

# **FINANCE & GENERAL PURPOSES COMMITTEE**

## **MINUTES OF MEETING HELD ON WEDNESDAY 16 FEBRUARY 2022, 1700 HRS, VIA TEAMS**

### **Present:**

Sophie Annett (Chair)  
Colin O'Donoghue  
Rupert Goodman  
Paul Cox (Chief Executive and Principal)  
Jon Sendell (Chair of the Board)

### **In attendance:**

Kevin Jones, Vice Principal (Funding, Finance and Management Information)  
Fiona Chalk (Clerk)  
Mickiela Blake, (HR Manager)

## **COMMITTEE MATTERS**

### **F.1.22 Apologies**

There were none.

### **F.2.22 Declaration of interests**

Governors were reminded that it was their duty to declare any interests financial or otherwise on any of the agenda items. Item 3iv - Thinking Note document, a conflict was declared by Paul Cox. There were no other declarations of interest.

### **F.3.22 Minutes of last meeting**

The minutes of the meeting held on 10 November 2021 were agreed as a true record of the meeting and signed by the Chair.

The position with Desborough Road has not been moved forward at all at the moment. It is a mitigating action that is less of a concern for the college given the current financial positions around capital projects and ESFA timing on clawback. Governors suggested that as land prices are plateauing, there could be an opportunity to maximise value now through a sale and have nominal lease back for car parking. Management advised that they prefer not to sell the asset, but it had to be put on the table as a possible disposal at the last meeting. The level of current risk does not require this disposal at the moment.

### **F.4.22 Matters arising**

All the actions from the previous meeting had been completed or would be considered in a later agenda item to this meeting.

The Chair thanked KJ for preparing the meeting papers.

## **GOVERNORS' MONTHLY REPORT (December 2021)**

### **F.5.22 See Confidential Minute**

### **F.6.22 New format of the report**

Governors agreed the format made it easy to read the report, and the KPIs/KPMs trends were noted. With regards to safeguarding, there is still a far higher incident of suicidal risks than prior to the pandemic – mitigation actions are happening and the impact of those will be reported back.

## **TO REVIEW**

### **F.7.22 Subcontracting provision – annual report 2020/21**

**See Confidential Minute**

**F.8.22 Eastleigh College Limited – Interim report**

Governors noted the report from Eastleigh College Limited, which is the legal vehicle for the conduct of motor vehicle MOT tests, for the half year position. MOT tests must be undertaken by staff to teach students to run MOT tests.

The income and expenditure are as expected for this point in the year, and comparable to last year's figures. The profits from the company are noted as paid to Eastleigh College.

**F.9.22 Staff changes and consultation outcome**

**See Confidential Minute**

**F.10.22 Flexible pay/holiday/working – thinking note**

**See Confidential Minute**

**F.11.22 Scenarios 2022/23 – Early planning**

The paper presented 7 budget scenarios, taking into account the following sensitivities:

- Reduction in ESFA 16-19 funding
- Failure to meet the Adult Skills consolidated growth
- Reduction in Traineeships activity
- Reduction in tuition fee income
- Staff pay drift
- Non-pay cost inflation
- Increase spend on capital projects
- Increased borrowing costs
- Failure to meet Higher Education targets
- Failure to meet apprentice delivery targets

The scenarios and sensitivities of each, were discussed i.e., ESFA income, borrowing costs, traineeships and apprenticeship recruitment, non-salary cost increases. Every scenario shows that net income will be higher than the historic highest position of £14,119k, demonstrating that the College is making progress to grow the value of its directly delivered income.

The current scenario deemed most likely shows a small surplus, positive cashflow movement, and the potential to achieve a 'good' financial health score, achieving 'good' in 2022/23 would be a year earlier than originally planned when the strategy was implemented in 2020. Leaders and managers are currently looking at proof of concept and early mitigating efforts, alongside the cost curriculum planning, of which currently an 85% value of the costed curriculum plan funded income is being used for budget planning.

Based on the costed curriculum, up to date staff establishment, and latest funding information, the SMT will continue to refine the detailed budget for approval at Board on 6 July 2022.

The costed curriculum plan allows better targeting of funds from marketing, recruitment, etc., allowing the organisation to better pivot to meet needs and maximise value from costs. There is still room for improvement, but the system is much improved from 2 years' ago.

Governors noted that the organic growth required year on year is still quite big and asked if this is achievable, and are there actions planned to cut costs if required? Total income net of subcontracting is seeing growth. There has been additional income for 16-19 increased in government funding which gives some assurance. However, this puts pressure on to increase salaries. Adult skills direct delivery has a plan for growth and there is evidence to support this growth to date. There is flexibility in the system to achieve salary efficiencies such as continuing the strict management of vacancies gives some levers for savings. The costed curriculum gives more evidence on which to base

such decisions.

**F.12.22 Capital Plan to July 2024**

Following the paper presented to Board on 26 January 2022, this paper provided more detail on the cash flow impact of the current opportunities to invest in capital projects at Eastleigh College, showing a summary of those projects, how they can be funded and when the expenditure and the funding claims are expected to occur.

The College has been successful in securing several medium sized capital allocations which in total lead to the potential for a combined investment in the seven projects to improve College estate of over £2.5m between now and October 2023. In addition, the College has a baseline budget of £500k per annum totaling £1.5m for the three years, 21/22, 22/23 and 23/24.

There may be some actions to be taken around works taking place to avoid spend in the tight months where loan covenants may be at risk on cashflow. A solid budget for next year will help mitigate any risks. Not all unallocated funds have to be spent, which also gives some financial flexibility. Discussions have already taken place with the bank on how best to manage these risks i.e., the ability to take the capital element out of the covenant risk.

Governors noted the mitigating actions that have been identified for the College to take to manage minimum cash levels above the Lloyds bank covenant level of £1.5m.

**F.13.22 Risk Management (Review F&GP items on Risk Register)**

See confidential minute.

**F.14.22 Review Financial Regulations and Procedures**

The Financial Regulations and Procedures were most recently reviewed by Board on 7 July 2021, and this review contains only minor changes:

- Updates to job titles following structure changes.
- Relaxation of rules on fixed rate loans as does not reflect the current loan structure.
- Updates to 2021/22 procurement levels (in line with inflation)
- Removal of derivatives section as not relevant to the current financial position and not needed within financial strategy
- Removal of reference to a “cashless College” as we still have the facility for learners to use cash if required.
- Acceptance by the tenders to include the CEO.

**The Committee resolved to recommend the approval of these regulations to the Board**

**TO RECOMMEND/APPROVE**

**F.15.22 Annual Pay Review**

**See Confidential Minute**

**F.16.22 Tuition Fees**

Considering the context of CPI of 4.8%, governors noted that some areas need to increase charges to meet costs, but there will be flexibility in applying inflation where it can be sensibly applied, but in line with the market context. Competitor pricing will also be reviewed as part of this process.

It was proposed that the following increases take place:

- Fees for Levy funded adult apprenticeship delivery will seek to achieve the maximum allowable within the appropriate funding band in agreement with the employer.
- Tuition fees for non-Levy apprenticeship delivery will be set at the mandatory 5% chargeable in line with the current funding guidelines.

- Fees for Adult Learner Responsive (ALR) delivery to employers will be set by sector, to reflect competitor pricing. The College may however deliver on a discounted fee basis, if this is aligned to College strategy, to be competitive, and as long as a material contribution is still being generated.
- Sub-contractor management fees are unchanged at 20% for ESFA funded delivery.
- Access to HE – 2021/22 = £3,265 – increases linked to the maximum allowance available from Advanced Learner Loans
- All other fees to rise by inflation level as included in this proposal and variation to this inflation increase plus or minus considered alongside demand and competitor pricing subject to agreement by SMT.

Following governor question the committee was advised that the basis for all adult funding is the rate for each learning aim. Rates are referred to as 'unweighted' and 'weighted'. 'Unweighted' is before the ESFA apply programme weightings or any increase for disadvantaged learners or area cost. After any increase is applied the rate is referred to as 'weighted'.

Overall funding rates recognise that the relative costs of delivering training in different sectors and subjects varies. For example provision that is known as 'medium' in duration (69-92 hours) is funded ('unweighted') at a base rate of £450 and for specialist provision of the same duration the 'unweighted' rate is £774.

**The Committee resolved to recommend to the Board approval of tuition fee level proposals, as detailed above**

#### **F.17.22 Environmental & Sustainability Policy**

Governors noted that the policy has been updated, with the stated principals having consistency with the overarching principles of the college, alongside minor updates such as on carbon emissions and the action plan. Also, the inclusion of a Green group to kick-off the action plan from this policy.

Governors asked if the college has committed to net zero. The college is absolutely committed to reducing emissions however, the running costs are prohibitive currently, so the college is working hard on getting the balance right on the journey to net zero.

**The Committee resolved to approve the policy.**

#### **TO CONSIDER**

#### **F.18.22 Confidential items (confirmation)**

Governors agreed that agenda items 2.1, 3.1, 3.3, 3.4, and 4.1 would be determined as a confidential agenda items.

#### **DATE OF NEXT MEETING**

#### **F.19.22 Wednesday 22 June commencing 1700 at Eastleigh College**

Governors' Monthly Report – including financial aspects and matters arising  
Review of revenue and capital budget for 2022/23 and three-year financial forecast (for Approval by the Board)

Flexible pay, holiday and working

Health & Safety Policy– to approve

Proposed Sub-Contracting Arrangements for 2022/23– to approve

Subcontracting Working (approval of amended or new contracts)

There being no further business, the meeting closed at 1900 hrs.