

**MINUTES OF THE MEETING OF THE FINANCE & GENERAL PURPOSES COMMITTEE
HELD: on Thursday 5 December 2024 at 17:00 in 4F07- DHB Boardroom**

Present	In Attendance
Bulbul Barrett (Chair)	Peter Darwen (Interim Finance Director) (Via MS Teams)
Chris Webb (CEO/Accounting Officer)	Sarah Cooper (Director of People Services)
David Fearnley	Sarah Towan (Vice Principal Recruitment & Communications)
Lendy Ho	Richard Lewis (RSM) (Via MS Teams)
John Williams	Allison Booth (Clerk to the Corporation)
David Merrett	Rachel Henry (Assistant Clerk to the Corporation)
Apologies	
Alina Khan (VPED&I)	

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

Item	Action
<i>This session was a joint meeting with members of the Audit Committee and was chaired by the Audit Chair</i>	
1.	Draft Annual Report and Financial Statements/RSM Audit Findings Report/ RSM Emerging Issues/ Letters of Representation
1.1	<u>Annual Report and Financial Statements/Audit Management Letters/Letters of Representation</u>
	Richard Lewis of RSM gave members of F&GP Committee and Audit Committee a tour of Financial Statements.
1.2	Key items highlighted by RSM were: <ul style="list-style-type: none"> • The governors report - relating to public benefit and how this had been delivered. • Governance and internal control – information relating to the work of the Audit Committee and the assurance they offer the Corporation • Budget and Cash flow forecasts had been examined by the Corporation and its conclusion that that the College is a going concern. RMS agreed with this conclusion. • The audit opinion - RSM’s opinion was that the financial statements: <ul style="list-style-type: none"> ○ gave a true and fair view of the state of the College’s affairs as at 31 July 2024 and of the College’s surplus of income over expenditure for the year then ended; ○ had been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and ○ had been prepared in accordance with the Accounts Direction issued by the Education and Skills Funding Agency

	<ul style="list-style-type: none"> • A material uncertainty related to going concern arising from the forecasted bank covenant breaches. The Auditors opinion was not modified in respect of this matter. • Pension liability was considered by the actuary to take into account CPI levels. • The Pension Fund assumptions had been benchmarked across the sector and show no evidence of bias by the management. • Capital investment - the College invested £12.5m in fixed asset additions during the year 2023/24. £1.9m of the fixed asset additions were self-funded. • Reserves – the College reserves amounted to £94.6m and it held £16.5m in cash and bank balances at the year end. £6.4m of cash and bank balances at the year-end have been received from ESFA in advance of spend on capital projects. • The College now references the Managing Public Money document (MPM), though the main document to refer to was the new College Financial Handbook, which came into effect from 1 August 2024. • The audit opinion was expected to be unqualified. • The regularity opinion was expected to be unmodified. 	
1.3	<p>RSM gave an overview of the draft Audit findings report, explaining that there were a few outstanding matters but that these were not material and the report would be updated accordingly prior to the Corporation meeting on 12 December 2024.</p>	
1.4	<p>The draft letters of representation had now been finalised and had been circulated by the Clerk prior to the meeting.</p>	
1.5	<p>RECOMMENDATION: Subject to any further minor amendments required, that the Annual Report and Financial Statements 2023-24 be approved by the Corporation for signing by the Chair and Accounting Officer.</p>	
1.6	<p>The Audit Chair gave thanks to Mr Lewis and the team at RSM for all their hard work on getting the accounts finalised and also thanked the Clerk for liaising with the auditors to ensure all of the audit paperwork was collated in good time.</p>	
1.7	<p><u>Audit Findings Report</u></p> <p>Mr Lewis presented the draft report and recorded his thanks to Management for its engagement. Subject to receipt of outstanding matters, the final report would be presented to the Corporation on 12 December.</p>	

1.8	<p>Mr Lewis talked Members through the key areas of risk for the College.</p> <p>Members received assurance that (a) the College had in place a reasonably strong control framework on income recognition; (b) there was no evidence of any bias; (c) RSM concurred with the College’s judgement on going concern; and (d) there had been no non-compliance in terms of regularity.</p> <p><u>Emerging Issues</u></p> <p>Members received and noted the emerging issues update from RSM.</p>	
2. 2.1 2.2 2.3	<p>2. Introductions, Apologies for Absence and Disclosures of Interest</p> <p>2.1 The Chair welcomed everyone to the meeting and introductions were made.</p> <p>2.2 Apologies were noted for Alina Khan.</p> <p>2.3 There were no declarations of interest.</p>	
3. 3.1	<p>3. Chair’s action</p> <p>3.1 There had been no use of Chair’s actions since the last meeting.</p>	
4. 4.1	<p>4. Minutes of the meeting of 10 October 2024</p> <p>4.1 RESOLVED: The minutes of 10 October 2024, including the confidential annex, were approved to be signed by the Chair as an accurate record of the meeting.</p>	
5. 5.1	<p>5. Matters Arising</p> <p>5.1 The Matters Arising Report was reviewed. Members agreed that in the absence of the VPF&CS, the amber rated items be deferred until the following meeting.</p>	
6. 6.1	<p>6. CEO Report</p> <p>6.1 The CEO provided an overview of the report, highlighting key things to note were:</p> <ul style="list-style-type: none"> • Agenda Item 1 - Annual Report and Financial Statements/Audit Management Letters/Letters of Representation • Agenda Item 9 - Student Recruitment • Agenda item 12 - Capital Projects Update 	

	<ul style="list-style-type: none"> • AOB - Appendix to the CEO Report 	
Strategic Plan Implementation		
7.	F&GP Data Dashboard	
7.1	The CEO presented the F&GP Data Dashboard which reflected the Q1 position.	
7.2	<p>Q. How likely is it that the positive position of AEB income will be maintained until the end of the year?</p> <p>A. Recruitment is particularly strong for Free Courses for Jobs and a request will need to be made to WYCA to increase the College's contract in this area. It therefore looks likely that the College will come in over budget for AEB. Further intakes on ESOL and Basic Skills courses are expected in January. The Additional Learning Support income line is looking very positive and bursaries are being well managed. We are confident that this is a good forecast outcome for the year.</p>	
Finance 2024-25		
8.	Management Accounts (October 2024)	
8.1	<p>The Interim Finance Director (IFD) provided an overview of the Management Accounts to October 2024.</p> <p>The underlying EBITDA (excl. capital grant income £0.02m and interest receivable £0.17m) to the end of October is £0.25m, which is £0.1m adverse to budget.</p>	
8.2	<p>Q. Why does the £0.25m figure quoted in the executive summary not match the underlying EBITDA figure in the budget table?</p> <p>A. Capital grant income and interest receivable has been removed from the figure quoted in the executive summary. The budget table shows the gross figure. The figures do match; however, the difference is in how they are presented in different areas of the report.</p>	
8.3	The IFD advised members that the presentation of the Management Accounts was currently under review as they needed to be brought in to line with the current DfE model. The IFD would then consult with the CEO and VPF&CS on the suggested changes.	
8.4	ACTION: The IFD to review the presentation of the Management Accounts and bring them into line with the DfE model.	IFD
9.	Student Recruitment	
9.1	The VPR&C presented an update on Student Recruitment.	

	<p>Members raised a concern relating to the impact of the removal of learners with little or no attendance before Day 42 and sought assurance from the CEO whether it had been the right thing to do.</p> <p>The CEO advised that it had technically been the correct thing to do for students with no or very poor attendance to be withdrawn from the College's ILR at that time. Its impact had been that College data was accurate and correct heading into the Ofsted inspection. However, the negative impact was that the College's 16-19 student count was significantly reduced at the 42-day cut-off date, and even though the College had re-engaged over 250 learners since that cut-off date, the College's 16-19 funding contract would likely be reduced by at least £500k for next year.</p> <p>The VPR&C advised that efforts to maintain contact with learners continued and that there was a constant dialogue. 217 16–18-year-olds had been re-enrolled back onto programme in November. More enrolments were due in January. Close engagement was taking place with Skills House, which is the Council's NEET support outreach team, to support young people to return to full time education, through running rolling advice and enrolment clinics.</p> <p>9.2 Q. Is the College planning to continue with this year's approach? A. Going forward, we will keep students enrolled and follow up on attendance, as student numbers are not scrutinised by funding agencies prior to Day 42. Students who have not shown the required level of attendance by the 42-day point will still be withdrawn.</p> <p>The Chair requested that going forward, the reason for the difference in figures that would be evident in 2024-25 (due to student withdrawal prior to Day 42) be highlighted in future Student Recruitment reporting. This would provide explanation for the anomaly that would be evident for 2024-25 in the year-on-year comparative data.</p> <p>9.3 ACTION: The VPR&C to consider how to reflect the anomaly in 2024-25 student recruitment figures in reporting on the year- on year-comparisons.</p> <p>9.4 Q. Does the increase in FE uptake within the School of Art mean there is likely to be an increase in the pipeline for HE? A. There is unlikely to be a substantial increase. The market is flooded in West Yorkshire. We are doing more outreach activities and clubs and renting out our theatre space and are starting to see a resurgence of interest. Growth in this area presents a challenge but FE enrolments do seem to be increasing slightly.</p>	<p>VPR&C</p>
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9.5	<p>Q. Are we expecting to see a rise in the number of ESOL learners in the 16-18 cohort?</p> <p>A. It is compulsory for 16-18 ESOL students to join an education provider on arrival in the country. Due to the transient nature of these learners we expect more in-year starts and have 30 due to start in January.</p>	
9.6	<p>HE</p> <p>The VPR&C advised that HE remained extremely challenged due to national, regional and local factors. The College had worked hard in converting interest into enrolments through its admissions and conversion officers, however the market was flooded. Students who had enrolled tended to be those who wished to stay local and not travel further afield.</p> <p>Members asked how the shortfall in HE recruitment would now be managed and whether there were opportunities for mitigation with the HE funding line.</p> <p>The CEO advised that there was little opportunity to improve the College's income levels for this income stream during the rest of this financial year as HE recruitment was essentially closed. Deficits in HE income would partly be made up for by other income streams such as Catering and Apprenticeships to offset the impact, but management would also be expected to manage an overall reduction in expenditure, most likely by reducing staffing costs throughout the year to meet the College budget targets and bank covenants.</p>	
9.7	<p>Q. The HE Sector is structurally over supplied. Longer-term, when are we going to have to make some difficult decisions on our HE Curriculum offer?</p> <p>A. A Deep Dive is planned to re review the College's HE Offer. Governors can then provide steer on provision during the Strategic Planning Event. This will be fed into Business Planning sessions and become part of the annual planning cycle moving forward.</p>	
9.8	<p>The CEO advised that Governors are responsible for the direction of the College and that included the curriculum offer. The College needed to continuously adapt to the changing demographics of its students in order to maintain a sustainable College.</p>	
9.9	<p>ACTION: The Clerk to consider where the Deep Dive could be placed on the agenda for the Strategic Planning Event.</p>	Clerk

<p>9.10</p> <p>9.11</p> <p>9.12</p>	<p>Q. What assurance can be given that the College will not reach the detrimental position financially that it did before?</p> <p>A. The loans taken out for the DHB building project were reliant on being paid back via a growth in student numbers, which didn't happen as the College was then rated as 'requires improvement' by Ofsted. The College was then placed into financial intervention. We are now rated as a 'good' College with an improved reputation. We now manage staffing expenditure and non-pay very tightly.</p> <p>Q. We are receiving approximately 3.5% in interest from the bank, which seems low, is there a reason we aren't looking at using other banks?</p> <p>A. The agreement with Lloyds was that they would give us a higher rate of interest than usual, which would then offset any debt. If we move the cash to another bank, we may lose the offset agreement.</p> <p>The F&GP Chair requested that the College consider engaging with other banks that offered higher interest rates.</p> <p>The IFD advised that he would look at the Bank Covenants, to ensure there were no fixed terms conditions that would prevent the College from moving to another bank. He could then liaise with Lloyds to begin enquiries.</p> <p>The CEO advised that he would liaise with the IFD to discuss next steps and that they would bring a report to the next F&GP Committee for consideration.</p> <p>Members also requested that the IFD consider the implementation of an investment policy for the College.</p> <p><i>ST/L</i></p>	
Resources		
<p>10.</p> <p>10.1</p>	<p>People Strategy Update</p> <p>The DPS provided an overview on the People Strategy Update, highlighting:</p> <p>Employee Health and Wellbeing</p> <p>The new Wellbeing Lead started in the Learning and Development (L&D) Team in September to allow an increased agenda of pro-active support and activities to be put in place for the wellbeing of staff, including mental, physical and financial wellbeing. Volunteer staff wellbeing champions across the college also lead on other activities. A full schedule events around mental, physical and financial wellbeing had been planned and rolled out on a monthly basis.</p>	

	Members were pleased to see an increase in staff engagement with the health and wellbeing activities.	
10.2	<p>Q. What is the overall cost on Health and Wellbeing?</p> <p>A. There has been an addition of one staff member to the L&D Team and programme associated costs are covered within the L&D budget.</p>	
10.3	<p>Q. What are the metrics used to measure the College’s Return of Investment in employee health and wellbeing?</p> <p>A. Staff turnover and absence are important factors to consider in this area, particularly in the context of personal stress and anxiety increasing. There is also a question in the staff survey that focuses on the impact of wellbeing activities. As an Employer of Choice, the College is always looking to support and invest in its staff.</p>	
10.4	<p>Q. Are staff consulted on the wellbeing offer?</p> <p>A. Yes, it is advertised well via the intranet, various staff comms and through our Wellbeing Champions who lead on the activities. The programme has been designed through listening to the staff voice.</p>	
10.5	Members requested data on the percentage of staff that were engaging with the wellbeing activities as well as a comparison between programme costs and savings made in areas such as sickness absence costs and staff turnover compared to benchmark. This would enable a clearer measure on the trajectory of staff engagement and the Return of Investment in health and wellbeing.	
10.6	ACTION: The DPS to provide data on the percentage of staff involved in the wellbeing activities as well as a comparison between programme costs and savings made in areas such as sickness absence costs and staff turnover.	DPS
10.7	The DPS advised that the new Labour Government have been releasing details of their ‘making work pay’ agenda. This would come into effect in 2026. This had been launched as the biggest changes to employment law since the 1970’s. Initial consultations had started with changes expected to be implemented from 2026 onwards. There were a number of anticipated changes including those to flexible staff contracts and conditions, unfair dismissal rights, the tribunal claims timeline and extending employment rights to being family friendly. Consideration would start to be made during business planning sessions in-year and continue into 2025-26. The DPS would provide further detail at the next F&GP meeting.	

10.8	<p>Q. What changes are being suggested on the Recognition Agreement and Disputes Policy?</p> <p>A. We are trying to combine both documents into one and update it with a code of conduct. We have also proposed changes to the employee groups based on contract type. The Disputes Policy has a failure to agree process that currently gets up to a Governor-led appeal stage and we are wating to remove this. Further meetings are scheduled in the new year for negotiations to continue with the Trade Unions, but so far they are not wanting any changes. Updates are required due to these being legacy documents which were last reviewed in 2016, with the content being much older.</p>	
<p>11.</p> <p>11.1</p> <p>11.2</p>	<p>Capital Projects Update</p> <p>The CEO presented an update on the Capital Projects in train.</p> <p>Q. Has the final account for Garden Mills been agreed?</p> <p>A. A meeting has been arranged between the Project Management Team, RLB and the contractors to discuss the final account, with a number of negotiations still required on 4 remaining areas of dispute. More details will be provided at the CSIG meeting next week.</p>	
<p>12.</p> <p>12.1</p> <p>12.2</p> <p>12.3</p>	<p>Estate's Plan Update</p> <p>The CEO presented an update on the College's Estates.</p> <p>Q. How is the sale of the Appleton building progressing?</p> <p>A. We have an offer of £950k for the building. However, in 2016, the College made an option to tax a number of its buildings which included the Appleton Building. Therefore, we have had to advise the prospective buyer that the amount for the sale will be £950k + VAT. A response is yet to be received confirming agreement.</p> <p>The CTS building in Little Germany had been vacated, with services reduced to a minimum to avoid unnecessary cost. Two pieces of land connected with the site had been owned by a former subsidiary of the College. It had recently become apparent that when this subsidiary was closed, one piece was transferred to the College, but the other had been missed. Therefore, this piece of land was still referenced as being owned by the dissolved subsidiary on the land registry. As Eversheds had dealt with the transfer originally, they have advised that their engagement would be a conflict of interest and recommended the College pursue this matter with an alternative legal firm. The IFD had approached another legal firm and was working to resolve the issue as a matter of urgency.</p>	

12.4	<p>Q. Is there now a risk of losing the offer made on the Little Germany site?</p> <p>A. We have not received any indication from the prospective buyer to suggest that they are not content to wait. However, there is a potential risk that the sale could fall through.</p>	
12.5	<p>ACTION: The CEO to check if there has been any correspondence with the buyer to ascertain whether any follow up was required and consider sourcing insurance if necessary.</p>	CEO
Policies and Statements		
13.	Modern Slavery Act Statement	
13.1	The College is required to publish a Modern Slavery Act Statement on an annual basis. In the absence of the VPED&I, the DPS presented the statement for 2023-24 noting the activity that the College had undertaken to assure itself that modern slavery was not evident in the supply chain.	
13.2	The Statement had been updated to include the College's requirement for suppliers to sign a statement to confirm that they are compliant with the ED&I values of the College.	
13.3	<p>Q. Has the College rejected any suppliers on the grounds of non-compliance with the Statement?</p> <p>A. Not that we are aware of.</p>	
13.4	Members requested that the Ethical Sourcing Policy, which had been annexed to support the Modern Slavery Statement, explicitly referenced the requirement of suppliers to comply with the Modern Slavery Act. It was also noted that the dates within the statement were incorrect.	
13.5	RECOMMENDATION: That subject to the suggested amendments, the Modern Slavery Act Statement 2023- 24 be recommended to the Corporation for approval and then publication on the College website.	
Governance and Risk		
14.	Strategic Risk Monitoring	
14.1	<p>The Committee reviewed the strategic risks for which it has oversight.</p> <p>The DPS advised that the Critical Incident Policy and Procedure has been updated. This had been used in an incident on 27 November 2024. A desk top exercise of the CILT has been scheduled for 18 December 2024.</p>	

14.2	Q. Can you explain the critical incident that took place on 27 November and any learning points for the College? A. The Police believed the incident to be a hoax. The Critical Incident Procedure was followed and had identified areas that required further improvement.	
Any Other Business		
15.	Items for report to the Corporation	
15.1	<ul style="list-style-type: none"> • Annual Report and Financial Statements (presented by RSM) • Minutes of meeting – 5 December 2024 • Student Recruitment • Modern Slavery Act Statement 	
16.	Any other business	
16.1	There was no other business.	
16.2	The Chair closed the meeting at 19.16.	
17.	Meeting Evaluation	
17.1	ACTION: To be circulated by the Assistant Clerk.	Asst Clerk

Approved by the Committee:

B. Barrett

06.02.25

Signed by the Chair

Date

Agreed actions

No	Minute	Action	Who?
1	8.4	The IFD to review the presentation of the Management Accounts and bring them into line with the DfE model.	IFD
2	9.3	The VPR&C to consider how to reflect the anomaly in 2024-25 student recruitment figures in reporting on the year- on year- comparisons.	VPR&C
3	9.9	The Clerk to consider where the Deep Dive could be placed on the agenda for the Strategic Planning Event.	Clerk
4	10.6	The DPS to provide data on the percentage of staff involved in the wellbeing activities as well as a comparison between programme costs and savings made in areas such as sickness absence costs and staff turnover.	DPS

5	12.5	The CEO to check if there has been any correspondence with the buyer to ascertain whether any follow up was required and consider sourcing insurance if necessary.	CEO
6	17.1	Meeting evaluation to be circulated.	Assistant Clerk