

Meeting of the Policy & Resources Committee

| | | | |
|----------------------|--|--------------------|-----------|
| Date: | 12 June 2023 | Room number | Boardroom |
| Present | Carole Ditty (Chair), Andy Cole (Interim Principal & CEO) | | |
| Via Teams: | Mark Bass (MB), Andy Forbes (FA), Molly Makota (MM) | | |
| In attendance | Victoria Eastwood (Chief Governance Officer) (CGO) Andrew Lawson (Chief People Transformation Officer) (CPTO) Wijay Pitumpe (Interim Deputy Principal - Finance & Resources) (IDPFR) | | |
| Apologies | Forhad Altafi (Vice-Chair), Talha Ahmad (TA) | | |
| Circulation | Policy & Resources Committee/Corporation | | |

| 1. | Welcome and apologies. The Chair welcomed all present to the meeting and introductions were made. Apologies for absence were received from Forhad Altafi (Vice-Chair) and Talha Ahmad. | | | | | | | | | | | | | | | | | | | | | | | |
|-------------|--|----------------|-----------|------------------------|-------------|--------|----------------|-----------|--------|----|--|-----|------|----------|----|---|---------|------|------------------------|-----|--|-----|-----------|----------|
| 2. | Declarations of Interest Governors were reminded of their responsibility to declare an interest in relation to specific items on the Agenda if appropriate. None were anticipated. | | | | | | | | | | | | | | | | | | | | | | | |
| 3. | <p>Minutes of the Previous Meetings held on Monday 13 March 2023 The Minutes of the previous meeting held on Monday 13 March 2023 were agreed as a true and accurate record.</p> <p>The Chair clarified that it had been agreed prior to the meeting that EDI and Safeguarding would be deferred to the July Corporation agenda.</p> <p>Approved: That the Minutes of the previous meeting held on Monday 13 March 2023 were approved as a true and accurate record.</p> | | | | | | | | | | | | | | | | | | | | | | | |
| 4. | <p>Matters arising An update on the actions from the previous meeting was provided:</p> <table border="1"> <thead> <tr> <th>Agenda Item</th> <th>Action</th> <th>Responsibility</th> <th>Timescale</th> <th>Update</th> </tr> </thead> <tbody> <tr> <td>5.</td> <td>Pay benefits matrix to be recirculated to the Committee for reference.</td> <td>CGO</td> <td>ASAP</td> <td>Complete</td> </tr> <tr> <td>7.</td> <td>Chair to meet with COO to refine key items for the balance scorecard going forward.</td> <td>CGO/COO</td> <td>ASAP</td> <td>Scheduled in June 2023</td> </tr> <tr> <td>11.</td> <td>Subcontracting report where subcontracting performance is included in curriculum reporting to be considered.</td> <td>COO</td> <td>June 2023</td> <td>Complete</td> </tr> </tbody> </table> | | | | Agenda Item | Action | Responsibility | Timescale | Update | 5. | Pay benefits matrix to be recirculated to the Committee for reference. | CGO | ASAP | Complete | 7. | Chair to meet with COO to refine key items for the balance scorecard going forward. | CGO/COO | ASAP | Scheduled in June 2023 | 11. | Subcontracting report where subcontracting performance is included in curriculum reporting to be considered. | COO | June 2023 | Complete |
| Agenda Item | Action | Responsibility | Timescale | Update | | | | | | | | | | | | | | | | | | | | |
| 5. | Pay benefits matrix to be recirculated to the Committee for reference. | CGO | ASAP | Complete | | | | | | | | | | | | | | | | | | | | |
| 7. | Chair to meet with COO to refine key items for the balance scorecard going forward. | CGO/COO | ASAP | Scheduled in June 2023 | | | | | | | | | | | | | | | | | | | | |
| 11. | Subcontracting report where subcontracting performance is included in curriculum reporting to be considered. | COO | June 2023 | Complete | | | | | | | | | | | | | | | | | | | | |

5. Draft Budget 2023/24

The Interim Deputy Principal – Finance & Resources (IDPFR) presented the draft budget for 2023/24, highlighting the following:

- Cash position – conservative estimate at £5.9m
- College financial objectives to seek annual Governor approval (discussed in detail by the Committee)
- Detailed business planning process taken place – each department produced their own plan. Business planning process for previous year failed to deliver some targets.
- Key document was the course file - considered local needs, LSIPS, priorities etc
- Key income lines: 16-18 funding, adult funding (GLA), Apprenticeships
- Surplus target of £200K – would achieve 'Good' financial health
- Each income and expenditure line were compared to the previous year and changes explained.
- High Needs – Elements 1-3
- Adult allocation – direct contract from ESFA – £450K; GLA allocation was £6.5m – this year the National Skills Fund had ended therefore there was a reduced allocation of £404K
- Apprenticeship target 2.2m
- Project income
- Total income – £36,990
- Pay expenditure – 24 million includes additional staffing resources; amended project expenditure based on income
- Key – agency budget control checks in place
- Pay awards – modelling included but expenditure not included in the budget
- London weighting discussed
- Overall non-pay £12.5 million including contingency
- Utilities are key items – energy costs –fixed price contract which was re-signed when there was a price crash which will commence from 1 October for 2 years – there is a clause that if a further price crash happens the College can re-sign
- Allowed for inflation re cleaning and security contracts
- £1.2m subcontracting
- Capital funding – £1M through capital funding projects
- Annual capital spend £800K– PC replacement programme not taken place for last two years –
- Term loan – £3.1m - cost built into budget
- Revolving loan facility has now been cancelled
- Budget will adhere to all covenants if achieved
- Sensitivity analysis
- Key to achieve the budget in the next year is to monitor performance regularly – funding tracker, MAP meetings, monthly business partnering meetings.

The Interim Principal/CEO advised that himself and the IDPFR were meeting with the JCC Union members on 13 June 2023 to present a summary version of the latest management accounts and 23/24 budget headlines and explain that the pay award was not included. The Committee discussed the issue of a pay award further and agreed that the College would be open to negotiations on a pay award but this needed to be based on affordability and at present there was no assurance that the College could exceed budget performance next year. However, if monitoring of performance against budget showed that the College could meet the budget then this would be discussed with the Unions alongside the contingency and differentiated awards for lower paid staff would be considered.

MB stated that there was a concern if the College could not offer a pay award that satisfied staff in the short term, staff would be lost throughout the year. The situation needed to be closely monitored and contingency/flexibility built in if needed. The IDPFR advised that timely performance management was required against checking the position in the first term before discussing affordability and options. There were projects coming up in year which would produce opportunities to increase some of the bottom line.

AF stated that the budget had improved and the draft was credible and well presented. With regard to the pay issue, he advised that it was important to establish that the Board had a joint interest with the Unions and the staff to pay people more and would try everything to try to make a pay award. This was a sector wide problem and a sensible approach was being taken. A pay award needed to be based on a thorough future trend for recruitment and the Board needed assurance.

AF referred to the financial objectives advising that raising awareness of financial issues was a key point and it was really important to be as transparent and communicative as possible to staff at all levels.

AF requested further data on the trends for 16-18 income, given its importance to the overall College budget. This was agreed.

MM stated that the Unions tended to question contingency and queried how the College would justify the £500K contingency towards non-pay. AF replied that the contingency was there if the College missed its targets but could be used against a pay award, for example, if recruitment targets were exceeded.

AF noted that it was good to see detail around apprenticeships. Apprenticeship recruitment needed to be monitored in a specific way. The IDPFR confirmed that a plan was in place and advised that he met with the Apprenticeship team fortnightly.

In response to a query from MM, the IDPFR confirmed that the College had received all allocations for the specialised equipment for T-levels wave 4 and this had been included in the cash flow. It was noted that the cash flow graph was based on legacy profile and this would be readjusted to the even profile if confirmed by the ESFA for the next Board meeting.

AF asked if the College had any concerns regarding capital other than the cycle of IT replacements. The IDPFR responded that there were no huge concerns re facilities but there was a need to ensure this was kept up to date. There had been some damage to the roof in ELIOT but this was going through the insurers and some funding would be required for motor vehicle training facility and a capital funding application had been submitted.

The Chair stated that the sensitivity analysis had been very beneficial and thanked the IDPFR for a comprehensive and easy to follow report.

The Committee unanimously agreed to recommend the annual budget for approval and endorsed the Financial Objectives.

Action: Further data on the trends for 16-18 income to be provided.

Approved: That the Committee recommend to the Board of Corporation, the approval of the annual budget 2023/24 and endorsement of the Financial Objectives.

6. Subcontracting Progress Report inc Supply Chain Fees Policy

The IDPFR presented the report, highlighting that the data was based on this financial year and gave an analysis of activity.

The Committee were asked to approve the Supply Chain Fees Policy 2023/24 noting the minor change to increase the management fee from 15% to 20%. This was approved.

The Chair stated that the data was really positive and it was appreciated why the management fee could be increased. The IDPFR confirmed that a 20% fee was the norm for the management fee and the College had been below this for some time.

| | |
|------------------|---|
| | <p>Agreed: That the current position be noted. Approved: The Supply Chain Fees Policy 2023/24 was approved.</p> |
| <p>7.</p> | <p>Management accounts as at 30 April 2023 The IDPFR highlighted the following key points:</p> <ul style="list-style-type: none"> • 3.1m deficit forecast • Key point was adults – management accounts based on profile – highlighted what is in the ILR – huge amount of activity started in March/April re AEB and forecast to achieve 5.9 million • Management accounts for previous month did not include the full allocation in GLA AEB but did not affect bottom line • Apprenticeships – c£117K income at risk • Pay expenditure – worst case scenario £900K overspend due to agency. • Cash – previously reporting in the management accounts had included the College bank account not the College as a group – forecasting £5.7 million as at 31 July 2023. • Banking covenants – breach one of the operational leverages but met with the Bank and fairly confident will receive a waiver <p>MB queried the certainty of the College achieving the GLA adult income. The IDPFR informed the Committee of the mitigating actions taking place, highlighting the plan to support achievement of AEB. An update on progress would be provided in the management accounts presented to the Board.</p> <p>AF noted that the trade creditors percentage paid within 30 days was extraordinarily low. The IDPFR replied that there was a staffing issue within Finance but the invoices were mainly agency which involved a lot of queries and invoices were not paid until resolved. The position should improve with better agency control.</p> <p>MB questioned that given the major evenings planned in the intervening period, how certain the position was regarding the Broadway Theatre as a deficit of over £100K had been stated but a year end surplus of £52K. The IDPFR advised that a reforecast was taking place for Broadway and this would be included in the next management accounts. The Interim Principal/CEO stated that the lease expired at the end of July 2023 and conversations were taking place with the Council to extend the lease for a further two years to allow the College to align the Broadway strategy with the Council strategy.</p> <p>It was agreed that the detail on assessing the ESFA financial health would be provided in the next report to the Board.</p> <p>Agreed: That the current position be noted. Action: Detail on assessing the ESFA financial health to be included in the next accounts for the Board.</p> |
| <p>8.</p> | <p>Board Assurance Framework The IDPFR provided a presentation on the Board Assurance Framework, covering the following areas:</p> <ul style="list-style-type: none"> • Risk management – policy, strategy and risk register • Strategic objectives • Objectives/controls/assurance activities • FE landscape • Board responsibilities – fiduciary duty • Inherent risks • Cause & effect of risks • Mitigation of risks – management controls/assurance activities • Levels of assurance • Risk registers – strategic/operational • Risk appetite • Embedding risk |

| | |
|-------------------|--|
| | <p>The Chair stated that ownership of the risk was key and that needed to be clear. The IDPFR advised that each risk had a risk champion. All the risk documents would be presented for discussion at the June Audit Committee.</p> <p>In response to a query from MM concerning disparity of risks, the IDPFR clarified that the College had a bottom up, top down approach. The SLT were the risk committee and considered all departmental risks which were then highlighted to Corporation.</p> <p>Agreed: That the current position be noted.</p> |
| <p>9.</p> | <p>Health & Safety Termly Update</p> <p>The Chief People Transformation Officer (CPTO) reported the following:</p> <ul style="list-style-type: none"> • Overall slight decrease in training compliance – reflective of the large volumes of new starters and the need to embark on a programme of targeted completion • Level of accidents/incidents increased but it was difficult to determine whether this was due to more people returning to site or a failure in reporting • Progress against internal audit report • Need to continue to invest in compliance and the budget for next year had allowed for this <p>MB stated that the number of reported incidents was incredibly low and questioned whether the health and safety culture predicated on everything being reported to prevent incidents taking place and whether managers took ownership in their own departments. The Chair added that improved statistics came from an understanding that health and safety was the responsibility of all staff and not specifically from training. The CPTO replied that there was a need to invest more into awareness training particularly for curriculum managers and team leaders. Work was taking place to re-imagine the induction programme to incorporate more face to face training to reinforce the importance of health and safety.</p> <p>Discussion took place on the definition of incidents and accidents and it was agreed that every accident was an incident and that accidents involved physical injury. The Interim Principal/CEO advised that the Covid years were not good comparators in terms of data against 2022/23. The Committee noted that it would be useful to consider earlier years' data, to the extent available, to provide more meaningful comparator.</p> <p>The Chair thanked the CPTO for the report.</p> <p>Action: Earlier year incident data to be provided in future reports to ensure meaningful comparator.</p> <p>Agreed: That the current position be noted.</p> |
| <p>10.</p> | <p>Update on FE Issues/Horizon Scanning</p> <p>The IDPFR updated the Committee on the following:</p> <ul style="list-style-type: none"> • FEC Benchmarks 21/22 published accounts – London Colleges – EBITDA, Debt Service Cover, Cash days in hand – College above benchmark and on the benchmark for current ratio • Staff costs at 69% - above FE benchmark • Post 16 Qual Reforms • Potential projects – DfE Strategic Development Fund, Higher technical educational skills injection fund • Energy costs – Low Carbon Skills Fund Application <p>AF referred to the flexi apprenticeship fund and advised of the development plans to bring lots of screen related industry into the Borough which needed to be monitored for opportunities.</p> <p>It was agreed that the presentation would be circulated to the Committee.</p> |

| | |
|-----|---|
| | <p>Agreed: The update be noted. Action: Presentation to be circulated to the Committee</p> |
| 11. | <p>HR Update including Dignity at Work Policy The CPTO informed the Committee of the following:</p> <ul style="list-style-type: none"> • Workforce data • Key metrics for recruitment, retention, gender pay gap, diversity • Reduction in voluntary labour turnover • Retention rate data – 12, 24 and 36 months –retention rates on a par with last year for 12 months, decline for 24 and 36 but average length of service increased to 5.99 years • Vacancy rate reduced since the beginning of the year – 8.15% - sector average 10% • Vacancies rated in terms of risk • Commitment to EDI in recruitment • Dignity at Work Policy <p>The Chair noted that the delay between an advert being placed and appointment being made had improved and welcomed the idea of a cross college recruitment squad to be available to attend interviews. However, absence percentages had doubled from pre-covid times and it had previously been reported that these were reducing. The College needed to ensure that any specific areas that were more prevalent were followed up on. AF advised of previous experience working with occupational health providers and the College needed to consider occupational health policies and strategies, as a proactive response could have a positive impact. The CPTO responded that a piece of work was required around absence policy, triggers and when occupational health reviews were triggered as these were currently being triggered too late. Work was also taking place on accountability and culture driven through business partnering. AF stated that ideally the College needed to start the academic year fully staffed with regard to teachers as this was important for student experience. The Interim Principal/CEO added that the vacancy rate for teaching staff was nearly twice that of non-teaching staff.</p> <p>The Chair advised that pertinent feedback from the staff survey needed to be monitored closely. It was pleasing to see EDI was featuring well but there were other signals that needed to be paid attention to. This was agreed.</p> <p>The Chair thanked the CPTO for the report.</p> <p>Agreed: That the current position be noted.</p> |
| 12. | <p>AoB –Meeting Evaluation The following feedback was received:</p> <ul style="list-style-type: none"> • Meeting time – poll for meeting start times to be issued • Hybrid model worked well at the meeting • Lots of ground covered – good debate and challenge • Good motivation and enthusiasm • Good to get papers in advance • Good chairing |
| | <p>Date and time of next meeting – TBC</p> |

The Chair thanked all those in attendance for their contributions and to the officers for their reports.
The meeting closed at 19.30pm

| Agenda Item | Action | Responsibility | Timescale | Update |
|-------------|--------|----------------|-----------|--------|
|-------------|--------|----------------|-----------|--------|

| | | | | |
|-----|--|-------|--------------|----------|
| 5. | Further data on the trends for 16-18 income to be provided. | IDPFR | ASAP | |
| 7. | Detail on assessing the ESFA financial health to be included in the next accounts for the Board. | IDPFR | 3 July 2023 | |
| 9. | Earlier year incident data to be provided in future reports to ensure meaningful comparator. | CPTO | Next Meeting | |
| 10. | Horizon scanning presentation to be circulated to the Committee | IDFR | ASAP | Complete |

Signed.....
(Chair)

Date.....