



FINANCE AND GENERAL PURPOSES COMMITTEE

FRIDAY 29 JANUARY 2021

Report: Minutes of the meeting held on Friday 23 October 2020

Author: Clerk

Action: Approve

Status: Open

Present: Martin Hedley (Chair)
Andy Cole (Interim Principal / CEO)
John Hogg

In attendance: Ivan Jepson (Director of Business Development)
David Keetley (Financial Controller)
Keith Oxspring (Interim Finance Director)
Chris Toon (Deputy Principal: Curriculum & Quality)
Emma Moody (Clerk)
Suzanne Clark (Minutes)

F/001 Appointment of Chair

The Clerk confirmed that following the recent review of governance and committee structure, it was proposed that Martin Hedley be appointed as Chair of the Finance and General Purposes Committee. The members confirmed this appointment.

F/002 Chair's Welcome, Apologies and Conflicts of Interest

The Chair welcomed everyone to the meeting. Apologies were received from Simon Ennew.

No conflicts of interest were declared at the start of the meeting and members were reminded to declare any conflicts that arose during the discussions in the meeting.

It was agreed to revise the running order of the agenda as John Hogg would need to leave the meeting at 11.15am so as to ensure matters requiring approval were addressed whilst he was in attendance.

F/003 Minutes of the last Corporate Services Committee meeting dated 4 November 2019

The minutes of the last meeting were agreed as a correct record.

F/004 Matters Arising

There were no matters arising that were appropriate for this meeting in light of the length of time that had elapsed since the date of the last Corporate Services meetings. The Clerk confirmed that the minutes should record that this is due to financial matters being reported directly to the Board for the last 9 months. The Chair of the Corporation

suggested that it be noted that should the previous meeting minutes be looked at in the future the Committee recognise that they are outdated and reflect a different position to that now understood by governors.

F/005 Terms of reference, committee membership, development of annual cycle of business and KPIs

The terms of reference were presented by the Clerk.

The Clerk explained that the Finance and General Purposes Committee replaces the previous Corporate Services Committee. This committee has been consolidated with what was previously the Business Committee. The terms of reference set out the Committee's remit and the Clerk stressed that KPIs developed need to be relevant to the terms of reference. The Committee should also consider a cycle of business.

The Chair asked whether there is currently a work plan for each committee. The Clerk confirmed that an annual cycle of business has been agreed for the Board and the other committees have agreed to implement their own cycles complementary to the Board. Previously, the committee's cycle has followed custom and practice in light of certain matters having to be done at certain times in the year.

The Clerk will be working with relevant Executive Team leads to draw these up. The Chair confirmed he would be happy to be involved in this process. The Chair highlighted an issue on the terms in relation to section 5.4 and the Clerk indicated that this would be updated.

The Clerk requested that members start thinking about the appropriate KPIs needed to monitor the Committee's work. The KPIs circulated were the ones previously reported on behalf of the Corporate Services Committee to the Board. The Clerk suggested that some thinking be developed on what the Committee would like to see in terms of KPIs. The Chair felt this was an excellent opportunity to agree direction and scope. He felt there is a need to look at something broader than those in place before and that KPIs need to be predictive and transformational. Another member agreed with this approach and suggested, in addition, KPIs need to have a comparative analysis. The Committee would like to see the percentage of staffing against turnover and percentage of loan against turnover.

It was highlighted that there are around five or six crucial KPIs that the FE Commissioner's team use for each visit. The Chair added that it would be good to have a traffic light system against any agreed KPIs. The Chair commented that he would welcome thoughts from other members around transformational KPIs but recognised that this may be something to be picked up at a later date. The Chair of the Corporation indicated that the Chair's experience would be invaluable in terms of transformational KPIs and suggested that perhaps a working group would be more appropriate to take this forward. It was recommended that a small task and finish group be established [although note the subsequent agreement to hold a special meeting between now and the next scheduled meeting].

The Clerk advised that there is a need to dovetail KPIs where there are clear links between the matters being reviewed by this committee and the work of other committees.

KPIs should also be communicated with other chairs of committees so that there is an understanding of where the work of one committee can impact on others. A member commented that this is a golden opportunity to synchronise the work of the Curriculum and Quality Standards Committee with other areas so that there can be wider consideration the curriculum plan. It was agreed that a further meeting be held by the end of the year to determine the KPIs. The Chair confirmed that the scope of the meeting will be to review KPIs for the Committee. KPIs should include benchmarking data, data required for

regulatory bodies and the group should consider the relationship between other committees.

Action: Clerk to work with ET leads and the Chair to agree a work plan for the Committee.

Action: Clerk to amend section 5.4 of the terms of reference.

Action: Meeting to be held before end of year determine suitable KPIs. This will be reported back to the Board and performance measured against going forward.

The terms of reference were received.

F/006 Provisional out-turn for 2019/20

The report was presented by the Interim Finance Director.

It was reported that the out-turn is very close to that which was forecasted. Data in the most recent financial accounts is £23k better than forecasted. A member highlighted that the pension actuarial adjustment is reflective across the sector and would also apply to any organisations operating a final salary pension scheme. The salient figure to be aware of is the pension adjustment of £5,805k. The Interim Finance Director advised that this does not affect cashflow and is purely an accounting adjustment. The Clerk confirmed that the College did not enter orphan status with the pension fund and is continuing to pay normal contributions. The Interim Finance Director added that should deficits continue there would be an increase in contributions across the board. The provisional out-turn is subject to final review by RSM but there are no significant changes expected.

Andy Cole left the meeting at 10.20am due to internet connection issues. It was noted that this had an impact on quoracy and that any Andy would confirm any items requiring approval by email following the meeting.

The report was noted.

F/007 Monthly management accounts – September 2020

The report was presented by the Interim Finance Director with input from the Deputy Principal: Curriculum and Quality around learner income.

The Clerk questioned whether the increase in 16-18 numbers would lead to any increase in delivery costs. The Deputy Principal: Curriculum and Quality advised that growth was included in the curriculum plan but there had been no additional budget for this. Growth was planned for within flexible teaching resource. There is around £1m of casual staffing resource that can be used flexibly. The Chair of the Corporation endorsed this statement adding that delivery is very efficient and costs have been absorbed. The Deputy Principal: Curriculum and Quality and the team were commended on this. The Chair of the Corporation then commented that pay costs were currently at 64.3% of turnover which is the upper end of what is regarded as acceptable. He indicated that he would not want staff costs to increase beyond 65%. The Interim Finance Director confirmed that pay to income ratio is highlighted within the accounts. This will be revised when the forecast for the full year is completed and will be closely monitored.

The Interim Finance Director reported that the College team are in the process of arranging a meeting with Barclays to discuss the potential need for bridge funding. This meeting will include the Chair of the Corporation and representatives from the Board. The purpose of the meeting is to get an understanding of the banks view on future funding. The Clerk advised that it would be helpful for governors to have periodical assurance that this is progressing in light of the tight timeframes and to avoid potential concerns around solvency (from a cashflow perspective). The Interim Finance Director added that property

sales could mitigate the need for additional funding. He was confident that the issue can be overcome but recognised the need for members to have assurance.

The report was noted.

F/008 Financial hygiene: debt policy and creditor protocol

The report was presented by the Interim Finance Director.

The Interim Finance Director reported that a number of updates have been made to the existing debt collection policy. The proposed new version is tighter than the previous version but there is a balance as to how particular student financial challenges are managed. The policy includes a section detailing how bad debts will be written off. This is different to the current financial regulations.

The Clerk requested clarification that once agreed the policy was in place it would be applied in retrospect to address the bad debts outlined in the management accounts, as she highlighted that the quantum of this was significant. The Interim Finance Director confirmed that he would like to apply the new parameters to those debts. He added that he would be happy to summarise the write offs and bring this to the next meeting so members have an awareness and can take a view on whether this is appropriate. A member commented that whilst he felt that the policy was sensible, if he were the Principal he would not want to write off debts of £50k without informing the Finance and General Purposes Committee. He suggested an addendum to advise that bad debts and write offs should be brought to the Committee as a standing item.

The Interim Finance Director stated that if there were a significant number of debts at this level it would be apparent in the management accounts. In light of this feedback he suggested amending so that anything above £25k required approval by the Committee. The member was more comfortable with this approach. The Chair advised that he would appreciate being informed of any rise in bad debts so potential emerging issues are highlighted. Key trends should also be reported to the Committee.

The Chair asked what is the success rate with debt collection agencies. The Financial Controller responded indicating that traditionally debt collection has proved difficult. Debts tend to be students who have financial hardship and move addresses regularly. Sometimes an agreement is made with learners to pay a nominal amount on a weekly basis meaning that debts are recovered over a significant period of time. The Chair felt that the Committee may wish to revisit this in the future. The Interim Finance Director agreed that authorisation to write off any debts over £25k would be amended to require the Committee's approval and any trends would be reported. He added that any other sizable write off would also be shared with the Committee along with the plans for recovery if appropriate. The Clerk indicated that she would work with the Interim Finance Director to sharpen up section 5 of the policy and circulate for approval. She would also like to include in some provisions to ensure that the £25k limit applied to aggregate write offs. The Chair agreed this approach and requested that once the required amendments had been made the policy be circulated to the Committee who could approve by email.

The Interim Finance Director reported that the Creditors Payment Policy was more of a statement of intent that the College would like to pay suppliers in line with accepted terms and conditions. The policy should give governors early warning signals if things go wrong. The creditors schedule and aged analysis is now included in the management accounts. The Committee approved the creditor payment policy.

Action: Clerk to work with the Interim Finance Director on thresholds for the writing off of bad debts.

The debt policy was provisionally approved subject to amendments to the bad debts section. The Creditors Payment Policy was approved by members present.

F/009 Public interest disclosure procedure

The procedure was presented by the Director of Business Development.

The Director of Business Development reported that the procedure is more commonly known as whistle blowing. The College has contracts in place with the ESFA and often receives variations to these contracts. This month an additional clause was included around the publication of the College's Public Interest Disclosure Procedure. It was highlighted that the procedure is not due to be reviewed until August 2021. The procedure needs to be published internally and ESFA have now requested that it is published on the College's website. The Director of Business Development sought approval from governors to publish the procedure. A member highlighted a duplication in section 13 of the procedure. Subject to this amendment the Committee approved the publication of the procedure.

The publishing of the procedure was approved.

F/010 Financial regulations

A verbal update was given by the Interim Finance Director.

The Interim Finance Director reported that there is intention to review the financial regulations by the end of November 2020. They will be shared with the Committee once the review is concluded.

The report was noted.

F/011 Update on subsidiary company disposals

A verbal update was given by the Interim Finance Director.

THIS ITEM IS CONFIDENTIAL AND NOT FOR PUBLICATION.

John Hogg left the meeting at 11.15am.

THIS ITEM IS CONFIDENTIAL AND NOT FOR PUBLICATION.

The report was noted.

F/012 Update from other committees

A verbal update was given by the Clerk.

The Clerk reported that the Audit Committee had met on 21 October 2020 and the Curriculum and Quality Standards Committee met on 16 October 2020. There was nothing to report for either of these meetings that would impact on the work of the Finance and General Purposes Committee.

The report was noted.

F/013 Any other business

There was none. The Chair requested that, for future meetings, if anyone did have any items of 'any other business' that he receive advance notice of this so that it can be planned for in terms of time.

F/014 Date of next meeting

The date of the next meeting was confirmed as Thursday 28 January 2021 at 12.30pm.