Services in the Finance Department. A large number of updates had also been made to reflect the College Financial Handbook 2024 changes. The VPF&CS advised that the Committee may want to consider delegated authority levels whereby approval is sought from the Corporation instead of being approved at Committee level, by placing a cap on the amounts they currently authorise. Thereby, recommending certain amounts to the Corporation for approval, who are ultimately responsible for the College finances. It was noted that certain references in the Procurement responsibilities data were outdated. The VPF&CS advised that reiterations would be made after clarity had been gained on what	

	changes were required in the new National Procurement Policy Statement when it is published in October 2024 and any revisions would be presented to the Committee.	
17.4	Members requested that going forward, any changes to policies were highlighted in a cover sheet.	
17.5	**RECOMMENDATION:** That the Financial Regulations Policy be recommended to the Corporation for approval.	
17.6	**c) Procedure for the Retention of Financial Documents & Records**	
	The CIO advised that the Procedure for the Retention of Financial Documents & Records had been reviewed and updated to ensure compliance with statutory requirements and reflect changes to job titles. A suggested change was made to reflect the Audit Committee being designated responsibility for reviewing and approving the Procedure going forward.	
	It was noted that the Procedure for the Retention of Financial Documents & Records was now the Audit Committee, with oversight from the F&GP Committee. The Procedure for the Retention of Financial Documents & Records would be presented at the next Audit Committee on 5 September 2024 for approval.	
17.7	**d) Procurement Policy**	
	The Procurement Policy had been reviewed and updated to reflect a change in job title. The VPF&CS advised that the Procurement Policy would also go through the same process as the Financial Regulations in October 2024, when updates would be made in accordance with the new National Procurement Policy Statement and any revisions would be presented to the F&GP Committee in October.	
17.8	**ACTION:** The VPF&CS and Clerk to add the revision of key policies due to the new National Procurement Policy Statement to the F&GP Schedule of Business before it is submitted to Corporation for approval.	
17.9	**RESOLVED:** The Procurement Policy is approved.	
17.10	**e) LGPS statement on the exercise of discretionary function**	
	The VPF&CS advised that the LGPS statement on the exercise of discretionary function had been updated to reflect changes necessitated by the requirements within the College Financial	

17.11	Handbook 2024 and guidance under managing public money, particularly regarding novel and contentious transactions. **RECOMMENDATION:** That the LGPS statement be recommended to the Corporation for approval.	
Governance and Risk		
18. 18.1	**Strategic Risk Monitoring** The Committee reviewed the strategic risks for which it has oversight. The VPF&CS advised that there had been no material changes to the register. Various updates had been made to reflect changes to the regularity of the CFFR submission. An early warning flags category had been added in relation to the Capital Projects and resource increases required for Math and English delivery. The UCU pay claim had also been included. Change in Government and regional Policy impacting on funding and quality assessments had been added to SR8.	
19. 19.1 19.2	**Committee self-assessment and Terms of Reference** The Committee reviewed the Committee Self-assessment against its Terms of Reference. It was agreed that the Committee had covered the breadth of its Terms of Reference and performed well. In considering the Terms of Reference, it was agreed that an update was required for 2024-25 to incorporate the compliance requirements set out in the new Financial Handbook as a condition of the College's accountability agreement. **RECOMMENDATION:** That the updated F&GP Committee Terms of Reference be proposed to the Corporation for approval.	
20. 20.1 20.2	**2024-25 Schedule of business** The Clerk and VPF&CS had previously reviewed the Schedule of Business, which covered each meeting for the coming academic year. The Clerk advised that a proposal to change the start time of the F&GP meetings to 4 p.m. had been circulated to members prior to the meeting and had been unanimously agreed. Therefore, the F&GP Schedule of business would be updated to reflect the new start time before being presented to Corporation. **RESOLVED**: That the schedule of business for 2024-25 be approved.	

Any Other Business		
21. 21.1	**Items for report to the Corporation** • Minutes of meeting – 4 July 2024 • May Management Accounts • Q3 Forecast • 3-year financial plan including budget for 2024/25 and capital plan for 2024/25 & CFFR • SO4- Employer of Choice Strategic Action Plan • SO6- To grow College income through student recruitment • SO5- To maintain a sustainable college • Estates Plan Update- verbal • People Strategy Update • Financial Regulations 2024 • LGPS statement • Committee self-assessment and Terms of Reference	
22. 22.1 22.2	**Any other business** There was no other business. The Chair closed the meeting at 19.24.	
23. 23.1	**Meeting Evaluation** **ACTION:** To be circulated by the Assistant Clerk.	**Assistant Clerk**

Approved by the Committee:

B. Barrett	**10.10.2024**
Signed by the Chair	Date

Agreed actions

No	Minute	Action	Who?
1	11.4	The VPR&C and DPS to determine how to provide metrics to measure the effectiveness of developing an employee brand.	VPR&C and DPS
2	14.7	The VPF&CS to present a report on clawback at the next F&GP meeting.	VPF&CS
3	17.8	The VPF&CS and Clerk to add the revision of key policies due to the new National Procurement Policy Statement to the F&GP Schedule of Business before it is submitted to Corporation for approval.	VPF&CS and Clerk

4	23.1	Meeting Evaluation to be circulated by the Assistant Clerk.	Clerk