

Minutes of Finance & Resources Committee

6 February 2024 via Teams at 5.30pm

	<p>Present: Tony King (Chair) Michelle Dowse (Principal) (Governor member of Committee) Adam Hall (Governor) David Ash (Governor) Donna Gibson (Deputy Clerk)</p> <p>In attendance: Nicki Williams (SLT) Cherie Clements (SLT)</p>	
1.	<p>Welcome and Apologies The Chair welcomed attendees to the second meeting of the committee.</p> <p>It was noted that the Chair of Corporation has joined the committee for the remainder of the 23/24 academic year.</p> <p>Apologies were received from James Hancher.</p>	
2.2	<p>Declarations of Interests There were no declarations of interest to note.</p>	
2.3	<p>Minutes of the Previous Meeting The minutes were approved subject to the amendments being made and the amount relating to Osprey House being removed from the minutes due to the purchase price being commercially confidential.</p>	Action: Deputy Clerk
	<p>It was noted that the Employer Satisfaction Survey would be remaining with F&R Committee.</p>	
2.5	<p>Determination of Any Other Business A member noted that an update was required on the Bromsgrove Nursery Lease and the Green Gown Awards. Members noted that the lease had been completed and the nursery had moved into the site. It was further noted that despite a good effort the college had been unsuccessful at the awards this time.</p>	
2.6	<p>Revised Terms of Reference It was agreed that the terms of reference allow for some levels of approval, with some items requiring recommendation to Corporation for approval.</p> <p>The Deputy Clerk advised that the Scheme of Delegation is being reviewed by the external governance adviser.</p> <p>The Committee approved the Terms of Reference in their current format.</p>	

2.7	<p>Financial KPIs Including Funding</p> <p>The paper was taken as read and members received an update and noted the following:</p> <ul style="list-style-type: none"> • an overall improvement of the deficit budget to £737k • that an improved Element 3 claim had been made in year • Financial Health remains as good. • the bank covenant is now in a meet position as opposed to the previous breach. • Pay costs. • Predicted pay award against vacancies. • Some agency spend is expected. • The departmental analysis reflects actual projected 16-18 Ad apps. <p>Recognition was noted for the VP Finance and Corporate Resources and the VP for Student Experience in ensuring that the element three claim had ensured maximum funding was received.</p> <p>Governors noted that the department analysis is a step in the right direction and is a useful part of the curriculum planning process.</p> <p><i>A governor questioned page 18 and the income narrative and whether T level clawback is due to numbers and would an increase in numbers be seen next year?</i> In response they were advised that we are seeing applications coming through and the impact of any new delivery will need to be seen. Members were advised not to expect large group sizes, noting that it can be difficult to get groups of ten.</p> <p>Members were further advised that a cross college event is due to take place and the impact of that would be seen later.</p> <p><i>A governor sought assurance that the covenant is no longer at risk of being breached and questioned the FEC benchmarks, noting that there are red and green.</i> They were advised that the covenant is showing as met. With regards to the benchmarks these are aspirational, they do not add together or impact on financial health. Good practice would be to work towards being green in all areas but with any deficit, no matter how small, there will be red areas.</p> <p><i>A governor questioned the -127% figure for IT Skills in the Department Analysis and asked if there were specific reasons for this.</i> In response they were advised that the area is a drop in centre at All Saints. The roll on roll of programme has had an impact and no significant improvement is anticipated.</p> <p><i>A governor questioned the -72% ILT variance.</i> It was noted that this is the BLC Consortium and as a business support area has a different method of calculation. Governors requested some narrative be added to such areas on future reports that could also include what steps would be taken.</p> <p>Governors were reassured that curriculum planning would be on the agenda for the March governance event.</p>	
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	<p>Governors acknowledged that they understood the impact of T Levels on the college's finances.</p> <p><i>A Governor questioned if there is a policy, benchmark, or sector standard that we apply to the cash forecast.</i> In response they were advised that the sector benchmark is to avoid cash days not going below 28 days. Members requested that the line be added to the chart.</p> <p><i>A governor asked if the agency costs for staffing are included within the department analysis.</i> In response they were advised that they are and that costs can be tracked.</p> <p>Governors agreed that the Department Analysis is a useful working document.</p>	<p>Action: VPC&R</p>
2.8	<p>Financial Forecast Update including Bank Loan</p> <p>The paper was taken as read and members noted:</p> <ul style="list-style-type: none"> • That financial health is good. • The covenant has been met in both years. • £197k reduction would see a breach. • Headings on the report have been changed. • Apps more reflects the figure more closely. • The NMW increase was flagged up. • The projection of £400k would increase for 25/26 • More bank loan detail has been added. • If we continue with a deficit next year will become tight • Santander had been updated on the position and are currently relaxed about the position. • The accounts do not show restructuring costs. • It is prudent to predict minimal starts. • If we breach in one year we would receive a waiver, if we breach over multiple years this could trigger a restructure of our loan. • Borrowing consents are subject to DFE/ESFA approval. • We currently have time and flexibility but would want to avoid a year 2 breach. <p>Governors acknowledged that we would not want to pay off the loan and then need to reborrow.</p> <p><i>A governor sought clarification whether we would save anything if the loan were repaid,</i> they were advised that we would lose bank interest, new loan values would be higher n the rate we would get is unknown. Members were advised to consider longer term aspirations.</p> <p><i>A governor challenged paying the loan off gradually to protect the breach position, perhaps in payments and asked if that was a) viable and b) had it been considered?</i> In response they were advised that the loan could be paid off in instalments. It would be prudent to review at April/May time and remodel and look at the projections, forecast and balance sheet and bring to the next meeting.</p>	<p>Action: VPC&R</p>

	Members noted that at the next meeting we should have an update on the sale of Osprey House and the proceeds of the sale. The sale of Osprey House to be added to the agenda for the next committee.	Action: Deputy Clerk
2.9	<p>National Minimum Pay Award</p> <p>The item was taken as read and members considered:</p> <ul style="list-style-type: none"> • The confirmed rate • The historical detail provided. • The proposals for all scales relating to the £580. • That the management accounts and financials include the detail <p>Governors acknowledged that the payment would be a positive boost to the reputation of the college and noted that the 6.5% paid to staff in December had been well received. The Principal confirmed that anecdotal feedback had been received from staff as to the difference the payment had made to them.</p> <p>In terms of impact the payment would go some way to retaining existing staff.</p> <p>The Principal reminded members of the ongoing gap between school and college salaries and that some roles are easier to fill than others.</p> <p>Governors noted that the payment will not alter the gender pay gap, noting that the college employs mainly females in the lower pay scale roles. Members noted that the annual HR Report would have more detail but was currently delayed as external benchmark information is not yet available.</p> <p>The Committee approved the NMW payment and noted that Payroll would need to make the relevant changes to the system.</p>	
2.10	<p>CEFSS Action Plan Update</p> <p>Governors noted the item and acknowledged that this was a useful document for governors to have sight of and was another step in the right direction.</p> <p>Governors noted the information provided in the reading room.</p> <p>Governors noted that good progress was being made against the green items and that the amber items were dependent on the time of year we are at, and that a balanced scorecard is being introduced and the FEC recommendations are being looked at – finances, estate utilisation and staff utilisation.</p> <p><i>A Governor questioned the Autumn 23 date for the FEC recommendations. In response they were advised that the recommendation was to start at the beginning of the academic year.</i></p> <p><i>Governors questioned if there will be a review of class sizes and were advised that there are already some areas/classes that are being monitored. Governors were advised that our target is a class size of sixteen and it is classes below 16 that are being monitored. Further reassurance was</i></p>	

	<p>provided in that decisions are no longer made at a local level and SLT have sign off on agreeing classes that are below the number.</p> <p>Governors were reminded that at the time of the CEFSS exercise we had not been graded down to RI and some decisions would now have to be made against the backdrop of the new grading. Governors acknowledged this.</p> <p><i>Governors challenged whether we will have done enough to show any impact on the areas of concern that were identified?</i> In response they were advised that caseloads are proving challenging due to low starts. Apprenticeships is the slowest area in terms of making progress, by the time of the monitoring visit caseloads and numbers will have been addressed and Ofsted will focus on quality.</p> <p><i>Governors asked if there is targeted marketing undertake for specific areas.</i> They were advised that Marketing and SLT check application numbers regularly and will focus on areas that may need additional promotion, however they have to maintain the balance between individual course promotion and the need for the wider college promotions to be maintained.</p>	
2.11	<p>Tender Committee Update</p> <p>Governors noted the supporting information provided for information.</p> <p>Tender Committee had approved bids that were under the stated limits for:</p> <ul style="list-style-type: none"> • Roof work to be conducted at Redditch Peakman Campus • The refurbishment of the Business Hub in Worcester <p>A governor asked if there are any more bids coming up and were advised that the following would be next:</p> <ul style="list-style-type: none"> • Electrical workshop at Bromsgrove • Window replacement at All Saints • Window replacement in P Block Redditch • Lift replacement <p>Governors noted that the bus tender is currently out and will require Tender Committee approval.</p> <p>In the upcoming academic year tenders would be undertaken for:</p> <ul style="list-style-type: none"> • The M&E Contract • Printers • Cleaning Services 	
2.12	<p>Satisfaction Survey – Verbal Update</p> <p>Governors noted that the survey is a national survey and there was little to be updated on at this moment in time.</p>	

2.13	<p>Collaborative Projects</p> <p>National Star</p> <ul style="list-style-type: none"> • a positive meeting had taken place with National Stat • a grant had been received to make some adaptations. <p>LSIF</p> <ul style="list-style-type: none"> • Governors noted that the project had been hard to deliver due to the very tight timescales. • A close eye is being kept on the funding as we may need to re-forecast. • Governors noted the information in the reading room. <p>Innovate Uk</p> <ul style="list-style-type: none"> • The project will commence in March. • A project manager is being recruited. • Governors noted the information in the reading room. 	
2.14	<p>Staff Survey – Actions Update</p> <p>Governors monitored the action plan and noted:</p> <ul style="list-style-type: none"> • Five impact measures have been added. • We are confident that future surveys will receive better engagement going forward. • A Third Party will be used for the next survey. • Input received from Vicki Davies had been invaluable. <p><i>Governors questioned whether it will be clear what the response rate is when using a third party?</i> They were advised that the response rates would be known and could be broken down into areas, this will assist managers in understanding the response rates for their areas. The survey will be anonymous.</p>	
2.15	<p>KPIs – Place, Planet and People</p> <p>Governors received the KPIs and observed that:</p> <ul style="list-style-type: none"> • staff retention had changed, noting that staff tend to leave towards the end of term. • Room utilisation has dropped slightly and is nearer 15% than 21% • Carbon reduction is calculated annually and is required for the financial statements. • Gas usage is up and showing an odd pattern which is being looked into. There are no gas leaks so it could be how the information is being reported. 	
2.16	<p>Policies HE Fees Policy</p> <p>Governors noted that the changes made to the policy.</p> <p>Fees are slightly higher than some of the local colleges, but the teams do not feel that will have too much of an impact. The Principal had requested</p>	

	<p>that some analysis be undertaken to see what the neighbouring competitive colleges are charging. Management confirmed we can justify why our fees are higher.</p> <p>The policy was recommended for Corporation approval.</p>	
2.17	<p>Meeting Effectiveness</p> <ul style="list-style-type: none"> • The reduced agenda was acknowledged. • There had been some good challenge, however it was felt that there could have been challenge about the deficit budget figure for next year. • Papers were well written and were focused. • Ongoing reflection is a positive going forward. • The papers were just the right volume and did not require excessive preparation time. • Work will continue to get the right papers to the right committee at the appropriate time. • For SLT the cover papers take time to prepare, the content of the items being placed before the committee are discussed at SLT before coming to committee. • The way we schedule meetings is flexible and we can adapt when we need to • Two hours is an adequate amount of time for the meetings. 	
2.18	<p>Any Other Business</p> <p>There were no items to be discussed. The meeting ended at 7.29pm</p>	
	<p>Date and time of next meeting: Tuesday 11 June 2024 via Teams at 5.30pm</p>	