HEART OF WORCESTERSHIRE COLLEGE

Minutes of Finance & Resources Committee Meeting
Tuesday 21 November 2023 at 17:30
Via Teams

No.	Item	Action For:
1.1	**Welcome & Apologies**	
	In attendance : Tony King (Chair) Adam Hall (Governor) James Hancher (Student Governor) Evan Whakahau (Staff Governor) Michelle Dowse (Principal/CEO) David Ash (Corporation Chair/Observer) Nicki Williams (Vice Principal/Deputy CEO) Cherie Clements (Vice Principal) Tony Green (Assistant Principal) Donna Gibson (Deputy Clerk) Apologies were received from Kay Kavanagh (Clerk) Those on the call were welcomed to the first meeting of the Finance & Resources Committee. It was acknowledged that whilst the agenda was quite large, it should contribute towards reducing the burden on the main Corporation meetings.	
1.2	**Declarations of Interest**	
	There were no declarations.	
1.3	**Determination of Any Other Business**	
	It was agreed to take any items at the end of the main part of the meeting.	
1.4	**Financial KPIs, including funding (for discussion)**	
	Financial KPIs 22/23 – July 2023 • The KPIs were taken as being read by members in advance • It was noted that 22/23 was close to projection • EBITDA is higher than budget at £934k • Non pay costs are showing as read and are higher than the budget at year end by £2.1m • Financial health is currently at 190, Good a drop to 170 would change the status to Requires Improvement • The Santander Covenants have been met • With regards to the FEC Commissioner Benchmarks it was noted that the operating surplus is RED, the remaining benchmarks are GREEN • The cashflow position is positive **A Governor questioned why the Non Pay Costs in the Executive Summary were higher. In response they were advised that we had the Skills Development Fund in year, so it is not a true overspend when the £1m for SDF is take into consideration.*	

<table>
<tr>
<td></td>
<td>
*A Governor asked if the apprenticeship final pass rate – final levy payment needed to be discussed. In response it was noted that projections had been better but the approach taken was to be cautious and consider the impact of the achievement rates. Finance would reflect on the worst case achievement rate and would flag that up.
*Governors questioned the relevance of the FEC Benchmarks. It was noted that these are presently used by colleges as a guide and are intended to be aspirational.
Staff utilisation was discussed, noting that not all staff are lecturing staff and that some staff are on split contracts and they are included in Staff Costs on table 2. Work is in progress to improve on the 94% of the 850hrs being utilised. The CEFFS action plans suggests that we are delivering more hours than we should be. SLT will look at the hours that should be teached and staff utilisation within those hours. Governors would then receive the key headlines along with a supporting narrative for their reassurance.
It was noted that the Santander Loan is a variable rate loan.
The pack will be available for December Corporation (in the reading room).
The Chair will include the item in the summary for Corporation that gives assurance that the F&R Committee discussed the item.
</td>
<td>
CC
TK
</td>
</tr>
<tr>
<td></td>
<td>
Financial KPIs 23/24 – September 2023 (for discussion)

The KPIs were taken as being read by members in advance
Pay costs are up due to an increase in funding allocation, an increase in the NMW and a potential pay award were noted
Non pay costs are higher due to agency staff costs and extra staffing
Investment income has increased due to the deposit placed with NatWest at a rate of 5.56%
EBITDA has declined due to interest
Financial Health is Good at 200 points, a drop to 170 will see a drop to Requires Improvement
The Santander covenant could be breached by year end. This will be reviewed at the start of 2024 with regards to paying off the loan. This would be a positive impact and would be flagged up to Corporation should that decision need to be made.

*A Governor asked about the sale of Osprey House. In response they were advised that a decision on the planning application is due on 11 January 2024. If it proceeds the income will be ringfenced. For the benefit of newer members to Corporation it was explained that Osprey House is a decanted property that has been sold for £3.1m subject to planning approval.
</td>
<td></td>
</tr>
</table>

	**A Governor challenged whether we are certain that we got a fair price for the building. They were reassured that for the purposes of transparency and valued for money, Corporation had received the formal valuation with the market value, the property report, and the advice from the agents to sell.* Any income received from the sale of Osprey House has not been included in figures yet and will have no impact on EBITDA or Financial Health. **A Governor questioned the progress on the leasing out of the nursery in Bromsgrove. Members were advised that we are in the latter stages of the legal process with completion taking place at the end of November.* Governors present were asked to note a new tab to the KPI's – Departmental Analysis. This notes the contribution by departments and shows them as RAG rated. There will be links to the CEFSS action plan and more narrative added over the year. Overall, a good discussion had taken place and updates would be expected at the next meeting, particularly around the sale of Osprey House and Santander Loan.	 NW / CC
1.5	**Financial Statements (Extract) (for discussion)**	
	• The operating deficit is £410K compared to the budgeted deficit of £1,288k, this is a slight drop from the £369k reported to Corporation in July • The overall include for year is £19,123k • There has been some significant change seen against the pension valuation, noting that the figures quoted are based on the actuaries rates. • Bank Covenants would be met based on the draft financials provided. • The amended figures will be reconciled before the financial statements are presented for approval to Corporation in December. It was noted that whilst we have no control over pension costs and whether they go up or down, we do face other challenges in year such as the PIAP and additional staffing requests whose costs could see us go into Requires Improvement for Financial Health. The Principal reassured members that the focus is on retaining Good Financial Health. Using that as a starting point thought is being given to what amount of money is needed to keep us at good, versus what would see us in requires improvement. That will determine whether a request and a business case will have to be submitted to Governors to adjust the budget accordingly. It was important to have this recorded now, at the start of the process. In the event that such a step is needed Governors would be informed of why decisions would be taken, what is the justification, what is the impact, what benefits would be seen.	

	**A Governor questioned what happens if we tip into Requires Improvements. They were advised that the ESFA Intervention Policy would come into play and the college would be in formal intervention. Financial decline would lead to a further decline in the performance of the organisation, things could potentially escalate. Members were reminded that as we are now requires improvement for Ofsted we are already under a lot of scrutiny as to how we conduct business.*	
1.6	**Update of CEFSS Action Plan (Verbal) (for discussion)**	
	• The plan will be added to the next agenda • Consideration needs to be given to the over teaching that has been highlighted versus the Ofsted report, as in what can be done and when • Staff utilisation is being looked at both across college and at department level • Remission guidelines are being aligned to be the same across college • A balanced scorecard has been created and will look at finance, quality and learners • A holistic approach will be taken towards progression – we need to deliver for the right reason and be meeting the skills needs at the same time • The PIAP and CEFSS plans are separate action plans but are being ran in parallel as there are obvious links between them **A Governor challenged whether this should be an item that is moved to the Teaching and Learning Committee. It was discussed that as the plans evolve a point will be reached where Governor approval will be required to sign off on things to be introduced, activities to be stopped. The Board will need to be clear on the reasons why, the link to the balanced scorecard and will be seeking reassurance that the decision making process has been rigorous.* It was noted that Governors will be expecting updates on the CEFSS and the PIAP and any papers should reference both in any papers provided to Governors.	NW
1.7	**Learner Numbers (for discussion)**	
	• 16-18 Full Time & High Needs is at 107%. Current number is 2414 against full year target of 2254 • Adult Full Time numbers are at 83 against a full year target of 32 • HE number excluding CIPP are at 183 versus a full year target of 176 • T Levels across areas total 51 learners – more were anticipated but this is reflective of the national picture. The plan for delivering T levels in 24/25 will be reviewed • The Consortium streams figures will increase as enrolments are made through the year ** A Governor asked if we are seeing benefits from any areas where learner numbers are rising. It was acknowledged that whilst additional income may be received for some areas, it is a number of factors that*	

	come together and determine whether the impact is short or long term. For HE, the brand is promoted generally but marketing alone does not generate an increase in funding. It was noted that mixed messaging from the Government about the future of T levels is not helpful. **A Governor asked if we would scrap T Levels altogether. They were advised that this point in time colleges are advised against scrapping T Levels and to wait and see if any further funding is released.* MD will talk to AH about future employer engagement opportunities. MD advised that there have been previous years where HoW figures have not reflected the national picture and went up and down and that will be looked at further. It was noted that the ILR is pending and will be ran at the end of the month and will provide an updated indication of current numbers and the funding.	MD / AH
1.8	**Tender Committee updates (for information)**	
	• 2 Tender Committees have taken place for: The LRC in All Saints – a contractor was appointed to complete the refurbishment and is funded from the DfE Transformation Fund. The total contract value is £254,633 and was awarded to Leon Building Services • The production of a preferred supplier list of project management, professional service teams to assist SLT to deliver capital funded projects. The total contract value is £209,058 and was awarded to Harris and Associates. **A Governor questioned who attends the Tender Committee. The Principal, Vice Principal/Deputy CEO and the Vice Principal Finance & Corporate attend plus the Chair or Vice Chair of Corporation and any managers involved in the area the tender / project relates to. It was noted that the meetings are minuted and can be made available. Governor attendance and involvement is in line with the Standing Orders.*	
1.9	**ESFA Dashboard confirmation letter (for information)**	
	• The documents provided had been submitted to the ESFA who feedback on our assumptions and share any observations / raise any queries they have regarding the submission • The dashboard will be added to the Governor Portal when it becomes available • The plan submitted indicated Good Financial Health for 22/23 and 23.24 • The dashboard provides further assurance to Governors about financial impact, performance historically and future performance in terms of financial health and how the college is comparing against the sector	DG

1.10	**Employer Satisfaction Survey (for discussion)**	
	• The survey is a measure of employer satisfaction as presented on the ESFA website and comes from levy and non levy paying employers • The overall rating is Good • The College KPI target is God • Improving apprentice skills is at 76% against a College KPI of 85% • 179 reviews have been left to date **A Governor asked what is the geographical spread of the employers? Employers are generally local; some have head offices nationally.* **A Governor stated that the apprentice skills target being low against target would be seen by employers as a red flag.* Governors were advised that there will be an action plan created that will show improvements and employer engagement will feature in the PIAP. The Chair of F&R will speak to the T&L Committee Chair to see it the item should move to that committee. Whichever committee it sits with will need an update and / or sight of the action plan .	TK TG
1.11	**Strategic Estates Review Update (for information)**	
	• Governors were advised that PMC are undertaking site visits w/c 20 November and would be meeting SLT mid week to give their initial thoughts. They will meet with managers and leaders later in the year. • Options from the PMC findings will be presented to Governors in the new year. • Governors noted that the findings would not likely be available by the next F&R Committee but they would expect a comprehensive report to be delivered at the March Governor Away Day. Item to be noted as a possible agenda item. • The Chair expressed an interest in speaking with PMC at the end of the process and it was suggested they may be able to join a feedback session. **A Governor questioned the cost of the PMC work and would the length of the process mean an increase in the cost. It was confirmed that the billing price is fixed.*	DG / KK
1.12	**Annual Sustainability Report (for discussion)**	
	• Governors recognised the work that had been undertaken to promote sustainability across College and the various actions undertaken • Governors noted the 3 main themes and the achievements against each	

	• The College has been shortlisted in the EAUC Green Gown Awards Category for Creating Impact, winners will be announced on 30 November • The report is to be shared with Denis Miles, the Lead Sustainability Governor and also the College Eco Group. Headlines from the report to be shared with staff to show progress, and the impact of actions taken and associated costs / energy saving. This will help with staff buy in with initiatives. • Governors noted that roof panels are being looked into along with the various options available – leading v purchasing **A Governor challenged whether we are getting the best rate for our energy tariffs. They were assured that these had been looked at in detail but would cost more and would not achieve any quick gains.*	NW
1.13	**Annual Health & Safety Report (for information)**	
	• The report was taken as read before the meeting • The Health and Safety Manager works closely with those areas where we know there will be expected accidents/incidents such as construction, hospitality • Nothing had required reporting to RIDDOR • Training is ongoing across the year. • A reduction in first aiders across College is due to staff leaving. Job roles are being reviewed to see if any can have that embedded, for instance if the staff member will be in a location permanently • Fire inspections had taken place and no major concerns were reported • The incident in Worcester where college buildings had been evacuated had gone well • Governors liked the newsletters that had been provided in the reading room **A Governor challenged the normalisation of accidents in known areas where they occur. They asked if when looking at the number of accidents that occur, is the number of accidents compared to the size of groups considered when determining if numbers are low or high – for example, a group of 20 with 2 incidents/accidents reported would be high. The same Governor asked if a Zero Accident Policy had, or would be considered, these are becoming the norm within industry. Such policies also help to stop staff from becoming accepting of accidents happening.* It was noted that the new Health and Safety Manager has now started so it is a suitable time to look at new initiatives and how we report incidents and accidents. Noting that it cannot be delegated to the F&R Committee for approval, the Health & Safety Report will be added to the December Corporation agenda for full Corporation approval.	NW DG

	The F&R Committee were satisfied that there were no issues to be drawn to the attention of the Corporation and recommended approval of the report.	
1.14	**Collaborative Project Updates, including Bids (For Information)** **National Star** • A follow up meeting had taken place with National Star to see what they are expecting and what are the benefits. It was noted that National Star has space limitation at some of their sites and that learners progress well when taught in a location within the area they live in – hence the interest in St Wulstan's. • The next step is a meeting between HoW, WCC and National Star to discuss collaboration, funding, and benefits. **A Governor questioned the impact on our own SEN provision. There is no impact as these are learners that we could not accommodate due to complex EHCP's. There may be some scope to look at learners we were not able to accept last year if the proposal went ahead and National Star took up the location.* **A Governor questioned why we are not just renting the space. It was noted that the learners would be on our ILR and National Star would deliver the learning. St Wulstans was mothballed and has a negative contribution for the purpose of the CEFSS review. Dividing it into spaces that can be utilised gives us options. Having similar provision, we already have the Smart Living Flat on site, in one location will help us to address some of the criticism we received from Ofsted about our specialist provision. At present the All Saints LRC is located in their due to the refurbishment project taking place.* **A Governor questioned what other options are there that could be considered for the building. These include WCC Medically Excluded Student Provision, possible commercial rental, office space rental. The building is restrictive as it cannot be renovated only adapted.* Governors will see fully detailed business cases regarding any decisions taken about the building and its use. **Local Skills Improvement Fund** • SDF Funding has jointly been obtained for a project to be undertaken with WCG and Kidderminster College. • Funds need to be spent by March 2024 and March 2025. • The project will look at responding to the needs of the LSIP and also Workforce Development – assisting businesses with leadership and management training. • Capital funding will be used to develop a digital leadership within HoW and will adapt rooms and create conference facilities **A Governor asked if this will be shown clearly in the management accounts. It was confirmed it will appear as a separate line and will be clearly highlighted.*	

	HTQ • Governors were given a brief update on the work with CIPP following a joint bid to rebadge some existing foundation degrees. **A Governor questioned what had happened to the international project that had come to Corporation meeting in the Spring. It was noted that nothing further had resulted from the project in question.* HoW is part of a bid with BMet to be an AI Centre of Excellence, this will be for the north of the county and will be led by BMet. A Governor referred to plans for AI in Agritech that their workplace may be involved in as new business, noting that there potentially could be a link to be explored.	
1.15	**GDPR Annual Report, including FOI Requests (For Information)**	
	• In 22/23 10 SAR requests were received, a decrease of 2 from the year before • 16 FOI requests were received in 22/23, an increase of 6 from the year before • 1 matter had been escalated **A Governor asked how we monitor staff undertaking GDPR Training. It was noted that training is mandatory, completion of the probation process depends on staff completing the training.* The DPO is currently updating training materials with the BLC to produce a set of questions that staff will have to answer correctly to pass the training. The system would be similar to that used for monitoring participation with KCSI and will allow participation and completion to be monitored. **A Governor questioned the induction process, is GDPR part of that process. It was confirmed that it is part of induction for all new starters*	
1.16	**Policies** **Financial Regulations – recommend** Financial Regulations require a significant update to reflect the Office for National Statistics (ONS) decision to reclassify colleges into the central government sector, the College, and its subsidiaries are now subject to the framework for financial management set out in the Managing Public Money (MPM) framework documents. The policy was recommended to go forward to Corporation and will be reviewed in 1 year. CC to add a footnote relating to the table on page 15 to note that the £150k in Senior Pay Controls can be increased by 9% per annum without DfE approval **Treasury Management Policy – recommend** No major changes had been made, however the policy does also include significant updates to reflect the ONS decision to reclassify	CC

	colleges and requirements as set out in the MPM framework documents. The policy was at its normal point of review. The policy was approved to go forward to Corporation and will be reviewed in 3 years once approved. **Value for Money Policy – approve** No major changes had been made. The policy was at its normal point of review. The policy was approved and will be reviewed in 3 years. **Alcohol & Substance Misuse Policy – approve** Minor changes have been made. Useful support information and resources have been added. The policy was approved **Harassment & Bullying Policy (Staff) – approve** Minor changes have been made. A section has been added about the Employee Assistance Programme. The policy was approved. The Chair and Vice Chair (Corp) to feedback their amends to CC directly. Where policies were approved, they will be amended to read authorised by the F&R Committee.	 TK / DA CC / DG
1.17	**Meeting Evaluation (For Discussion)**	
	• The Chair will review the ToR and bring back to the next meeting for consideration and agreement. • The meeting had been in depth with a lot of challenge seen. • Governors were encouraged to challenge more and to ask for items to be brought back to meetings. From this meeting Employer Survey, GDPR Training will come back to provide Governors with assurance.	
1.18	**AOB** • Governor challenge will be indicated with * in the minutes. • The Bank Covenant will be noted as a carry forward point. • DG confirmed the Governor Portal could be used to receive Governors questions.	 DG CC
1.19	**CONFIDENTIAL ITEMS** See separate minutes	
	Date and Time of Next Meeting: 6 February 2023, 5.30pm via Microsoft Teams	