Meeting of the Finance and Resources Committee

MINUTES

Items considered confidential on the grounds of commercial or personal sensitivity are redacted from the published minutes

Date	**Wednesday 5 March 2025**
Time	17:00 to 19:15
Location	Via MS Teams
Present (Governors):	Meyrick Vevers (Committee Chair) Jesse Adekoya Professor Craig Mahoney (Chair of the Corporation Board) Maureen McDermott (Staff Governor) Christine Ricketts (Principal and Chief Executive) Paul Stedman
In attendance	Allan Tyrer (Chief Operating Officer) Alison DeLord (Interim Head of People) – Item 3 Nolan Smith (Estates Project Manager, Fusion) – item 5 Melissa Drayson (Director of Governance)
Observer	None
Apologies for absence	Rebecca Page-Tickell
Quorum (3)	The meeting was quorate throughout

Item			**Action lead**
1.		**Preliminary items**	
	1.1	**Welcome and apologies for absence** Apologies were received from Rebecca Page-Tickell.	
	1.2	**Declarations of interest** There were no new declarations of interests relating to matters on the agenda. Previously declared interests were carried forward.	
	1.3	**Urgent other business** No items of urgent other business had been notified in advance.	

2. Minutes

2.1 RESOLVED: That the minutes of the Finance and Resources Committee meeting on 4 December 2024 be APPROVED as an accurate record. The confidential sections were confirmed and would be redacted from the published version.

2.2 Matters arising
Supporting paper by the Director of Governance

The Committee noted actions that had been completed, those on the agenda and those not yet due for report.

An update was provided on the action to review lower pay bands following the increase in the minimum wage. This was currently underway, and would take into account market rates, differentials with other pay grades and be mindful of gender differences in pay.

3. People Termly Report (September 2024 to February 2025)

Supporting paper by the Interim Head of People and Professional Development.

Alison DeLord was welcomed to the meeting and introductions were made. Alison had significant experience of the FE sector, and was currently working as an independent HR consultant.

Headlines from the report were:

- The size of the workforce had increased slightly
- The number of leavers had reduced from 78 (previous period) to 30, with a turnover rate of 13.8%
- There had been a significant amount of recruitment activity, with 60 new starts since the beginning of the year. There were 23 current vacancies with over 50% of these in support services.
- The majority of employees were female. The gender pay gap analysis reflected that the proportions of women in part-time and lower paid roles was higher. Due to pay differentials in the upper quartile, any movement in these salary bands would have a disproportionate effect on the gender pay comparison.
- Generally, the college was in line with others across all measures.
- The staff survey had been received positively and resulted in high levels of engagement. A 'you said, we did' action plan had been developed and shared with staff. The key themes were around communications, wellbeing and staff development. A relaunched CPD schedule reflected feedback in terms of providing timetabled CPD sessions, more face-to-face activities and greater input on behaviour management.

Governors expressed concern that 45% of staff did not agree that managers were considerate of their workload and wellbeing. Management responded that they took this seriously and the measures being put in place to support wellbeing would be monitored closely for impact.

In response to questions from governors it was confirmed that there were specific skills shortages in Hair and Beauty, maths and English, and exams. There was discussion about the most effective recruitment platforms for college staff. As well as sector specific sites such as FEJobs, advertisements on the college website and LinkedIn generated a fair amount of interest.

The first staff forum had been held earlier that day. Although attendance had been small, there had been a useful discussion. It was expected that attendance would gain momentum with time.

In respect of the Gender Pay report, governors sought assurance that the College was paying the same for like-for-like roles. It was confirmed that this was the case and the only contributing factor to the pay gap was that there were more women in part time and lower paid positions. Governors also checked that that the risk of unconscious bias in recruitment was addressed. It was confirmed that training was provided to all staff to ensure that there was no recruitment bias by gender or any other protected characteristic.

Staff code of conduct

The draft updated Code of Conduct had been circulated as a late paper. The Committee confirmed that they had had chance to review it and would be happy to discuss it.

It was noted that the Code had been updated in line with the College's policy review schedule and not as a result of any legislative change. The main headings were the same, but the new College values and branding had been added.

There was discussion about the definitions of jewellery and appropriate dress. Several staff were reported to have raised similar queries. Management stated, however, that they would be reluctant to produce a prescriptive list of unsuitable clothing so each case would continue to be judged on its merits.

Governors also checked the process for informing the College of new criminal offences. These should be reported to the HR Team who would then consult with the Principal and CEO.

The Committee commended the People Team for a clear and well-written document which covered some sensitive areas well.

RESOLVED: That the Code of Conduct be recommended to the Corporation FOR APPROVAL.

4. Finance

4.1 Monthly Management Accounts, Forecast and Cashflow report – January 2025

The Committee noted the following headlines:

- The College was currently tracking ahead of budget in terms of EBITDA and was forecast to be on budget by the year end.

- Pay costs were currently under budget, although some posts were covered by consultancies which would not show in this line. It was, however, likely that the pay cost variance would narrow by the end of the year.
- There was now 95% certainty on each income line: confidence was high that adult and apprenticeship targets would be met and that HE and High Needs might be slightly over. There was a possibility that income targets might be exceeded this year.

There was discussion about the impact on the future budget and monthly run rate, should all staff vacancies be filled. Management explained that this was built into the figures so there would be no financial risk.

In response to further questions, it as clarified that the major debtor shown on the balance sheet under current liabilities was Cala Homes. Long term liabilities stood at £14m.

AGREED: That the management accounts be received.

4.2 Capital Expenditure Report
Supporting paper presented by the Chief Operating Officer

Governors commented that the report demonstrated the many moving parts currently involved in the capital programme. The key headlines were:

- The major estates programme remined affordable, that the College was not using any of its own funds and that there was a significant contingency of £2.7m built into the budget

- The College was on track to spend the smaller capital grants received by the deadline of the end of March. These included T Level, Local Skills Improvement Fund (LSIF), and Capital Energy Efficiency grants.

The staff governor asked for a session with the COO to understand the flow of capital funds better. It was suggested that this might be of interest to all governors.

ACTION: To arrange a governor briefing on capital funding COO

4.3 Early budget and forecast assumptions
Supporting paper presented by the COO

The Committee noted that 16-18 income figures were an estimate as the sector had not yet been informed of next year's allocations. All other income lines were based on a higher level of certainty. Other assumptions were:
- A 4% increase in salary costs
- A 3% increase in non-pay costs

If current income forecasts were met, the year end EBITA would be 11.6%. However, even if there was no increase in 16-18 income EBITDA would still be 10%.

Governors asked for clarification about the capital grant release. This was released as a non-cash item at the same time as depreciation so had zero impact on the overall position.

The comment was made that the College was generating a lot of cash. It was confirmed that, whilst this was the case, this was then paid out in loan repayments and capital maintenance and the remainder was saved.

The question was raised whether the accumulated cash reserves might be used to repay the DfE debt sooner. The Committee was advised that advice had been received not to repay early as it had been agreed on very favourable terms.

Committee members confirmed that they understood the current forecasts and underlying assumptions. There would be several further opportunities to scrutinise them further at forthcoming meetings, and they would also be tested by the DfE as part of the SPA process.

4.4 Financial Forecasting sensitivities and College size risk
Confidential discussion item and paper by the COO

The Chair introduced the item, which he had requested to ensure that the Committee fully understood the level of future financial risk that the College was potentially exposed to.

[Redacted]

Governors were reminded that all of the FEC's financial metrics had been achieved if not exceeded. There was no formal metric that stated that a college of less than £20m was at risk. Therefore, size should not be seen as an automatic proxy for financial sustainability unless evidence was provided to support this claim. [redacted]

Committee members agreed that it would be helpful to gain a greater understanding of the nature of the potential financial shocks that could jeopardise the College's financial position. The College had weathered a period of significant financial turbulence and had worked hard to achieve stability. The COO took governors through the briefing noted that showed that it was achieving every benchmark, and would continue to meet them if expenditure increased. Both the current and future ESFA financial health measures produced a score of good or outstanding for each year of the five-year plan.

A question was raised about the pay cost ratio. [Redacted] The aim was, over time, to increase this to 65% to ensure appropriate levels of investment in key areas. As long as the College maintained an EBITDA of 10% and continued to meet all of the FEC benchmarks, it should have the resilience to withstand a financial shock and other external risks including national policy changes impacting the sector. This argument would need to be clearly iterated in the standalone case, which would be tested fully at the Strategy Day on 14 May.

AGREED: that the matter should be brought to the Corporation's attention on 26 March, supported by the COO's briefing document.

4.5 Termly procurement assurance report
Supporting paper by the Chief Operating Officer

Governors were reminded that the termly report had been introduced to offer full visibility of all procurement exceeding £30,000. During the period covered, there were several significant contracts and tenders associated with both the redevelopment of estates and the renewal of utilities. Verbal confirmation was received that proper procurement procedures had been adhered to in each instance. Future reports would include an additional column to provide assurance on this.

The report was noted.

5. Estates Redevelopment Progress Report
Supporting paper presented by Nolan Smith Fusion

Headlines were presented:

Pre-commencement conditions for town planning had been submitted to the Council but there were delays in processing them. This was not currently an issue although long delays might create a risk.

The agreement with Cala to install a new power cable had been put in place. Work on the new sports hall was due to start imminently with a completion of June 2026. A governor sought assurance that the sports hall would meet all Sports England requirements, as there were examples elsewhere of new facilities that could not be used for this reason.

Critical contractual obligations remained the same for Phase 2. The Concorde building would be returned to Cala at the end of June, at which time catering would be moved into Barnes Wallis. This would not affect teaching as term will have ended.

The main potential impact on curriculum delivery would be the removal of the roof from the link in April which would affect Hair and Beauty. Solutions to this were currently being explored. The timing of the roof removal was critical as it needed to tie into bat roosting season.

The Edge building was now occupied. Final work to the roof were due to end the following week. A question was raised about the flammables being used in Edge. Fusion would provide a response to this following the meeting.

The Tower building refurbishment was going well, with no issues. In response to governors' questions ti was confirmed that all new cladding passed fire safety requirements.

Two issues had emerged with Barnes Wallis which might put the completion date at risk:

- The mechanical ventilation system did not work and would need to be replaced
- there was a lack of a vertical fire break on the south elevation.

The Committee agreed that it would be crucial to remedy the fire break and ensure fire safety before the building could be reoccupied. The challenge was to do this without removing the external cladding. The contractors had given verbal confirmation that they would be able to insert the fire break internally. The costs were as yet not known but would be shared with the College as soon as they were known, along with any impact on the completion date.

It was confirmed that the fire consultant would undertake a full inspection once the work had been completed.

The Committee thanked Nolan Smith for his report.

6. **Health and Safety Termly Report**
Supporting paper presented by the COO

It was confirmed that the next report would include an update on Barnes Wallis.

The new Health and Safety Officer had settled in well and was already having a positive impact on college culture. The Health and Safety link governor confirmed that significant progress had been made on improving record keeping.

An internal audit on Health and Safety had been undertaken. The final report was awaited but it was believed that it would not contain any significant recommendations.

7. **IT and Cyber Security termly report**
Supporting paper presented by the COO

Governors asked for levels of confidence that the College had sufficient safeguards against cyber attacks. It was reported that this was being monitored by the Audit and Risk Committee following an internal audit, and that the Committee had asked for penetration testing of the new IT servers.

In response to further questions, it was confirmed that there were three versions of the servers, including a back-up and immutable server, which were held in different locations on the College campus.

8. **Sustainability report**

The Director of Governance apologised that the previous year's report had been included in the pack. The Committee reflected that the previous approach had been very detailed but what was needed in future was an analysis of progress against targets, particularly in terms of energy saving and moving to greener forms of energy as part of the estates project.

An action for management would be to reconstitute the Sustainability Committee to reset the action plan and identify key priorities.

AGREED: That a verbal update would be brought to the next meeting on progress to relaunch the sustainability committee and action plan.

9. **Termly KPI and risk assurance report**

Supporting paper by the Director of Governance.

The Committee confirmed that there had been good coverage of all relevant KPIs and risks from the risk register through the Committee's business. There was discussion of the need for an additional KPI for staff vacancies and turnover, although this would need further thought as there were large variations between departments and seasonal fluctuations.

AGREED. That the Executive Group would consider the suggestion to include a KPI on staff turnover/ vacancy levels and report back.

10. Other urgent business

There was none

11. Date of next meeting

Wednesday 18 June 2025

The minutes were approved by the Finance and Resources Committee at its meeting on 18 June 2025.