

Minutes of the meeting of the Virtual Finance and General purposes Committee held on Tuesday 28 November 2023 at 17.45

Present

Richard Bevan	Committee Chair
Stephen Wells	External Governor
Hermione Williams-Copp	External Governor
Sean Mackney	Principal and CEO
Melinda Stacey	Chair of Governors
Lewis Willcocks	Student Governor

In Attendance

Bill Blythe	Vice Principal Finance, Resources & Regional Affairs
Jason Jones	Deputy Principal, Education and Learners.
Sheena Murphy-Collett	Vice-Principal, Human Resources, People and Organisational Development
Alex Farmery	Executive Officer

- 1. Apologies for Absence**
Apologies were received from Val Parsons.
- 2. Declaration of Interests**
No declarations of pecuniary or non-pecuniary interests were made in respect of the items on the agenda.
- 3. Confidential Items**
Two items were noted as confidential and were shown as such on the agenda
- 4. Matters Arising**
No matters arising
- 5. Matters Brought Forward by the Chair**
No business was brought forward by the Chair.
- 6. Minutes and Actions** **23FGP01**
The minutes were approved and agreed to be an accurate record.

7. Papers

7.1 To receive the Month 12 Management Accounts for 2022/23 **23FGP02**

The Vice Principal Finance, Resources and Regional Affairs introduced the Month 12 Management Accounts highlighting that the year-end position was £340k worse than the projected forecast at month 10, largely due to reduced apprenticeship income.

Management were asked if there are actions in place to avoid issues where learners are on Temporary breaks and most likely do not end up completing their course in future. It was reported by the Deputy Principal that a data cleansing exercise has been undertaken and measures were now in place and reporting to the DfE was happening on a monthly basis on Apprenticeships.

It was confirmed that the increased deficit had not impacted on the covenants.

7.2 To receive the Month 3 Management Accounts for 2023/24

23FGP03

It was reported that Month 3 Managements were a first indication of where the college believes it will be this year, however, recruitment was the main driver for the colleges financial situation and it was still early in the year to forecast final recruitment.

The risks were set out in the paper as being:

- Adult Education Budget (AEB) income, Apprenticeship funding, Fee income and Education and Training Foundation (ETF) Funding.
- The forecast includes the recently approved pay award.
- The forecast reflects the status of the Brannams sale and Salix DfE Loan as at 31.10.23.
- Covenant compliance remains challenging.

It was noted that the pay award had been separated in the budget and now showed as a variance due to the way the government provided the funds for the pay award.

It was confirmed that there were concerns over the reducing cash balance and that this needed to be protected but noted that there was also a need for the college to invest.

7.3 To note the Insurance cover summary report – FIO*

23FGP04

The report was noted.

7.4 Bad Debts

23FGP05

The paper was briefly discussed and the Committee were assured that there was no conflict of interest due to the fact that the individual who was previously a student was now a member of staff at the college. The appeal panel had looked at this case in some depth, all circumstances were considered and the panel decided to write the debt off. The committee noted this and recommended the paper to Board for approval.

7.5 Bank Mandates

23FGP06

The recommendations in the paper were approved.

7.6 Salix

23FGP07

The paper introduced updates on the Salix Project, including:

- Continue to develop scheme for propane air source heat pumps
- That the Main contractor has been sourced
- A Special purpose vehicle had been established
- Gift aid arrangements would be in place to pass any profits back to the college
- Directors had been sought and the company's governance structure was being established

The committee noted the updates and approved the recommendations including the governance structure.

7.7 Subcontracting Management Costs

23FGP08

The report was noted by the committee, and it was confirmed that any quality issues with Wings had been solved and there were now strict measures of quality control in place.

7.8 Strategy progress updates

7.8.1 Estates Strategy

23FGP09

The committee received an update on ongoing estates projects including:

- The new Animal Care Centre (T level wave 5 funded) at Barnstaple
- The Reinforced Autoclaved Aerated Concrete (RAAC) removal
- Disposal of a field opposite the campus at Tiverton
- Leasing of A block at Tiverton

- Developing plans for SEND at Tiverton

New Animal Care Centre (T level wave 5 funded) at Barnstaple

It was reported that the tenders received for the new Animal care centre had been disappointing as they were much higher than anticipated. With DfE funding available for modular projects in schools due to RAAC it seemed that suppliers had decided to increase their prices. The college was currently looking at a Plan B where it would use second hand modular buildings or other off the shelf solutions.

Reinforced Autoclaved Aerated Concrete (RAAC) removal

It was reported that, for the first time in three years learner numbers had increased meaning that space demands had also increased. The college had been looking at three different options on how to deal with the RAAC in A block and the DfE had recently confirmed that there may be some funding available. This could mean a new roof with Solar panels would be installed and the space available on both floors allocated to Digital services, a centre of excellence on blue/green development and offices.

Disposal of a field opposite the campus at Tiverton

It was noted that work is ongoing.

Leasing of A block at Tiverton

It was noted that there had been some queries over land ownership for an unregistered strip on land. This was in the process of being solved but had not yet been confirmed.

Developing plans for SEND at Tiverton

It was noted that this project was still very much in draft and discussions were ongoing with Devon County Council.

The committee noted the paper and agreed that there was lots of work underway to deliver our estates strategy. Option 3 (building retention) in regards on how to deal with the RAAC in A block Barnstaple was approved by the committee and recommended for approval by the Board.

7.8.2 Digital Strategy

23FGP10

The Vice Principal People, Organisational Development and Engagement introduced the paper giving an update on the team structure and highlighting key areas for this year:

- Improve Wi-Fi connectivity
- Data strategy update
- Update on key priorities for 22/23 & 23/24
- Key actions for the Head of Digital
- Cyber Security

It was noted that the college was seeking to become a cyber security essentials accredited college and training to all staff on Cyber security would be provided in the December CPD session.

A question was raised as to what would happen in the event of a cyber attack.

It was reported that the colleges Business Continuity Plan had recently been updated and this was covered in the plan.

PETROC

It was discussed if it would be a good idea to create a dashboard for the Board with all outstanding Management actions on Cyber security so Board could have access to regular updates. However, this report was presented to Audit committee on a termly basis with updates and it was confirmed that the BCP would be tested in the new year.

It was agreed that the next Digital Strategy update should also include updates on AI (Artificial intelligence) and on Digital Teaching and Learning.

7.8.3 Finance Strategy

23FGP11

The Vice Principal F, R&RA noted that the paper contained details of the three different scenarios for the college finances and an update on Strategic Management Actions. It was noted that there is ongoing dialogue between the college, the FE Commissioner and the DfE.

It was confirmed that the Executive team will be circulating a report from the Deputy CEO of the Association of Colleges that provides the detailed evidence of public finances and the FE college sector and its impact on colleges, to allow the Board to triangulate the reports it receives from the Executive over the state of college finances nationally.

<https://www.aoc.co.uk/funding-finance/public-spending>

There were also other resources available to the Board including the DfE benchmarking report on Petroc's finances and the benchmark of colleges nationally which again will be provided to the Board at the next meeting.

The committee asked about the college's confidence on recruitment and student numbers and at what point the executive team would need to make decisions such as cutting courses and redundancies. The committee were informed that the next student number report to the ESFA/DfE (R04) was due shortly at which point the 16-18 student numbers for next year's budget year would be fixed and that student numbers (16-18) were up this year. In other areas the teams were actively discussing upskilling for Adults with the local job centres and employers, stronger relationships were being formed with all Apprenticeship employers and the college was engaging with the renewables and sustainable agenda.

There were some further mitigations mentioned that would have a positive impact on the budget including potential further investment from the Government for Maths and English; excellent numbers (double from last year) at open events and a new programme of delivery this year called H2O (Home to Onsite) with more in year (January) starts.

Non-Discussion Items

7.9 To note the ESFA College Financial Health *

23FGP12

It was reported that the initial budget from the summer pointed to "Good" Financial Health however there will be another letter from the ESFA at some point changing that to "Requires improvement"

Action Plan

Action No	Action	Completion Date	Owner	Status
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PETROC

1	Present a selection of business planning scenarios to the next Strategic Review Committee	11 July 2023	Sean Mackney	Completed
2	Present an update to the Sustain and Grow Programme to the next Strategic Review Committee	11 July 2023	Sean Mackney	Carry forward.
3	Changes to Health and Safety Reporting Requested	1 July 2024	Sheena Murphy-Collett	Not yet due

Meeting ended at 19.24

The next meeting of the Finance and General Purposes Committee will be held on 26 March 2024