

Minutes

GB Finance & Resources Committee

Governance 2024-2025

Date	11/09/2024	
Time	17:30 - 18:30	
Location	Hybrid	
Present	Sujit Reddy (SR) Susan Kingman (SK) Amanda Priem (AP) Alasdair MacLeod (AM) Sofia Barbosa-Boucas (SB-B)	Chair Vice-Chair Governor Governor Governor
	Keith Smith (KS) Shane Woodhatch (SW) Dylan McTaggart (DM) Anna Beattie (AB)	Ex-Officio, CEO Chief Financial Officer Deputy CEO, Group Principal Director of Finance
Absent	Sunitha Cee (SCe)	Governor
Governance	Perry Perrott (PP) Natalia Tymkiv (NT)	Clerk Note Taker

1 - Election of Chair and Vice Chair

The meeting started with the primary order of business being the election of the Chair and Vice Chair for the term 2024-2025. PP served as a temporary Chair for the process of election.

The committee conducted a vote, and SR was elected unanimously as Chair for the term. SR subsequently nominated SK for the Vice Chair position, and with no counter-nominations, SK was also unanimously elected.

2 - Apologies for absence

Apologies were received from SCe. DM joined the meeting only for Action 8.

3 - Declarations of Interest

No declarations of interest recorded.

4 - Minutes of the last meeting dated: 12th July 2024

Minutes of the last meeting were reviewed and approved by the Committee Chair for the previous term, AM.

5 - Actions from last meeting

The meeting proceeded to the discussion on the status actions.

SW provided an update on the action regarding the 'Five-Year Financial Plan in line with the HRUC Strategic Plan', informing that the report will take some time as it will need to factor in the various capital projects currently under discussion.. SW has requested an extension for its completion, with the intention to produce it at the time of the mid-year forecast in the F&R meeting on 12th March 2025.

ACTION 1: 'Five-Year Financial Plan in line with the HRUC Strategic Plan' to be presented at the F&R on the 12th of March 2025. @SW

6 - Review of Year end Accounts for 2023/24

Presented by: SW, AB

The discussion began with SW providing a benchmark for the college's financial performance, noting that the year-end staff costs based on the closing numbers prior to any audit adjustments stood at 66.6%, below the sector average of 66.8%. The equivalent figure for the financial year ending 31 July 2023 was 63.5%. SW highlighted the importance of maintaining costs below 70% to avoid financial strain, emphasizing the need to grow income while managing the cost base, particularly in light of pay awards. KS agreed, stressing the importance of managing the staff-to-income ratio, especially as funding sources like the small group funding, which was received last year, of £900,000 are no longer available

SW committed to determining a comfortable benchmark for the college, considering both consolidated and teaching staff ratios.

KS mentioned the need to revisit the cash reserves policy in November, given the potential changes in government rules affecting colleges' cash reserves. The committee agreed to revisit the reserves policy, ensuring it aligns with the current investment strategy and can adapt to rapid changes in strategic direction.

The discussion then moved to the college's EBITDA, with a request for a three-year trend to inform KPI setting for the Chief Executive and other members. The EBITDA for the academic year 2022/23 was 12.4%, compared to the sector average of 7.4%. The committee agreed to work offline to finalize the KPIs.

SW and AB presented a summary of the draft year-end results and balance sheet for 2023/24. They noted that final adjustments were still pending, including final income figures and reconciliations for grant funding. The draft accounts would be submitted November, with no major delays anticipated. The committee discussed the significant positive variance between the budgeted loss of £5 million and the actual loss of £1.5 million, attributed to higher student numbers and growth funding for Richmond.

The sale of land at Richmond was also discussed, with £3.3 million still outstanding due to Section 278 and Section 106 requirements. The committee was assured that the criteria for these sections were being met, and the funds were expected by March next year.

The provision for outstanding debts was set at £380,000, with plans to pursue collection through debt collection agencies. The committee agreed that the college should be prudent in provisioning for bad debts.

Decision The committee agreed to revisit the cash reserves policy in November to ensure it aligns with the current investment strategy and can adapt to rapid changes in strategic direction.

Decision The committee agreed to work offline to supply the EBITDA figure which will finalize the KPIs for the Chief Executive and other members.

ACTION 2 Revisit the cash reserves policy in November. @SW

ACTION 3 Provide a three-year trend of EBITDA and benchmark for the College to inform KPI setting for the Chief Executive and other members. @SW

ACTION 4 Submit the draft year-end results and balance sheet for 2023/24 at the F&R in November @SW, AB

ACTION 5 Ensure the College meets the criteria for Section 278 and Section 106 requirements, further to the sale of land at Richmond. @SW

ACTION 6 Pursue collection of outstanding debts through debt collection agencies. @SW

7 - Budget for 2024 / 2025 Overview

Revisited Presented: SW, AB

The discussion on the budget for 2024/25 revisited the financial projections and assumptions made in the previous F&R meeting. SW provided an overview of the key changes and updates to the budget, reflecting the current financial position and anticipated adjustments. The high needs provision income at Harrow had increased by over £2 million, necessitating additional staffing costs. The decision to waive student fees for kits resulted in a £365,000 reduction in income, while the renegotiation of energy prices lowered costs by around £300,000 and the acquisition of Barra Hall increased depreciation charges by £60,000.

SW emphasized the need for further adjustments based on student recruitment figures and the potential for in-year funding from the ESFA. The committee discussed the potential impact of the government's budget statement in November, which could affect funding rates for FE. The budget for 2024/25 was compared to the actual results for 2023/24, with the committee noting significant variances due to higher student numbers and additional funding.

The committee agreed to revisit the budget during the mid-year forecast in January, incorporating any new information and adjusting the financial projections accordingly. The potential acquisition of the library was also discussed, with SW noting that it was not included in the current budget but would be considered in future updates.

Decision: The committee agreed to revisit the budget during the mid-year forecast in January, incorporating any new information and adjusting the financial projections accordingly.

ACTION 7 Revisit the budget during the mid-year forecast in January. @SW

ACTION 8 Consider the potential acquisition of the library in future budget updates. @SW

8 - Project Ambition and other Investments

Participated: SW, DM

The discussion on Project Ambition focused on the development of Uxbridge, with a budget of £12.3 million to be financed through EBITDA over two years. SW explained that the project aimed to enhance the student experience at Uxbridge, which is a significant driver of the College's income. The project includes improvements to social spaces, a new reception, and upgrades to the canteen area.

The committee discussed the strategic importance of Project Ambition, linking it to the College's strategic pillars and the need to catch up on investments at Uxbridge. The project would be financed without impacting cash reserves or the £10 million set aside for acquisitions. The committee also discussed new potential acquisition, which would be considered in future updates to the budget.

The committee further challenged the potential phasing of Project Ambition to ensure it meets the needs of the project considering Barra Hall and any other real estate acquisitions. Any financial variances will be received during the mid-year forecast in January.

DM reminded the committee that the project aims to enhance the student experience and support the College's strategic goals, ensuring Uxbridge remains a key driver of income and growth.

ACTION 9 Provide further updates on Project Ambition during the mid-year forecast in January. @SW

ACTION 10 Consider new potential acquisition in future budget updates. @SW

9 - AoB

The discussion briefly touched on the possibility of an additional meeting to address any outstanding issues, particularly related to the Barclays paper, which was not covered during the current meeting. The Chair suggested handling questions offline and potentially calling an extra meeting if necessary. There was also a brief discussion about the adequacy of the ongoing budget for enhancing other facilities, with a suggestion to have a separate meeting with finance colleagues to review the entire expenditure plan.

ACTION 11 Handle questions related to the Barclays paper offline and call an extra meeting if necessary. @Chair

ACTION 12 Review the entire expenditure plan in a separate meeting between the Chair, SW, and AB.

10 - Dates of the Next Meetings

The dates for the next meetings were confirmed as follows:

- 20th November 2024 - Online
- 12th March 2025 at Harrow on the Hill
- 25th June 2025 at Uxbridge College

The meeting concluded at 18:36hrs. 3