



MINUTES OF THE FINANCE AND RESOURCES COMMITTEE MEETING HELD ON 1 JULY 2024 AT 9.30 AM, HYBRID - REMOTELY VIA MS TEAMS AND IN T108, AT THE ROUNDHOUSE

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MINUTES OF THE FINANCE AND RESOURCES COMMITTEE MEETING HELD ON 1 JULY 2024 AT 9.30 AM, HYBRID - REMOTELY VIA MS TEAMS AND IN T108, AT THE ROUNDHOUSE

Present: Martyn Marples (Chair), Andrew Cochrane, Phil Dover, Mandie Stravino

In attendance: Jo Clifford, Heather Kelly, Claire Love, Di Troman
Rose Matthews (Clerk)

30/23-24 APOLOGIES FOR ABSENCE

No apologies for absence.

The Committee welcomed Di Troman, Director of HR to the meeting.

31/23-24 DECLARATIONS OF INTEREST, CONFIRMATION OF ELIGIBILITY AND QUORUM

All members were eligible, the meeting was confirmed to be quorate and there were no new declarations.

32/23-24 MINUTES OF THE PREVIOUS MEETING HELD ON 7 MAY 2024

RESOLVED: The minutes of the meeting held on 7 May 2024 were approved as a true and accurate record.

33/23-24 MATTERS ARISING

26/23-24 The Corporation approved the removal of SEND projects from capital reports and the proposed revised forecasts at its meeting on 20 May 2024.

27/23-24 The Corporation approved a minimum expectation for a 2% EBITDA for the College budget for 2024-25.

29/23-24 Sub-contracting due diligence and negotiations were delegated to the College Executive/Leadership Team. **The FRC Chair asked if there was an update on this.** The CFO explained the revised contracts had been updated through legals and negotiations had progressed and everything was on track as per the proposal in the original report.

The Corporation at its meeting on 20 May 2024 approved:

Action Date

- AEB contract variations for 2023-24 be awarded to Tempus Training and The Construction Skills People.
- AEB contract variations for 2024-25 be awarded to Tempus Training, Skills College and the Construction Skills People.

34/23-24 PEOPLE

- **PEOPLE STRATEGY ANNUAL REVIEW PRESENTATION**
- **EMPLOYEE SURVEY HEADLINE REPORT**

People Strategy

The Director of HR (DHR) joined the meeting to present an overview of enactment of the College’s People Strategy which she had inherited from the previous incumbent.

Overall the College is a responsive organisation and has robust business continuity plans in place enacted during the pandemic and the team are making sure the employment model meets the needs of the organisation.

Discussion points related to the legislative change and what that meant for holiday pay calculations. Members were appraised of the current position.

In terms of the College’s commitment to grow a high performing workforce, progress had been made in relation to processes around performance management and tracking through managing the scorecard and CollegelP. There was still further work to do with capability which was being addressed through the policy.

The Talent Acquisition Manager appointment has been a success who has recruited to some hard to recruit positions and has supported managers to identify the right appointments.

There had been some internal promotions and there was a good induction progress for those newly promoted and a good level of CPD available.

Work had taken place to achieve commitments with regards to employer engagement and wellbeing, with the latest employer survey the next agenda item. The latest survey had an increase in respondents, although the College’s turnover does remain higher than the AoC benchmark. The profile for staff was different to the students and the Director of HR said she could not see an obvious mirror.

The College had committed to the Health and Wellbeing AoC Charter and were driving actions forward in terms of the future strategy.

The Corporation Chair referenced the holiday pay claims and questioned how much of a risk this was. An employment tribunal was pending, the outcome of which was uncertain. Prior to this there was no statutory guidance to calculate pay. The DHR was working closely with the CFO and legal team to mitigate

any risks. **The Corporation Chair went on to ask what the financial impact was likely to look like.** This was shared and it was confirmed there was provision for that in the budget. **He also asked if departmental sign off re Managing Public Money would be required.** The CFO said they were hoping it was a contractual view and would not come under Managing Public Money.

Phil Dover (PD) questioned the staff turnover figures and noted the AoC benchmark was for 2021 and could have changed a lot since then. He asked how much the Board should be worrying about that. The College were always on the back foot with the AoC stats and do have a higher level of turnover and some employees that don't stay a year. The DHR said the next step was looking at why and collating exit interview data, although points are picked up with managers. She also talked about a better introduction to DCG for those who haven't worked in the education sector.

PD asked how the College created conditions where talent was grown. What support was needed and were internal opportunities broadly shared. The DCEO explained there had been some great successes in curriculum – with employees talent managed into management roles with great success.

RESOLVED: The Committee accepted the Strategy Review and it was noted the Development Plan would be circulated after the meeting.

Employee Survey

The DHR shared the results of the Employee Voice Survey from March 2024. The level of engagement had increased to 33% of the workforce compare with the previous year.

A summary was shared of the outcome of the survey.

The Chair of FRC said good progress had been made in terms of the direction of travel. He asked what would happen next? Would the Exec review? The DHR said follow up would be carried out through focus groups. Assumptions wouldn't be made and there would be further investigation into areas with key themes. A pulse survey was planned for October to gain an indication of how people are feeling and if they are coping.

The Chair of FRC went onto ask if 1/3 of the employees provided enough engagement. The DHR said from an industry perspective anything over 50% was good, but did not know from a College perspective. She said she would like to achieve 50%, but it was how the survey was responded to that would drive that number going forward.

The Corporation Chair raised the role of the staff governor in raising participation and sharing staff voice with the Board. The Clerk explained that was not the role of the staff governor.

The staff governor was elected in their own right and not to represent the staff body. This was debated.

PD agreed the staff governor was elected in their own right and was not the voice of the staff. He asked the Committee to look at how they do engage directly with employees. The main form of engagement was the Link Governor role, and the Technology link role was given as an example that during visits the Link Governor sits with teams and engages directly with staff. Other examples included were attendance at celebration and key events in the College.

The DCEO said benchmarking had been carried out before by the AoC and would try and find this.

DCEO 09/10/24

The FRC Chair added that he had informally met a Public Service student at Broomfield at the weekend, who provided positive feedback on the College and said the best thing was the lecturers who were supportive.

RESOLVED: The Committee received the employee survey and accepted the improvement on the previous year.

35/23-24 **BUDGET AND FINANCIAL PLANNING**
• **FINANCIAL PLANNING CHECKLIST**

The CFO presented the draft budget and financial plan assumptions for consideration. This was accompanied by the Financial Planning Checklist from the ESFA Financial Planning Handbook to confirm the key areas have been considered as part of the financial planning/budget setting process.

The budget presents an EBITDA of 2.6% which is an improvement on the target presented at the last meeting. This delivers a financial health score of 'good'. Capital expenditure is budgeted at £1.5m. The draft budget also meets the bank covenant requirements for July 2025, albeit there were risks – which were outlined.

Requirements of the Checklist had been met.

There was £2m of grant money to be released next year, which means the cash balance will drop due to ringfenced capital expenditure.

The FRC Chair said there were risks and he had sent some feedback direct to the CFO.

PD was happy the usual procedures had been followed, but questioned if the College had stretched anything to be over optimistic. The CFO explained they had been prudent in terms of the risks they foresee and provided they achieve their numbers there will be ambitious growth. The following year had been planned and all demographics pointed to growth.

The Corporation Chair questioned the DANCOP funding – and asked if was across the sector. It was confirmed it was and that is had been anticipated. The College was down to one role being funded, the person n that role had been redeployed and the exit had been managed well.

Members discussed the sustainability of the 2% EBITDA long term, but noted for 2025-26 the College had tried to bump it back to a more sustainable figure.

The Corporation Chair asked about Devolution and what might happen if there was a change of government. 2025-26 was unknown from that perspective. The Johnson exit had been built into the modelling and an early exit would be of benefit.

The FRC Chair said looking at 2024-25 and 2025-26 side by side, it was the capital clouding the overall picture and causing problems with the cash and covenants. The EBITDA in 25-26 gets better. The CFO acknowledged the surplus did swing to a deficit – most of the measures from a financial health point of view do not have an impact. The CFO reflected on the FEC recommendation of a 6% EBITDA, when the College was in a different position and longer term that was the target they should work towards. The College will have sufficient cash and reserves to work back towards that.

The Corporation Chair asked when the loan was due to be repaid – which was 2029 and it was noted there may be an opportunity pay back earlier.

The FRC Chair asked the CEO and DCEO if they were happy with the position. The DCEO said with regards to capital, the College had been through a process and there were some disappointments. Focus had been on health and safety matters. It was not ideal but was better than anticipated.

Discussion also took place around pay, recruitment and retention.

RESOLVED: The Committee accepted the 2024-25 draft budget with an EBITDA of 2.6%, including the capital budget and 2025-26 financial plan assumptions and recommended to the Corporation for approval.

36/23-24 MANAGEMENT ACCOUNTS – PERIOD 10

The CFO presented financial performance to Period 10 outlining progress towards the headline financial KPIs and targets, including the management accounts.

The trajectory was strong for this academic year, with Period 10 showing a positive variance to the budget. EBITDA is high due to income growth and uplifts and additional savings. The forecast has been revisited and the College still forecasts an EBITDA of 2.9%.

There was no dramatic changes in terms of the direction of travel and AEB was still behind with a likely clawback assumed as outlined in the report. Starts were down but funding was strong.

Tuition fee income was ahead of year-to-date budget and forecast and pay savings were continuing in terms of vacancy drifts with modelling carried out on affordability of a one off non-consolidated pay award.

The key risks around year end were the capital which was being tightly tracked.

The Chair of FRC asked if the CFO had discussed the proposed award with the Auditors. They were happy, but there needed to be a commitment by 31/07/24 and communicate to staff. A caveat was it might not be possible to tie in the non-consolidated award with the pay negotiations, depending on when the pay board release the pay recommendations.

RESOLVED: The Committee recommended the Corporation approve the proposal for provision being made in 2023-24 for a one-off non-consolidated pay award for staff the options of which were included in the report.

The Chair of FRC said there were some big numbers on capital and the timeline in terms of risk. He asked how confident were the College at meeting them. The CFO explained the reclassification grant and the Chatsworth had designs agreed and had procured the contracts and they were working hard to achieve those. A mitigating contingency was in place in terms of the grants, but at the moment they were hoping they could pull in the timelines.

RESOLVED: The Committee:

- **accepted the Financial Report and KPIs for 2023-24**
- **accepted the position regarding financial health and covenants, including assumptions of cash grant receipts.**

37/23-24 ESFA FINANCIAL HEALTH DASHBOARD

There had been no further updates to the Financial Health Dashboard since the last meeting.

The CFO referenced a letter in the agenda pack from the ESFA confirming the 2022-23 financial health as good. There had been some feedback in terms of the wording and commentary elements of the Financial Statements. It was confirmed the next set for 2023-24 would include the latest MPM wording.

The CFO had responded within the required deadline with regards to confirm the appropriate systems and processes were

in place to identify and handle any transaction which required DfE approval.

RESOLVED: The Committee accepted the ESFA Financial Health Letter and that actions required were being addressed.

38/23-24 PROCUREMENT REPORT: ENERGY AND INSURANCE

The CFO presented the latest position in relation to the energy and insurance contracts and the proposed approach to the renewal of contracts.

The CFO explained the College were looking to secure an energy deal for October renewal and had gone out to a broker. On a positive note there was more competition in the market and she was looking to secure a 24 month contract.

Pricing options were evaluated in the report and following a refresh today the pricing had gone down slightly and was heading in a positive direction, but the actual value would not be known until the contract is signed on the 12 July.

The FRC Chair asked if there was a discount for dual fuel with one provider. The CFO was unsure but would check.

RESOLVED: The Committee recommended the Corporation approve that the College proceeds to secure energy contracts for a two-year period from 1 October 2024 with the most economically advantageous provider in accordance with the approach outlined in the report.

The College insurance agreements were due to expire on 31 July 2024. It was proposed to extend the appointment of the insurance brokers for a further two years with FE Protect which is within the terms of the CPC framework and below the threshold for Corporation approval. FE Protect are seeking renewal quotes and it is proposed to award to the most economically advantageous provider or providers.

RESOLVED: The Committee were asked to accept the extension for FE Protect as the insurance broker and recommend the appointment of insurers from 1 August 2024 for 12 months (with the option to extend to a further 12 months) based on the most economically advantageous proposal.

39/23-24 POLICY REVIEW:

- **RESERVES POLICY**
- **TUITION FEES POLICY**
- **STUDENT FINANCIAL SUPPORT POLICY**
- **SUB-CONTRACTING POLICY**

The CFO had carried out a review of a range of policies, discussed the key changes and presented for recommendation.

It was noted the Reserves Policy was new and in response to the Code of Governance which recommended as best practice. **Members accepted the policy and said it was sensible in light of the last few years.**

The Chair of FRC said it referenced minimum cash reserves – adjusted for specific commitments and asked what that meant. It was in relation to ringfenced capital the College sat on, when the College had money in the bank but it was ringfence for something, plus any potential clawback.

RESOLVED: The Committee recommended the following policies for approval by the Corporation:

- **Reserves Policy**
- **Tuition Fees Policy**
- **Student Financial Support Policy**
- **Sub-contracting Policy**

It was also noted the Travel and Subsistence Policy had been reviewed with no material changes. The dates would therefore be carried forward with no approval required.

The meeting finished at 10.45 am