

FINANCE & GENERAL PURPOSES COMMITTEE

MINUTES OF MEETING HELD ON WEDNESDAY 22nd JUNE 2022, 1700 HRS, HYBRID

Present:

Sophie Annett (Chair)
Colin O'Donoghue (Teams)
Rupert Goodman
Paul Cox (Chief Executive and Principal)
Jon Sendell (Chair of the Board)

In attendance:

Kevin Jones, Vice Principal (Funding, Finance and Management Information)
Fiona Chalk (Interim Governance Professional) (Teams)
Mickiela Blake, (HR Manager)
Pete Jodrell, Deputy Principal

COMMITTEE MATTERS

F.20.22 Apologies

There were none.

F.21.22 Declaration of interests

Governors were reminded that it was their duty to declare any interests financial or otherwise on any of the agenda items. PC declared an interest in item 6.4. There were no further declarations of interest.

F.22.22 Minutes of last meeting

The minutes of the meeting held on 16 Feb 2022 were agreed as a true record of the meeting and signed by the Chair.

Matters arising

All the actions from the previous meeting had been completed or would be considered in a later agenda item to this meeting.

F.23.22 Committee Self-Assessment

The committee agreed the self-assessment outcome, and that further training on finance would be undertaken by new governors. No changes were proposed to the Terms of Reference.

It was noted that Simon Winkworth will be joining this committee in the new academic year – his background being in capital and estates, and he will be a link governor for capital projects and employer work.

GOVERNORS' MONTHLY REPORT (April 2022)

Financial Aspects:

- Sub-contracting is below the budget level set.
- £250k was budgeted for gas heating installation taking place this Summer, the increased cost is now £450k, so the increase will be funded from 2022/23 budget, using uncommitted funds from the annual capital budget
- Cashflow has moved on from the March low point and has a flatter pattern going forward, above the loan covenant minimum cash line.

Governors asked if staff have their own income targets? If each area is responsible for their own income and expenditure targets. Yes, they do and they manage their own areas.

- Financial health score has dropped to 120, which is the lowest point on the Requires Improvement score.
- There may be a partial release of a provision of about £300k-£400k, which will positively affect the financial rating, although not the cash position.

Matters Arising

PC advised that the Safeguarding reports are really important for all governors to note. There will be a change to the next monthly report, as it will include Link Governor reports.

The next item was deemed confidential as it was commercially sensitive

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[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

TO RECEIVE

F.24.22 ESFA Financial Health Assessment and Dashboard

This has been delayed and the ESFA are looking for further information to evidence the college's position of Requires Improvement.

F.25.22 Environment and Sustainability Strategic Action Plan update

The Committee noted the progress report against the Environment and Sustainability Strategy. The main updates were noted as:

- The College is collecting base year data for calculating carbon emissions of the College for 2021/22 in order to deliver target savings based on Key Performance Measure MO3 – Decrease of College carbon emissions.
- The College was successful in bidding for Public Sector Decarbonisation Scheme and received funding of £452k towards new heating and initiatives to reduce the Carbon Impact of the College.
- The College has installed ten electric vehicle charging points in the main car park which are available to staff to use to encourage a move to electric vehicles.
- The College has taken the decision to dispose of the College fleet cars which are not environmentally friendly – proceeds from disposal will be used towards a single electric vehicle for staff use which can be recharged overnight on site.
- As part of the College's successful Eastleigh College Online (ECO) programme, the Level 2 Certificate in Understanding Environmental Sustainability was launched to coincide with the UK hosting the COP26 Conference in October 2021.
- In April 2022, the College became a partner of the Institute of Environmental Management and Assessment (IEMA).
- In May 2022 a member of SMT joined the Association of Colleges (AoC) Special Interest Green Group.
- The College has set up a Green action group and has met twice.

The action plan shows areas of progress, including against net zero by 2050. This is a college KPM that is being worked towards achievement of.

F.26.22 ESFA Funding Assurance Audit Final Report

This has been completed and the final report is with KPMG and with the ESFA. The verbal update is that it is a positive report.

PC advised that the College has been audited 5 times this year – ESFA, through PWC; GLA audit at the end of their contract, and 3 desk audits for the ESF and ESFA, plus the Internal Audit work. There have been no material findings from any of them.

F.27.22 Staff survey and engagement – baseline and next steps

Governors noted that the college conducted the first Best Companies Engagement Survey in January 2022, in order to develop a base line and identify areas for

development and improvement. A baseline score of 574 points was achieved, this was shy of the 600 target. The survey focuses on 8 key themes:

Leadership, My Company, My Manager, Personal Growth, My Team, Wellbeing, Fair Deal and Giving something back. Areas of strength included team working, collaboration, and the role of the direct line manager. Personal Growth and Work Purpose were also strong. Areas of improvement include Leadership, My Company, Wellbeing & Fair Deal.

10% of the responders gave negative feedback, which is high and in normal circumstances would be a concern, but at the time of the survey, over 20% of the staff were in consultation.

Actions put in place since the survey are:

- Aspiring Managers Programme has been relaunched
- A new Appraisal approach to link back to KPMs and Strategy
- Communication and Feedback has changed, with additional opportunities being added.
- All staff briefings take place regularly
- Weekly updates from KPM members

A 42% response rate was considered acceptable given the context and a good baseline to work from. 60% is the target. Next steps were noted and the Q2 survey was launched on 21st June 2022 and is open until 28th August 2022. Those results will be measured against the Q1 results, which will enable management to determine if the steps already taken are having a positive impact.

Governors stated that benchmarking information would be a useful addition to the report.

TO REVIEW

F.28.22 Revenue & Capital Budget 22/23 and 3-year financial forecast (including budget framework and update on 13-minus1)

Governors noted the proposed budget for 2022/23 and forecast for 2023/24, updated from the draft budget presented to Board on 23 March 2022. The detail of the costed curriculum workings for 2022/23 were discussed, and progress towards the College strategy and agreed targets for July 2024 were noted. As previously discussed, it was noted that 2022/23 cash flow will continue to be tight financially, and this can be managed through various levers, which will be discussed with the Bank in the Autumn. This position is in line with the planned transition that is based on 2020/21, 2021/22 and 2022/23 being years when the financial health score would be judged 'requires improvement', with the strategy final year 2023/24 being 'good'.

The key budget principles are:

- Deliver a 3% growth as a credible figure,
- Financial health score of 150
- Reduce reliance of on sub-contracting
- Include a tapered pay increase that benefits the lower paid most.

The Budget position for 2022-23 is a deficit of £262k, a £500k move to the positive against the current year. Utilities are a significant increase that was not planned for and is included in the planned budget.

Governors discussed the position of the financial health score, how it could be improved, and the journey to improvement, including the timings of provision release and the implications of this.

The risks were discussed, and included funding streams, learner numbers, apprenticeship overstay, demand for English and Maths, and AEB funding allocation achievement through direct delivery and sub-contracting.

The 13 to-1 process was discussed in regard to learner recruitment and the prioritising of funding to it. The committee noted the assurance that this process is providing to the budget process.

Costs were noted – both known and those at risk.

The sensitivities and scenarios were presented, including traineeships, tuition fees, staff pay, non-pay costs, capital budget, cost of borrowing, and the mitigating actions were noted.

The committee agreed to recommend the budget for 2022/23 to the Board on 6th July, for approval.

Budget for 2023-24

The figures were noted, including a proposed surplus for the year £50k and 180 points on the ESFA financial health score. There are opportunities around green investment to improve the estate and no major capital works are required. This budget delivers the strategy as proposed 2 years ago.

Governors expressed confidence in the figures and asked to have the current years' forecast in this report, for clarity on the movements.

Action: KJ

F.29.22 Capital Projects Overview and External Funding

Governors noted the update on the various capital projects listed below, the impact of cost pressures and continuing actions to manage the cash flow levels and the risk to manage minimum cash levels.

1. Heating Project A and C Block, part D Block
2. Heating Project B and D Block
3. Salix funded lighting and windows (carbon reduction)
4. Main Hall Conversion
5. Institute of Technology equipment - currently a risk as costs have increased and the bureaucracy of the funding process makes it harder to mitigate or value engineer a solution. This project is therefore likely to slip from planned works in Autumn/Winter 2022/23 through to Summer 2023.
6. Strategic development Fund equipment including "Immersive" classrooms A Block 2nd Floor
7. T Level classrooms A Block 1st Floor (subject to funding)

With the total planned expenditure for 2021/22 being £1,513,956.

F.30.22 Cordie Ltd Due Diligence Report from TC Group

The report has not yet been received from TC Group – expected now 1 July 2022.

F.31.22 College Risk Register & Individual Risk Registers

Governors noted the reports.

Annual Pay Award

Governors noted the proposal in the Remuneration Policy, and the conditions that need to be in place for pay awards to be made. 2022/23 is the second of two years when the College is reshaping its business model. As such remuneration decisions for 2022/23 are based upon affordability, achieving an ESFA financial health score of 'requires improvement' and a budget that achieves stable opening and closing cash levels. From the 2023/24 financial year onwards the College will base all remuneration decisions on the transparent structure below.

- o That based on an Ofsted grade of outstanding / good, and,
- o A budget that achieves 180 ESFA financial health score points, and,
- o A budget that achieves stable opening and closing cash levels, and,
- o Sees a minimum of 3% of gross income invested in annual capital improvement, that,
- o All remaining funding will be prioritised to remuneration with pay awards made in October and April annually

Governors asked for further clarification to be inserted into the policy on what is

consolidated and non-consolidated pay, and for the last bullet point to be rewritten, given that there may be unforeseen circumstances, or instances in which to secure sustainability, governors would want to ensure the ability to pay down loans or invest in green technology, for example.

PC to action

F.32.22 TO APPROVE

Health & Safety Policy
Admissions & Learner Recruitment Policy
Data Protection Policy
Remuneration Policy
Staff Development Performance Management Policy
Parental Leave and Carers Policy
Personal Relationship Policy & Guidance

The above policies were approved under a consent agenda

Proposed Sub-Contracting Arrangements for 2022-23 and Subcontracted Working report.

The new requirements were noted, as a result of new rules on sub-contracting. The college is proposing to exceed its 25% allocation and has requested approval from the ESFA. The approval has been given verbally, and formal confirmation is awaited.

Governors reviewed the subcontract contract values report for 2021/22 and agreed the changes to values.

Governors approved the commencement of the procurement process for 2022/23, pending formal confirmation of the successful exemption case request.

TO CONSIDER

F.33.22 Confidential items (confirmation)

Governors agreed that agenda items 3ii and 5v, would be determined as a confidential agenda items.

DATE OF NEXT MEETING

F.34.22 Wednesday 16 November 2022 commencing 1700 at Eastleigh College

Review ToR
Governors' Monthly Report – including financial aspects and matters arising
Review financial statements (for board approval)
Review College Banking and Insurance arrangements
Review final capital spend
Subcontracting policy review– to approve
VfM policy
Leave procedures

There being no further business, the meeting closed at 1900 hrs.