

**Minutes of the Meeting of the  
Finance, Resources and Capital Projects Committee**  
held at Midday on Wednesday 1 March 2023  
Virtually via Teams

<b>Present:</b>	Mr S Wilcox (SW) Ms T Aust (TA) Mr S Taylor (ST) Mr S McGeoch (SM)	Chair Principal
<b>Apologies:</b>	Ms C Callinan (CC)	
<b>In Attendance:</b>	Ms K Frost (KF) Mr M Cooper (MC) Mr M Michaelides (MM)	Head of Governance Executive Director Finance, HR and Development Executive Director Resources and Student Experience

**1/23 Welcome and Apologies**

The Chair welcomed everyone to the meeting, particularly ST, who was attending his first meeting of the Committee. Apologies for absence were received and accepted from CC.

**2/23 Declarations of Interest**

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

**3/23 Minutes of the Last Meeting**

- a) Minutes from the meeting of the committee held on 23 November 2022 had been received in advance (Paper 1). IT WAS DECIDED the minutes were a true record of the meeting and they were approved.
- b) Confidential minutes from the meeting of the committee held on 23 November 2022 had been received in advance (Paper 2). IT WAS DECIDED the minutes were a true record of the meeting and they were approved.
- c) Confidential minutes from the meeting of the committee held on 16 January 2023 had been received in advance (Paper 3). IT WAS DECIDED the minutes were a true record of the meeting and they were approved.

**4/23 Matters Arising**

The 'Summary Action Point List' (Paper 4) had been received in advance of the meeting. The following updates against previous action points was noted:

<b>MIN REF</b>	<b>DETAILS OF RESOLUTION/ACTION POINT</b>	<b>LEAD</b>	<b>STATUS UPDATE</b>
11/22	Add financial information to the analysis of curriculum space allocation.	MC	Summary income, expenditure and financial contribution is being prepared by curriculum area. This will be appended to the analysis of curriculum space allocation and circulated to the Committee before the end of March.
26/22	Consider adding opportunities into the Risk Register and include the risks and assumptions from the Strategic Plan.	GSS Committee	Risk is an item on the agenda for the Corporation Strategy day.
27/22	Add a sickness absence figure to the Data Dashboard which doesn't include long term sick absence.	MC	The College's long-term, short-term and total sickness absence is now represented separately in the Data Dashboard chart.
29/22	Circulate the report from the efficiency surveys to committee members.	MM	The building reports and technical data have all been received and currently being analysed and updated where required. A draft decarbonisation plan is currently being prepared and will be circulated to the committee members with a set of recommendations by the end of March.
31/22	Add headline sustainability KPIs to the Data Dashboard.	MM	New sustainability dashboard is under development. The first draft to include energy consumption and cost KPIs would be covered on the agenda for the meeting.

## 5/23 Risk Management

The committee received a 'Risk Register – FRCPC Extract Updated Feb 23' in advance of the meeting. (Paper 5).

The committee reviewed the current strategic risks relevant to the committee. Since the last committee meeting, the following changes had been made:

- A new risk had been added to the risk register in respect of the ONS reclassification of FE colleges as public sector bodies.
- No risks had been deleted.
- The score for risk 12 had been revised. The risk related to the inability to control expenditure leading to overspend and income and expenditure deficit. The net score for likelihood had been reduced due to higher levels of control and mitigation through government financial support with energy costs and delayed implementation of the

additional pay award until better information available for more reliable income and expenditure forecasting.

Governors said that cyber risk (risk 16) had been explicitly raised as a point in the recent ESFA Strategic Conversation. It was suggested the Corporation spend some time on this topic in the next few months.

Governors asked about risk 14. They said mock funding audits only took a sample rather than saying the controls were all correct. They asked whether an audit had been carried out that made sure all of the necessary controls were in place. MC explained that an internal audit review of funding was taking place in March 2023. The audit included a measure of testing of controls in place as well as whether the funding claimed was appropriate.

Governors said management couldn't rely on that as confirmation that all of the controls were there.

## 6/23 **Data Dashboard Review**

The Committee reviewed in detail the Key Performance Indicators (KPIs) that fell under the Committee's remit: Finance, Human Resources, Health and Safety and Sustainability.

### a) **Finance**

The projected financial health score as at July 2023 had improved to 220 out of 300 which would be in the top end of 'good'. The favourable movement was due to the improved projection for the operating result. This was still 10 points below last year's outturn due to the deterioration in EBITDA resulting primarily from the huge energy price rises experienced this year.

There had been an improvement in the operating result with a forecast operating surplus of £60k compared with the budgeted surplus of £25k.

In terms of funding allocations, the College had met the target for 16-19 enrolment as at 1 November 2022 which would ensure the planned growth into next year. The College was on track to achieve the adult funding allocation. Although it was falling short of the ESFA budget, there was over deliver on the GLA allocation which would offset it.

Governors said the financial health appeared to be in a good position, having moved to a surplus and in terms of enrolment numbers. It was a great position to be in.

### b) **Human Resources**

At the last meeting, governors had asked for a clear view of long term absence distinct from short term absence. This had now been built into the Data Dashboard. Sickness absence was 6% which compared favourably with 7% at the same time last year. This comprised of 4.2% long term absence and short term absence of just under 2%. It was well above the target of 3.5% and the sector benchmark data of 2.8% (2021 AOC Data).

Governors asked when the benchmark data would be updated. MC said he expected July 22 data to be published in November 2023.

Governors said long term absence was driving the high level of sickness absence.

The Committee reviewed the staff ethnicity profile which continued to be representative of the student population but there was a developing gap. The Head of HR had recently attended a conference on Equity and Diversity and would be trialling different recruitment ideas which might make a positive difference in terms of closing the gap.

Staff utilisation was 90.5% compared to a target of 94%. The College was working on ways of maximising it for the year to achieve the target.

Governors asked what had changed to create the reduction. TA explained that there was under utilisation in some individual areas, sometimes linked to support needs. Governors said it might be an indicator of where there were some challenges. A swing of 5% was substantial.

Staff turnover was showing improvement year on year at 8% compared to a target of 19%. Governors said it was an encouraging position.

c) **Health and Safety**

64 accidents had been reported in the autumn term which was slightly higher than in previous years. Although there had been a higher number of accidents, there were a similar proportion of accidents in areas where they were expected such as Hair and Beauty and the Nursery. There had been a slight reduction in the number of falls and trips, possibly due to there being slightly less children in the nursery.

There had been two HSE reportable incidents. MM explained the details of the accidents and the steps taken.

56 risk assessments had been completed in the autumn term compared to 30 risk assessments completed in the same period last year. The change was largely due to an increase in the number of trips, visits and events taking place.

146 health and safety training sessions had been completed.

58 students in the College required a PEEP. 30 had been completed and 28 were in progress, due to be completed imminently.

MM reported that a surveyor had conducted an assessment to find out whether the college buildings had any Reinforced Autoclaved Aerated Concrete (RAAC) as warnings had been issued. The survey had confirmed that there was no RAAC and a certificate would be issued in due course.

d) **Sustainability**

A new sustainability section had been added to the Data Dashboard. Information on progress made towards waste and recycling would be added at a later date.

The College was in the process of changing behaviours in terms of energy consumption. Measures put in place had meant there had been a further decrease in consumption which was now showing a reduction of 11.5% between September 2022 to December 2022. Governors said this was good progress.

Governors said it was good to be able to see the energy consumption month by month but asked for top level information to be added as well.

**Action: MM**

The College had carried out a successful pilot of an Award in Sustainability which would now be extended to Construction students. The recent Development Day had included sessions about how staff can embed sustainability into courses.

Electrical vehicle charging points had been installed at the Skills and Logistics Centre and the motor vehicle unit had been refurbished to be able to accommodate electric vehicles.

The College had received £195k of capital funding from the ESFA to invest in capital projects resulting in energy efficiencies. This would be spent on renewable solar energy.

## 7/23 Development Plan and Strategic Objectives

A '2022-23 Development Plan – FRCPC Extract Updated Feb 23' (Paper 6) was received in advance of the meeting.

The Executive Team drew attention to key points in the update:

- The College had engaged with partners looking to deliver the planned capital works included in the College Property Strategy. As part of the ONS reclassification, further funding would be received in April 2023 which would be spent on making condition improvements.
- Development of the work force was a key focus this year. Good progress had been made around digital skills for teaching and support staff as well as industrial updating for teaching staff.
- Internal progression and external applications were both up compared to the same time last year.

Governors asked what the conversion rate was from someone walking through the door to attending on the first day. The Principal said it was between 30-35%. The College followed up every application several times and carried out analysis of where enrolments came from which informed the curriculum planning process and whether any changes were needed to the marketing strategy. Governors said this sounded quite low and asked if there were any reasons for it. The Principal said it wasn't particularly low. Now that the College had online applications, there had been an increase in students making multiple applications.

## 8/23 Skills and Logistics Centre

A 'Lease and Financial Analysis' (Paper 7) was received in advance of the meeting.

The Committee reviewed the situation with the lease agreement for the Skills and Logistics Centre. There was still no signed lease agreement in place, however, legal advice from the College solicitors gave assurance as to tenancy. It was agreed to continue with the current course but to continue to keep it under review.

Governors asked for information to be provided about what would happen in a disaster case if the lease was withdrawn to include how much time the College need to come up with an alternative location.

**Action: MC**

Governors asked whether anything had changed with regard to leases as a result of the ONS reclassification. It was agreed that MC would check the position.

**Action: MC**

The 'Income and Expenditure Account 21/22 for the Skills and Logistics Centre' (Paper 7ii) was received in advance of the meeting. The Skills and Logistics Centre was making a positive contribution but it was small and considerably lower than the operations at the Isleworth site.

Governors said the College had invested £3m in the Skills and Logistics Centre, with the business case centred on logistics. They asked whether the College was getting a return on investment. MC said he would need to carry out further analysis but thought it was unlikely.

**Action: MC**

Governors said it would be interesting to review the position once the LSIP had been finalised to see which elements would require the site at Feltham. For example, the electric vehicle courses couldn't be delivered on the main campus. The LSIP might enhance the case for investment in Feltham.

Governors said it was good to see that apprenticeships were a recovering element of the curriculum following the disproportionate impact that COVID had on them.

## 9/23 **Management Accounts**

The 'Management Accounts for December 2022' was received in advance of the meeting (Paper 8).

The operating surplus had improved. Favourable movements included pay costs, energy recharges to tenants, release of provisions and sizeable growth in terms of 14-16 provision. Adverse movements included the nursery income being below budget due to it running at 75% capacity. There would be a clawback in terms of capacity and development funding for industry placements.

There was projected compliance with both bank covenants. With regard to the covenant for operational leverage, there was considerable headroom.

Governors asked about the reasons for the variances on the income lines. MC highlighted the key variances:

- 16-19 funding: This included provision for a clawback of the capacity and development funding. Additional free school meals funding had been received.
- Adult education budget: There had been a year to date adverse movement but this was the result of timing differences. Shorter courses were due to start later in the year.
- High needs funding: There had been a favourable variance. Although there had been a slight reduction in numbers there had been an increase in support costs.
- Higher Education recruitment was below target but it was a positive position in terms of franchised provision.
- Nursery income was down.
- Other income showed a significant favourable variance which was due to the higher recharges to long term tenants because of the additional energy costs incurred and a release of prior year provisions relating to advance learner loans.

IT WAS DECIDED to note the Management Accounts.

## 10/23 **Indicative Funding Allocations and Planning Parameters for 2023/24**

'Indicative Funding Allocations and Planning Parameters for 2023/24' (Paper 9) was received in advance of the meeting.

MC drew attention to key points in the report:

- There would be a sizeable increase in 16-19 funding next year due to the College achieving the student enrolment target and an increase of 2% to the baseline national funding rate.
- There was planned growth to the adult education budget and targeted growth to apprenticeships.
- A review and restructure of Higher Education provision was underway.

- A pay award of 3.5% had been factored in.
- There was favourable movement in terms of employers' contribution towards the LGPS. The secondary contribution had reduced significantly.
- The figures included an assumption that energy costs would be approx. £1.5 million and that inflation would be 6%.

This would result in an operating surplus of £40k (below the 1% target), a 'good' financial health grade and compliance with the bank loan covenants.

Governors said it was good to get an early indication of the financial position for next year. It was also positive to see some increases in funding confirmed and to see growth in apprenticeships.

In terms of energy, the College was proposing a further 15% reduction in energy costs. Governors asked whether this was realistic as the College wasn't hitting the targets for energy reduction for this year. MC explained that the planning for next year included an 18% target for energy cost reduction. This was a cumulative target across both years, so an additional 3% reduction. MM explained that the installation of solar panels would support with the proposed reduction in cost.

Governors said it was a good set of parameters to develop the budget on. The energy variables remained huge in terms of price, the amount of Government support and the College's own energy usage.

## 11/23 Financial Contracts

A 'Financial Contracts Report' (Paper 10) was received in advance of the meeting.

There were no contracts due to expire before the next sitting of the committee but the following long-term contracts would expire at the end of July 2023 and may all require a tender process, subject to discussion and agreement by the committee:

- Insurance (currently provided by Hettle Andrews)
- Payroll services (Liberata)
- Washroom services (Initial Washroom Hygiene)

The committee discussed the current requirement for the Corporation to approve any contracts that spanned more than one year and whether to change this so that Corporation approval was linked to value rather than length of contract. It was agreed to look into this further before making any changes to the current arrangements.

**Action:** MC/SW

The committee reviewed the contracts that were due to expire at the end of July 2023 and the following actions were agreed:

- The tender process for insurance would be on hold pending further clarification about the impact of the ONS reclassification.
- Rather than initially going down a tender route for Payroll Services, the College would go back to the existing provider for a quote. If the price was good value for money, the College would review the contract with them. Positive feedback about their services had been received from members of the team.
- A tender process would be started for the Washroom Services.

Governors said they were satisfied that the College could choose to re-contract with the same provider for the Payroll Services this time as the last tender took place in the last 3 years. However, they said it would need to be re-tendered periodically.

Governors asked about the catering contract that was due to come up for review in 2024 and whether Taylor Shaw would be in a position to offer a service moving forward. MM said their intention was to re-tender for the contract.

Governors asked about the Brentford contract which was due for review over the summer. The Principal said there were no planned changes. The College would be growing that area of work.

## 12/23 **Policy Approval**

### a) **Tuition Fee Policy 2023/24**

The draft 'Tuition Fee Policy 2023/24' (Paper 11) was received in advance of the meeting. It included a 5% increase in fees.

IT WAS DECIDED to approve the Tuition Fee Policy.

### b) **Treasury Management Policy 2023/24**

The draft 'Treasury Management Policy 2023/24' (Paper 12) was received in advance of the meeting.

The only change was a recommendation that the amount that could be deposited with any one provider be increased to £2m from £1m to take advantage of the increase in interest rates.

Governors agreed with the recommendation but said there also needed to be a longer term evaluation of options to ensure the College wasn't missing out on better rates.

Governors asked for additions to the policy to be made that would prohibit speculation, foreign exchange and cyber currencies.

**Action: MC**

After making the amendments, IT WAS DECIDED to approve the Treasury Management Policy.

### c) **Financial Regulations**

It was agreed to review the Financial Regulations at the next meeting of the committee.

### d) **Framework for Pay and Conditions of Staff**

It was agreed to defer review of the Framework for Pay and Conditions of Staff to the next meeting.

## 13/23 **Financial Scheme of Delegation**

A draft 'Financial Scheme of Delegation' (Paper 15) was received in advance of the meeting.

The Financial Scheme of Delegation had been updated to include changes as a result of the ONS decision to reclassify colleges as public sector organisations.

IT WAS DECIDED to recommend the updated Financial Scheme of Delegation to the Corporation for approval.



#### 14/23 **ONS Updates**

The following pieces of guidance from the Department for Education were received and noted:

- College requirements for novel, contentious and repercussive transactions (Paper 16)
- College requirements for indemnities, guarantees and letters of comfort (Paper 17)
- College requirements for special payments, including severance, compensation and ex-gratia payments (Paper 18)
- College requirements for write offs and losses (Paper 19)

Governors asked if any further action was required at this point and noted that it wasn't.

#### 15/23 **Items for the Next Agenda**

- Financial Regulations.
- Framework for Pay and Conditions of Staff.
- Update on ONS changes.

#### 16/23 **Date of the Next Meeting**

The date of the next meeting of the committee was Wednesday 21 June 2023 at 6.00pm.

## Summary of Actions

No.	Action	Lead	Target Date
11/22	Add financial information to the analysis of curriculum space allocation.	MC	Mar 23
29/22	Circulate the report from the efficiency surveys to committee members.	MM	Mar 23
6/23	Add in top level information about energy consumption to the Data Dashboard.	MM	June 23
8/23	Check whether there have been any changes with regard to leases as a result of the change to the ONS reclassification and whether this has any impact on the Skills and Logistics Centre.	MC	June 23
8/23i	Provide a report about what would happen in a disaster case if the Skills and Logistics Centre lease was withdrawn as well as how much time the College need to come up with an alternative location.	MC	June 23
8/23ii	Carry out further analysis on the Skills and Logistics Centre to understand whether the College was getting a return on the £3m investment.	MC	June 23
11/23	Look into whether it is possible to change the approval of contracts spanning more than one year so that it is based on value of contract rather than length of contract.	MC/SW	June 23
12/23	Add a section to the Treasury Management Policy prohibiting speculation, foreign exchange and cyber currencies.	MC`	June 23