



**Minutes of the Meeting of the
 Finance, Resources and Capital Projects Committee**
 held at 4.00 pm on Wednesday 21 June 2023
 at the College.

Present: Mr S McGeoch (SM) Chair
 Ms T Aust (TA) Principal
 Mr S Taylor (ST)
 Mr P Sullivan (PS)

Apologies: Mr S Wilcox (SW)

In Attendance: Ms K Frost (KF) Head of Governance
 Mr M Cooper (MC) Executive Director Finance, HR and Development
 Mr M Michaelides (MM) Executive Director Resources and Student Experience
 Mr T Hayhoe (TH)

17/23 Welcome and Apologies

SM took the Chair for the meeting and welcomed everyone, particularly PS and TH, who were attending their first meeting of the Committee. ST was attending the meeting virtually via Teams. Apologies for absence were received and accepted from SW.

18/23 Declarations of Interest

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

19/23 Minutes of the Last Meeting

Minutes from the meeting of the committee held on 1 March 2023 had been received in advance (Paper 1). IT WAS DECIDED the minutes were a true record of the meeting and they were approved.

20/23 Matters Arising

The 'Summary Action Point List' (Paper 2) had been received in advance of the meeting. The following updates against previous action points was noted:

No.	Action	Status Update
11/22	Add financial information to the analysis of curriculum space allocation.	The financial information had been added to the analysis. <u>Governors requested</u> that the space allocation and financial contribution data be presented on an XY (scatter) chart to show the relationship between the

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Date:

		two. This would be circulated to the Committee.
29/22	Circulate the report from the efficiency surveys to committee members.	The final decarbonisation plan was ready and included in the papers for the meeting.
6/23	Add in top level information about energy consumption to the Data Dashboard.	The top-level energy usage/spend KPIs had been added to the Data Dashboard and were presented at the meeting.
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.	Reclassification has no implications for the lease agreement between London Borough of Hounslow and the College for our occupancy of the Skills + Logistics Centre. Colleges are able to continue with any existing leases until they come to the end of their term and are also able to enter into new leases.
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.	Work in progress. The report is being drafted and on completion this month will be circulated by email to the committee.
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.	Work in progress. Review of the investment appraisal of the S+LC redevelopment is underway. On completion this month, this will be circulated by email to the committee. The review would show that the College wasn't getting the expected return on the investment.
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.	See agenda item 12. The review of major financial contracts includes the recommendation for a change in the FRCPC terms of reference to give delegated authority to the committee for approval of multi-year contracts.
12/23	Add a section to the Treasury Management Policy prohibiting speculation, foreign exchange and cyber currencies.	Added. The updated Treasury Management Policy was included as Paper 2b for information only.

The following matters arising were discussed:

8/23: There were some limits on capital opportunities for the Skills and Logistics Centre as it was only possible to apply for some funding streams for buildings

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Date:

with leases of 125 years minimum. It was agreed to seek advice about the issue from the Association of Colleges.

Action: MC

12/23: Governors asked whether the Committee had made any investment decisions that weren't detailed in the Treasury Management policy. MC said it hadn't. Governors asked whether there was a risk that the Treasury Management Policy and the Treasury Management section in the Financial Regulations would conflict. MC said he would amend the Financial Regulations to include a link or reference to the separate Treasury Management policy rather than a full section.

Action: MC

21/23 Risk Management

The Committee received a 'Risk Register (FRCP) Update' (Paper 3) in advance of the meeting. There had been no additions, deletions or other amendments to the risk register since the last meeting of the Committee.

It was agreed PS and MC would meet to review the likelihood scores and links to the Development Plan. However, it was noted that a full review of the risk register was underway and therefore this needed to be considered before spending too much time on amending scores when the entire register was under review.

Action: PS/MC

22/23 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

There had been an improvement to the Financial Health Score which had increased to 230 due to an improvement in profitability. There were no concerns with student numbers.

b) Human Resources

Sickness absence was 5.2% compared to the target 3.5%. The level of long term absence had increased in the last few years, currently 2.7%. Governors asked if there were any patterns with the long term absence. MC said there were no patterns. Governors suggested exploring whether there were any patterns in terms of the way absence was being managed that might be causing the increase or whether there had been an increase in mental health issues. They also suggested looking to see if there was any benchmarking data available that included a more detailed breakdown of absence.

Action: MC

Staff turnover was 13% and on track to achieve the target of less than 19%.

Staff utilisation had improved since the last meeting of the Committee and was just below the target of 94%.

Governors asked why staff utilisation had reduced compared to a year ago. MC said this had been discussed by the Human Resources Executive Group. There was some underutilisation of the Curriculum Quality Team Managers so a review of their role was underway. There had also been some under recruitment on some courses.

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Date:

The student BAME proportion had increased significantly this year due to the demand for ESOL courses. This had caused a gap between the student and staff BAME proportions. Governors felt that overall diversity in the College was a strength and not a concern. It would be interesting to do a comparison taking ESOL out of the figures.

Action: MC

c) **Health and Safety**

There had been 57 accidents or near misses in the spring term which was comparable to spring term last year. The breakdown of accidents was also comparable to the previous academic year. There had been a slight increase in the accidents in the Nursery, largely due to the children being outside more during the summer term.

Governors asked whether the College's insurance policy covered accidents and noted that it did.

Governors asked whether the potential severity of accidents was recorded. MM said it wasn't, every accident was investigated and necessary actions taken. Severe accidents would be reportable to the HSE.

Governors said the number of risk assessments completed in the spring term seemed to be high. MM said risk assessments tended to be seasonal. A large proportion of risk assessments in the summer term would be for trips and events.

Governors discussed the low levels of reported incidents which wasn't necessarily a good thing, in particular low numbers of near misses. Overall, it was felt the College had a positive safety culture but there were still ways it could be further developed.

257 Health and Safety training sessions had been completed.

d) **Sustainability**

Energy consumption was 13.5% lower than last year compared to the targeted saving of 15%. There were still opportunities to further reduce this.

Recycling levels as a proportion of normal waste was up 31% on the year.

Paper/printing volumes were 9.5% lower than last year. Additional work was being undertaken to further reduce this.

e) **Report from Sustainability Link Governor**

A report from the Sustainability Link Governor visit that took place on 5 June 2023 had been received in advance of the meeting. (Paper 3a). One action that had come out of the visit was that further thought could be given as to how the educative element of sustainability could be developed. MM said a sustainability qualification would be rolled out to all Level 2 groups. Aspects of sustainability would be embedded into the curriculum. The Strategic Plan included a focus on curriculum as equal importance in terms of the future strategy.

23/23 **Development Plan**

A '2022-23 Development Plan – June Update' (Paper 4) was received in advance of the meeting.

The Committee reviewed the targets marked as 'amber'. It was noted that the CQSE Committee had discussed progress towards target 2.5.

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Date:

The property strategy was on track apart from for commercial income. This was largely due to the Nursery being under capacity and about £100k off target.

24/23 **Management Accounts**

The 'Management Accounts for April 2023' was received in advance of the meeting (Paper 5).

There had been an improvement in operating surplus, forecasting £150k compared to a budgeted surplus of £25k. Favourable variances included pay costs and the contingency budget which hadn't been used. The main adverse variance was the significant increase in energy costs.

Committee members were asked for their views on the content and format of reports provided.

Governors asked whether the increase in interest rates was a risk to the College, in particular in relation to the borrowings. MC said the bank loan was fixed at 5.26% for the duration of the loan.

Governors asked whether thought could be given to investing cash in as high yield accounts as possible. MC said he would be looking into this.

25/23 **Budget and Financial Forecast**

The '2023-24 Budget and 2024-25 Financial Plan' (Paper 6) was received in advance of the meeting.

Governors asked whether the operating surplus of £400k would be achievable this year, it was a substantial increase on last year. MC said he believed it would. Energy costs were significantly less than expected. The budget included the following assumptions: 5% pay award, 6% for inflation, a sizeable contingency and a further reduction in energy costs of around 4.5%, in line with the cumulative target of 18% over the two years to 31 July 2024.

Governors asked whether the apprenticeship targets were achievable as they felt aspirational. MC said it would be important to reach the target so apprenticeships became cost effective but acknowledged there was a risk to achieving it.

Governors asked what impact a 7% pay rise would have. MC said this would be an additional £250k. The issue would be the impact on the budget for future years. The CEO said the College was in continuous conversations with the Unions who received the initial proposal of 5% positively.

Governors asked whether a budgeted balance sheet was available. MC said he would share a sensitivity analysis, budgeted balance sheet and cash flow statement with committee members.

Action: MC.

Following a thorough review, and after careful consideration of the risks, IT WAS DECIDED to recommend to the Corporation at its meeting on 5 July 2023 to:

- Approve the operating revenue budget for 2023-24 with gross income of £22,978m and gross expenditure of £22,578m giving an operating surplus of £400k.

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Date:

- Approve the financial plan for 2024-25 with operating surplus of £120k.
- Agree to a capital expenditure programme for 2023-24 of £950k in total.

26/23 Financial Regulations and Financial Scheme of Delegation

The 'Draft Financial Regulations and Financial Scheme of Delegation' (Paper 7) was received in advance of the meeting.

It was agreed that PS and MC would meet to review the Financial Regulations which would be brought back to the next meeting of the Committee for review.

Action: PS/MC.

27/23 College Financial Data Dashboard

The 'ESFA Governors' Financial Dashboard Report: April 2023' (Paper 8) was received in advance of the meeting.

The Committee discussed whether the College wanted to push for an Outstanding financial health grade. The CEO explained the College wanted to achieve an Outstanding student learning experience. It was important the financial health grade was Good but achieving Outstanding wasn't the singular goal.

ST left meeting at 6.00pm.

28/23 Contracts Due

A list of 'Major Financial Contracts' due (Paper 9) was received in advance of the meeting. The Committee reviewed the list of contracts and IT WAS DECIDED that:

- The Chair would approve the gas and electricity contracts as an exceptional case to ensure the best deals were secured.
- The Executive Team could renew the payroll services contract up to a total increase of 30% on last year.
- The Executive Team could renew the Brentford FC Community Sports Trust contract.
- The Executive Team could renew the Insurance, up to a 15% increase on last year.
- The Executive Team could renew the pest control contract, up to a 15% increase on last year.

Following a tender process, IT WAS DECIDED that the Washroom Services contract would be awarded to Citron Hygiene

IT WAS DECIDED to recommend to the Corporation that the Financial Scheme of Delegation be approved to permit approval of multi-year contracts at whatever level is applicable based on the aggregate value of the contract.

29/23 Subcontracted Provision

The '2023-24 Subcontracting Arrangements and Draft Subcontracting Policy' (Paper 10) was received in advance of the meeting.

IT WAS DECIDED to approve the College to subcontract to the Gurdwara the delivery of AEB funded provision up to a maximum aggregate value of £20,000. IT WAS DECIDED to approve the Subcontracting Policy on the basis that this was the only planned sub-contract.

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Date:

30/23 Health and Safety Policy

The 'Health and Safety Policy' (Paper 11) was received in advance of the meeting.

Governors suggested making a change to the Health and Safety Policy to section 6.2 to include the role of the Board in reviewing Health and Safety performance and to section 6.3 to state that the Health, Safety and Welfare Executive Group met termly.

Action: MM

After making the amendments, IT WAS DECIDED to recommend approval of the policy to the Corporation.

Governors suggested it would be worth holding a session with governors and key staff to further understand the safety culture in the College whether there were ways to further improve that culture.

31/23 Framework for Pay and Conditions of Staff

The 'Draft Framework for the Pay and Conditions of Staff' (Paper 12) was received in advance of the meeting.

Committee members discussed the risks around recruitment and retention of staff and the importance of pay rises in mitigating against this.

Governors suggested adding into the policy that an Annual Human Resources report was reviewed by the Board.

Action: MC

IT WAS DECIDED to recommend approval of the Framework for the Pay and Conditions of Staff to the Corporation.

32/23 Decarbonisation Plan

The 'Decarbonisation Plan – June 2023' was received in advance of the meeting. The plan included details of capital improvements that could be made towards achieving net zero and sustainability. It also included a baseline figure for CO2 energy.

33/23 ONS Updates

The 'College requirements regarding asset disposals' (Paper 14) was received in advance of the meeting.

34/23 Correspondence

The 'ESFA Letter regarding Financial Statements Review 2021/2022' (Paper 15) was received in advance of the meeting.

35/23 Items for the Next Agenda

- Financial Regulations and Scheme of Delegation.

36/23 Date of the Next Meeting

The date of the next meeting of the committee was Wednesday 22 November 2023 at 6.00pm.

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Summary of Actions

No.	Action	Lead	Target Date
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
20/23	Contact the AoC for advice about the issue that the College is unable to apply for certain funding streams for the Skills and Logistics Centre as they only allow applications for buildings with leases of a minimum of 125 years.	MC	Nov 23
20/23i	Amend the Financial Regulations to include a link to the separate Treasury Management Policy rather than having a separate section in the regulations.	MC	Nov 23
21/23	Meet to review the likelihood scores and the links to the Development Plan in the risk register.	PS	Nov 23
22/23	Look into whether there is anything about the way absence is being managed that might be causing the increase in sickness absence or whether there has been an increase in mental health issues. Look to see if there is any more detailed benchmarking data available that would include a breakdown of the reasons for absence.	MC	Nov 23
22/33i	Run a comparison of staff and student ethnicity data taking ESOL out of the figures.	MC	Nov 23
25/23	Send Committee members a sensitivity analysis, budgeted balance sheet and cash flow statement.	MC	Nov 23
26/23	Meet to review the Financial Regulations which would be brought back to the next meeting of the Committee for review.	MC/PS	Nov 23
30/23	Make a change to the Health and Safety Policy to section 6.2 to include the role of the Board in reviewing Health and Safety performance and to section 6.3 to say that the Health, Safety and Welfare Executive Group meet termly.	MM	Jul 23
31/23	Add a reference to the Framework for Pay and Conditions of Staff to say that Annual Human Resources report was reviewed by the Board.	MC	Jul 23

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