



**Minutes of the Meeting of the
Finance, Resources and Capital Projects Committee**
held Virtually at 10.15am on Friday 22 November 2024

Present:	Mr P Sullivan (PS) Ms T Aust (TA) Mr T Hayhoe (TH) Mr S McGeoch (SM)	Chair Principal and CEO
In Attendance:	Ms K Frost (KF) Mr M Cooper (MC) Ms L Stewart (LS) Ms L Owen (LO)	Head of Governance Executive Director Finance, HR and Development Interim Executive Director Resources Head of Human Resources

26/24 Welcome and Apologies

The Chair opened the meeting and welcomed everyone. There were no apologies for absence.

27/24 Declarations of Interest

There were no declarations of interest relating to the items on the agenda.

28/24 Minutes of the Last Meeting

Minutes from the meeting of the committee held on 19 June 2024 had been received in advance (Paper 3). After making an amendment to the wording in action 17/24b IT WAS DECIDED the minutes were a true record of the meeting and they were approved.

29/24 Matters Arising

The 'Summary Action Point List' (Paper 4) was received in advance of the meeting. The Committee reviewed the update on progress towards actions since the last meeting. The following matters arising were discussed:

17/24e: The Procurement Report would be circulated following the meeting.

17/24b: MC would send round details of the premises spend although it was noted that the total spend was not £3.3 million. It was agreed to update this in the minutes from the last meeting.

SM entered the meeting.

Signed:

Date:

a) **Annual Human Resources Report**

The 'Human Resources Report 2023-24' (Paper 5a) was received in advance of the meeting. LO drew attention to key points:

- BAME data evidenced that there was a representative BAME work force which was kept under review. This was an area of focus for the College. LO summarised the additional steps that were being taken.
- Gender pay gap data was included in the report.
- Recruitment continued to be both a focus and a risk for the College. There continued to be some hard to fill positions but the College had put in place a range of new strategies and there had been some successes as a result. The team continued to review their processes.
- Sickness absence data: Sickness decreased slightly last year but there was a rise in long-term absence which continued to be an area of focus. There were 30 incidences of long-term sickness last year. Of those, 10 were associated with other work-related issues.

Governors asked about the long-term absences and what the general nature of the absences was. MC said that some long-term sickness was complex and could possibly be linked to other work-related matters. Governors said high levels of long-term absence was sometimes symptomatic of other issues in the organisation but, in this instance, they didn't think it was the case.

Governors asked about the age profile across the College, noting that, on average, staff were getting older. They inquired about how the College planned to address potential future recruitment challenges. LO responded by emphasising that the College was committed to being an Age-Friendly Employer and was always mindful of this. There were various processes in place to support staff, including Health and Wellbeing initiatives and access to Occupational Health services. Additionally, succession planning was a key consideration, with the College running retirement and pension planning sessions to help prepare for future transitions. The CEO added that the College had been struggling to attract a younger cohort of workers, which might be linked to a pay discrepancy with schools.

Governors noted that while there were more females than males across the College, the management team had a higher proportion of males, which contributed to the pay disparity between genders. They asked if the College was actively working to address this gender imbalance in management positions. LO responded by explaining that the College was adopting a more targeted approach to recruitment, ensuring that job descriptions used plain language and acknowledged transferable skills, aiming to attract a more diverse pool of candidates for management roles.

b) **Recruitment and Development Plan Strategies**

Governors suggested adding information to the Data Dashboard about the ratio of temporary staff compared to permanent staff. The number of temporary staff appeared to be increasing and it would be useful to track this. Governors said they hoped that this would reduce over time.

Action: MC

Governors said the current focus appeared to be on recruitment but asked whether any thought was being given to improving the terms and conditions for staff. Was there flexibility to make the jobs more attractive in this way? MC said the College had the ability to do this. In the past, the College had improved pay if it was finding it particularly difficult to recruit for a role. LO confirmed that the College tried to salary match where possible. The CEO said the College accessed any opportunities

available for example bursaries were available for some subjects. Increasingly, the College was having to negotiate salaries. The College had a favourable package of benefits compared to some, such as annual leave and the facilities.

c) **Health and Wellbeing Update**

A poster outlining the work being undertaken around Health and Wellbeing was received in advance of the meeting.

Governors said they thought the update was very good and showed a holistic approach was being taken.

Governors thanked LO for the report and for her presentation.

LO left the meeting.

31/24 **Health and Safety**

The 'Annual Health and Safety Report' (Paper 6) was received in advance of the meeting.

Governors highlighted that the report said the Health and Safety policy was approved by the Chair but it was approved by the whole Corporation. They asked about the outstanding fire risk assessment mentioned in Annex 3. The CEO said the fire risk assessment was carried out in the summer term and had resulted in actions which were in progress.

Governors said there had been a reduction in accidents in the Nursery and asked whether any different actions been taken. The CEO said the number of accidents depended on the nature and ages of the children who were in the Nursery at the time. There was nothing significantly different in terms of practice that had taken place. The team continued to be very good at reporting everything. A new Nursery Manager was in place.

Governors raised concerns about the reporting culture, referencing page 1 of the report. They noted the number of reported accidents had reduced last academic year and questioned whether these changes in reported incidents were due to shifts in reporting behaviour. The CEO responded by noting that areas typically associated with higher levels of reporting had not seen significant staffing changes. The College had been planning to implement an online accident reporting system and was working towards its rollout. Additionally, reminders would be issued across the College to encourage people to report incidents.

Governors said they would like to see near misses reported more. None had been reported last academic year. The CEO said this would be emphasised in the communications with staff.

32/24 **Finance**

a) **2023-24 Outturn and Financial Statements**

i) **Final Management Accounts** (July 2024)

The 'Final July 2024 Management Accounts' (Paper 7ai) was received in advance of the meeting.

The management accounts had been presented at the meeting of the Corporation on 9 October 2024. Since then there had been just one late

adjustment relating to additional accrued expenses in respect of consultancy and professional fees, which amounted to an adverse net movement of £12k only.

ii) **Draft Report and Financial Statements** (Year Ended 31 July 2024)

The 'Draft Financial Statements for Year Ended 31 July 2024' (Paper 7aⁱⁱ) was received in advance of the meeting. It was noted that they were still subject to some comments the Chair had communicated to MC in advance of the meeting and final review by the external auditor.

The accounts on page 26 showed a surplus for the year of £622k. After stripping out FRS adjustments of £124k for pension service and interest costs the operating result for the year was a surplus of £498k.

Governors asked about reconciling the cash flow. MC confirmed this had been satisfactorily resolved. There had been a small imbalance on the cash flow which had been rectified.

Governors asked about foot note 6 which detailed the staff costs that had been contracted out and equated to 30% of total staff costs. This was a higher figure than the College would want it to be.

iii) **Post Audit Management Report**

The 'Post Audit Management Report' (Paper 7aⁱⁱⁱ) was received in advance of the meeting. MC explained that the table on page 7 would be updated by the auditors to make clearer.

Governors referred to page 33 in the post audit report where it said that per a survey conducted by Buzzacott, 86% of further education colleges had identified a cyber attack or breach in the last year. They asked what was included in this. It was agreed MC would follow this up with the auditors.

Action: MC

iv) **Letter of Representation**

The 'Draft Letter of Representation' (Paper 7a^{iv}) was received in advance of the meeting. MC confirmed that the College had provided the auditors with all the necessary disclosures.

Following the review of the Financial Statements, the Post-Audit Management Report and the Letter of Representation, IT WAS DECIDED to recommend that the Corporation approve them, subject to a successful review by the Audit Committee.

b) **Benchmarking Data**

It was noted that benchmarking data would be circulated to committee members once it had been reviewed.

Action: MC

c) **Latest Management Accounts**

'Management Accounts September 2024' (Paper 7c) was received in advance of the meeting. It was noted the October Management Accounts would be circulated to committee members shortly.

Action: MC

MC summarised key points in the Management Accounts:

- The year to date operating surplus was £341k compared to the budgeted surplus of £212k.
- There was a forecast operating surplus of £20k compared with a budgeted surplus of £150k.

- Key variances against the budget totalled an adverse movement of £130k and included: Lower numbers of 14-16 Direct Entry, under recruitment on Higher Education courses, higher pay costs which was the impact of additional National Insurance contributions. (It was noted that these additional pay costs would be funded by Treasury, although the mechanism wasn't certain. In anticipation of receiving the funding, 16-19 funding had been increased by an amount to offset the increase in pay costs.)
- The full-year forecast operating surplus of £20k assumed that an £82k release of contingency would be required.
- There had been a summer marketing campaign which had involved large upfront costs.
- The cash flow was forecast to average around £7.2m over the next 22 months with a projected low of £5.7m falling in July 2026.
- As at 30 September, the ESFA financial health score for the year was forecast to be 220/300 compared with the target of 240. The projected score would give a self-assessment financial health grade of 'Good' compared with the target of 'Outstanding'.
- There was projected compliance as at 31 July 2025 for both Barclays Bank loan covenants. The Debt Service Cover ratio needed to be corrected, but it would still be in compliance.

Governors said it would be important to keep a close eye on the apprenticeship income which was still projected to be down on target.

d) **Financial Contract Approval**

'Major Financial Contracts' (Paper 7d) was received in advance of the meeting. Since the last meeting, the following contracts had been renewed: Electricity, Gas, BTEC L2/L3 Diploma in Sport and Insurance. There were no contracts due to expire before the next sitting of the Committee.

Two draft business cases for 'Millenium and Atrium Plant Failure' had been received in advance of the meeting. MC reported that due to the urgency of the situation, it was proposed to waive the financial regulations requirement to go out to tender for the work. The Committee DECIDED to give approval to waive the financial regulation requirements in this instance.

Governors asked about the reasons for opting for ELCO to complete the work. LS said the College had been impressed with work ELCO had done previously for the College and with their speed of response.

Governors asked if the spend was included in the budget. MC said this was unplanned expenditure, not within the College-funded annual CapEx budget. However, as condition improvement works, the costs could be funded by capital grants received.

e) **Segmented Report on Higher Education, Apprenticeships and the Nursery**
'Segment Reporting: Management Accounts' (Paper 7e) was received in advance of the meeting.

Nursery Income and Expenditure

The financial contribution of the Nursery had been deteriorating over the last few years. Income had been static but costs had increased. The Nursery was forecast to make a loss this year. The College's objective with the Nursery was to provide a provision for the students' benefit rather than a commercial operation but the College would be targeting an improvement in the position over the next few years.

Governors asked how many students and staff of the College were benefiting from the provision. MC said he would confirm.

Action: MC

Governors asked if the current forecast reflected changes to minimum wage and National Insurance. MC confirmed it did.

The CEO said the College was optimistic about seeing an improved position for the Nursery over the next 2-3 years. There were opportunities there. There was also synergy with the curriculum that could be further developed.

Governors said it was heading in the right direction and thanked MC for the helpful analysis.

Higher Education Provision

It was noted that the Higher Education provision contributed financially to the College but it had been in decline for a number of years.

Governors said there was a discrepancy between the figures provided and the management accounts which they understood was due to the timing of the reports. They asked for a presentation that linked better to the management accounts in the future.

Apprenticeships Income and Expenditure

It was noted that apprenticeships made a significant loss. The Corporation was committed to delivering apprenticeships and wanted to make a success of it but it would be important to monitor the situation. The CEO said the College was receiving external support from the FE Commissioner's team.

33/24 Estates and Sustainability

a) Capital Expenditure Report

A Capital Expenditure report would be circulated after the meeting.

Action: MC

b) Accessibility Plan

The Committee discussed whether to implement an Accessibility Plan. It was noted it was a legal requirement in schools but not for Further Education Colleges. IT WAS DECIDED the Accessibility Plan wasn't necessary as the information normally included in one was covered elsewhere in College policies and documentation.

Governors suggested referring to accessibility in the next Property Strategy.

c) Status of the Skills and Logistics Centre Lease

A 'Skills and Logistics Centre Lease Update' (Paper 8c) was received in advance of the meeting.

The Committee discussed the position with the lease which was due to expire in April 2026. It was agreed the Executive Team would recommend a course of action and that this would be discussed at the Spring term meeting of the Governance, Search and Strategy Committee.

Action: Executive Team

34/24 Data Dashboard

The committee reviewed the relevant KPIs in the data dashboard noting that there had been little change since the last meeting of the Corporation when they were reviewed in detail.

The Committee reviewed the performance against allocations, noting that for 16-19 students the College was expecting to exceed the target and for adults the College was already very close to fulfilling the full year allocation. For adult provision, it might become necessary to reconsider provision planned for later in the year to avoid incurring additional delivery costs if extra funding were not available.

LS reported that benefits from solar panels was beginning to be seen in terms of a reduction in electricity costs.

35/24 **Risk Management**

A 'Risk Register FRCPC Extract Nov 24' (Paper 10) was received in advance of the meeting. The Committee noted the changes that had been made to the risk register since the last meeting.

The Committee discussed whether to increase the likelihood for costs exceeding income due to the level of surplus decreasing. After discussion, it was agreed to increase the likelihood score to 4.

Action: MC

Governors asked whether the impact score for the Skills and Logistics Centre lease needed to be increased if the lease wasn't renewed. It was agreed to increase the impact score to 4.

Action: MC

36/24 **Confidential Item**

A confidential item was discussed.

37/24 **Key Points to Bring to the Attention of the Corporation**

- The Committee discussed the situation with the Skills and Logistics Centre lease which was due to expire in April 2026. It was agreed that discussions would be needed with Hounslow about renewing the lease and that the Executive Team would make a recommendation that would be discussed at the next Governance, Search and Strategy Committee.
- Segmented reporting focusing on Nursery, Apprenticeships and Higher Education was reviewed. Neither the Nursery or Apprenticeships were making a contribution and the Higher Education contribution had been reducing over the last few years. The Committee would be monitoring the situation via the management accounts.
- The Committee received the Annual Human Resources report and discussed issues and strategies with recruitment. There were concerns raised about the number of temporary staff compared with permanent staff, which would be monitored moving forward.
- Suggestions for changes to the Data Dashboard included: Adding information about the ratio of temporary staff to permanent staff. Adding the segmented reporting.
- The Pay Award was discussed and a recommendation made to the Corporation.

38/24 Date of the Next Meeting

The date of the next meeting of the committee was Wednesday 5 March 2024 at 4.00pm.

Summary of Actions

No.	Action	Lead	Target Date
17/24b	Provide more details about the premises budgeted revenue expenditure.	MC	Nov 24
17/24e	Circulate the Annual Procurement Report to committee members by 31 July 2024.	MC	August 24
30/24	Add information to the Data Dashboard about the ratio of temporary staff compared to permanent staff, split into staff and management.	MC	July 25
32a/24	Ask the auditors what is included in the cyber attack figure in the Post Audit Management Report "86% of further education colleges (from a sample of 43 FE's) identified a breach or attack in the past year.	MC	Mar 25
32b/24	Circulate the benchmarking data to committee members.	MC	Mar 25
32c/24	Circulate the October Management Accounts to committee members.	MC	Dec 24
32e/24	Confirm how many students and staff at the College are benefitting from the Nursery provision.	MC	Mar 25
33/24	Circulate a capital expenditure report to committee members.	MC	Mar 25
35/24	Amend the risk register to show an increased likelihood score for 'costs exceeding income' and an increased impact score for the 'Skills and Logistics Centre lease'.	MC	Mar 25

Signed:

Date: