

**Minutes of the Meeting of the  
Finance, Resources and Capital Projects Committee  
held at 6.00pm on Wednesday 23 November 2022 at the College.**

<b>Present:</b>	Mr A Luke (AL) Ms T Aust (TA) Mr S Wilcox (SW) 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

**22/22 Welcome and Apologies**

The Chair welcomed everyone to the meeting. Apologies for absence were received and accepted from CC.

**23/22 Declarations of Interest**

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

**24/22 Minutes of the Last Meeting**

- a) Minutes from the meeting of the committee held on 22 June 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) Minutes from the meeting of the committee held on 14 September 2022 had been received in advance (Paper 2). IT WAS DECIDED the minutes were a true record of the meeting and they were approved.

**25/22 Matters Arising**

The 'Summary Action Point List' (Paper 3) had been received in advance of the meeting. The following updates against previous action points was noted:

MIN REF	DETAILS OF RESOLUTION/ACTION POINT	LEAD	STATUS UPDATE
5/22	Look into whether there is any benchmarking data available for staff utilisation.	MC	Sector benchmarking data for staff utilisation is not currently available. However, the annual Finance Record template was published earlier this

			<p>month and contains in the benchmarking section some new curriculum planning questions. These include disclosure of data to calculate a staff utilisation percentage.</p> <p>Financial data taken from college accounts is usually published in May following the previous financial year, e.g. May 2023 for the year ending 31 July 2022. College-level curriculum planning information will not be published but summary information will be made available by ESFA via the <a href="#">View your education data</a> portal.</p>
5/22a	Let committee members know how many colleges achieve the target for 'staff costs as a percentage of income', how they manage to achieve it and whether it is related to staff utilisation performance.	MC	<p>84/227 (37%) all providers nationally 9/31 (29%) in Greater London</p> <p>62/159 (39%) GFE/Tertiary colleges nationally 6/16 (38%) in Greater London</p> <p><i>Source: ESFA summary of college Finance Records for the year ended 31 July 2021</i></p> <p>Information as to <i>how</i> colleges achieve the target is not available. However, The FE Commissioner's team recently undertook a Curriculum Efficiency and Financial Sustainability pilot as part of their package of active support for colleges. As staff utilisation is clearly one aspect of curriculum efficiency, it's therefore likely such information may be made available more widely as a means of sharing effective practice.</p>
5/22b	Add in data about Near Misses to the data dashboard.	MM	<p>Near Misses will be added to the Data Dashboard for 2022-23, but these will not be reflected until the spring term committee meeting when stats from autumn term 2022-23 are reviewed. In November's committee meeting, the committee will receive a report on the stats from the summer term of 2021-22 and the year end position, which will keep reported data consistent with the previous two terms and also reciprocated through the Health and Safety annual report.</p>
11/22	Provide information about the space allocated to different areas of the curriculum and what sort of value was being achieved.	MM	<p>A study of allocated space within curriculum areas has been completed and indicates that the % teaching area spaces is broadly proportionate to the size of provision within curriculum areas. In many cases, the type/size of space was found to be intrinsically linked to the</p>

			practical delivery of courses with no single measure being solely representative, e.g. number of courses, groups or enrolments. For completeness, the full data has been provided in paper 10(b) and should be considered alongside the utilisation data.
19/22	Add additional information to future finance papers to include a traffic lighting system for each line showing the risk associated with each element and a second column which identifies where management attention is required to keep them in budget.	MC	Included against income and expenditure line items in I&E Account of management accounts for 30 September 2022.

## 26/22 Risk Management

The Committee received a 'Risk Report' in advance of the meeting. (Paper 4).

It was noted that there were no new risks on the register and there had been no deletions. The score for Risk 12 'Inability to Control Expenditure' had been increased due to the financial impact of the scale of energy cost increases.

Governors asked why there had been an increase to the score for Risk 12 when action had been taken to minimise the impact of the energy cost increases. MC explained the score had been increased due to the size of the financial impact, i.e. because there would be a worsening of expenditure of >£500k, not due to increased likelihood of the risk materialising. Governors asked whether there were any external funding risks. MC said funding risks were included on the register. Governors suggested opportunities could be added to the Risk Register as well as strategic risks/assumptions. It was agreed this was something the Governance, Search and Strategy Committee could look at.

**Action:** GSS Committee.

## 27/22 Data Dashboard Review

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

### a) Finance

The projection for Financial health was a score of 200 out of 300 which was a 'Good' grade. The projected scores for the three components were:

Solvency: 100/100

Profitability: 40/100

Borrowing: 60/100

The calculated ratios at 31 July 2023 were:

- Adjusted Current Ratio – 2.2 (ESFA/FEC target: >1.4)

- EBITDA – 4.9%
- Borrowing as a percentage of income – 32.8% (ESFA target: <40%)

The projected year-end operating result was an operating deficit of £272k compared with the budgeted surplus of £25k.

Governors asked about the energy rebate. MC said the College would receive financial support through the Energy Bill Relief Scheme (EBRS) for businesses for 6 months from 1<sup>st</sup> October which it is estimated would amount to just over £600k. Governors asked how the College was monitoring the planned 15% reduction in energy. MM explained a number of energy saving initiatives had been implemented but it was still too early to see the impact.

## b) **Human Resources**

### Sickness Absence

In 2021/22, there had been 6.5% of lost time compared to the College target of 3% and sector benchmarking data of 2.8%. There had been a significant increase in the number of staff on long term sick which was 4.1% of the total. Governors suggested adding an additional figure to the Data Dashboard which showed the absence figures without long term sickness included.

**Action: MC**

### Ethnicity Profile

There had been an increase in the BME ethnicity profile for both students and staff. The BME ethnicity profile for the College Management Team (CMT) had been included in the Data Dashboard for the first time. There was a slightly smaller proportion of management team that was of BME origin.

### Staff Utilisation

Staff utilisation for 2021-22 was 95.5% compared to a target of 94%.

### Staff Turnover

Staff turnover for the year was 18% compared to benchmarking data of 15%. This was a slight increase on last year but not as high as in previous years.

## c) **Health and Safety**

The total number of reported accidents in 2021-22 was 184. There was one incident of note that was reportable to the Health and Safety Executive.

143 risk assessments were completed in 2021-22. 90% were attributable to trips and on-site events.

456 training sessions relating to Health and Safety were completed by staff in 2021-22.

48 students were identified as needing a Personal Emergency Evacuation Plan. These were individually reviewed or completed where required for new students.

The Committee discussed Near Miss reporting, new processes had been put in place and staff had been trained. Governors said it was important to keep the purpose in mind, which was to be a safe, learning organisation.

## 28/22 **2021/22 Outturn and Financial Statements**

### a) **Final Management Accounts (July 22)**

The 'Final Management Accounts – July 22' were received in advance of the meeting (Paper 5). It was noted that there were no significant changes from those reported at the last meeting of the Committee.

### b) **Draft Report and Financial Statements for the Year Ended 31 July 2022.**

The 'Draft Report and Financial Statements for the year ended 31 July 2022' were received in advance of the meeting. (Paper 6).

Once FRS102 pension costs were taken into account, there would be a reported operating deficit of just over £1.1 million. There had been significant change to the pension liability, which had reduced from £20.5 million at 31 July 2021 to £8.8 million at 31 July 2022. This was after actuarial gain of £12.9m based on a revised actuarial valuation, requested by Buzzacott, to take account of the expected impact of the 2023 Pension Increase Order on future pensions payable.

IT WAS DECIDED that, subject to a satisfactory review undertaken by the Audit Committee, the Committee would recommend to the Corporation approval of the Financial Statement and Annual Report 2021-22.

### c) **Post Audit Management Report**

The 'Post Audit Management Report' was received in advance of the meeting. (Paper 7) and was noted.

### d) **Draft Letter of Representation**

The 'Draft Letter of Representation' was received in advance of the meeting. (Paper 8) and noted.

## 29/22 **Management Accounts**

The 'Management Accounts for September 2022' was received in advance of the meeting (Paper 9).

Governors asked how much head room there was with the operational leverage bank covenant. MC said that current projections showed head room of just under £600k. The College was expecting to comply with both covenants.

Governors said the addition of the RAG column in the Management Accounts had been useful. The key risk was around energy reduction. They asked what the plan was for achieving a 15% reduction in energy use. MM explained the actions taken which included the completion of efficiency surveys. A report from the surveys would be circulated to Committee members once received.

**Action:** MM

Governors said £329k needed to be found in savings via energy reduction and asked for a report detailing the energy consumption to date with a comparison against previous years to be provided at the December meeting of the Corporation.

It was noted that Adult Education was also flagged as 'red' as the College needed to be proactive to achieve the targets.

IT WAS DECIDED to note the Management Accounts.

## 30/22 **Property Strategy**

The Committee received the following papers in advance of the meeting:

- Property Strategy Cover Sheet (Paper 10)
- WTC Property Strategy (Paper 10a)
- Curriculum Area Space Analysis (Paper 10b)
- Appendices (Paper 10c)

MM summarised changes to the Property Strategy since the draft was presented at the last meeting of the Committee.

The operating costs had been analysed and benchmarked against ESFA data. The College was slightly lower than the norm which was positive. A space needs analysis had been completed, the recommendation was that there was no need for any further accommodation in the next 3-5 years.

The Committee discussed the Capital spend and whether the College could afford to deliver everything in the Property Strategy. It was noted the Strategy included priority areas and the College would make the most of funding opportunities.

IT WAS DECIDED to recommend the Property Strategy to the Corporation for approval at their meeting on 14 December 2022.

## 31/22 **Sustainability Objectives and KPIs**

### a) **Progress Update**

The Committee received a verbal update on progress towards meeting the sustainability objectives:

- A new Executive Group 'Resources and Environment' had been introduced to have oversight of progress. The group was made up of staff and student representatives.
- Work was underway on the decarbonisation plan.
- Evening classes had been moved to one building.
- Portable heaters had been removed.
- Old IT equipment was being replaced.
- The College was looking at travel to work plans for staff and students. A Green Travel Plan would be in place by the end of the academic year.
- A new recycle bin strategy had been launched.
- A lot of work was being done around raising awareness of sustainability. Further training and development was planned.

### b) **Future Reporting Requirements**

The Committee discussed future reporting requirements. It was agreed headline KPIs would be added to the Data Dashboard to be reviewed at each meeting. Progress towards objectives would also be monitored via receiving an update on progress towards the Development Plan.

**Action: MM**

Governors asked how much different sections of the college community had been involved in contributing ideas. MM said the College was changing the culture and making sure everyone knew their responsibility. Governors said they thought there was still opportunity to do more.

### 32/22 **Capital Expenditure.**

The Committee received a 'Capital Expenditure 2022-23 Cover Sheet' (Paper 11) and a 'Capital Expenditure 2022-23 Executive Summary Report' (Paper 11a) in advance of the meeting.

The College had £800k approved to spend this year, which would predominately be spent on items highlighted in the Property Strategy.

IT WAS DECIDED to note the Capital Expenditure report.

### 33/22 **Financial Regulations**

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

### 34/22 **Financial Contracts**

A paper listing the major financial contracts due for review (Paper 13) had been received in advance of the meeting.

Two contracts had been due to be reviewed over the summer: Insurance (Hettle Andrews) and Diploma in Sports Provision (Brentford FC Community Sports Trust).

IT WAS DECIDED to approve renewal of both contracts.

It was observed that this retrospective approval was outside of the agreed Scheme of Delegation and recognised as a learning event. Moving forward the correct procedures would be implemented.

### 35/22 **Human Resources Annual Report 2021-22**

The 'Annual Human Resources Annual Report 2021-22' was received in advance of the meeting. (Paper 14).

IT WAS DECIDED to note the HR report.

### 36/22 **Health and Safety Report 2021-22**

The 'Annual Health and Safety Report 2021-22' was received in advance of the meeting. (Paper 15).

IT WAS DECIDED to note the Health and Safety report.

### 37/22 **Committee Matters**

#### a) **Committee Terms of Reference**

The 'Committee Terms of Reference 2022-23' were received in advance of the meeting (Paper 16).

IT WAS DECIDED to recommend the terms of reference to the Corporation for approval.

#### b) **Committee Schedule of Business**

The 'Indicative Schedule of Business' for the committee was received in advance of the meeting and noted. (Paper 17).

### 38/22 **Development Plan and Strategic Plan**

The Committee discussed reporting requirements for the Development Plan and the Strategic Plan.

It was agreed KPIs were largely captured via the Data Dashboard. An additional agenda item would be added to Committee meetings to track progress towards both Development Plan objectives and the Strategic Plan. Governors said they would be interested to see where the College was on achieving the objectives and whether they were on track. Area to be highlighted would be those that were behind schedule or where difficulties were being experienced.

### 39/22 **Correspondence**

A letter from the ESFA dated 30 March 2022 regarding the Financial Statements Review 2020/2021 (Paper 18) was received and noted.

Slides from the Association of Colleges Finance and Audit Committee Chairs network meeting held on 7 November 2022 (Paper 19) were received and noted.

### 40/22 **Confidential Item**

A confidential agenda item was discussed and separate minutes were taken.

### 41/22 **Date of the Next Meeting**

The date of the next meeting of the committee was Wednesday 1 March 2023 at 6.00pm.

## Summary of Actions

No.	Action	Lead	Target Date
11/22	Add financial information to the analysis of curriculum space allocation.	MM	Mar 2023
26/22	Consider adding opportunities into the Risk Register and include the risks and assumptions from the Strategic Plan.	GSS Committee	Feb 2023
27/22	Add a sickness absence figure to the Data Dashboard which doesn't include long term sick absence.	MC	Mar 2023
29/22	Circulate the report from the efficiency surveys to committee members.	MM	Dec 2022
31/22	Add headline sustainability KPIs to the Data Dashboard.	MM	Mar 2023