

Minutes of the Finance & Resources Committee Meeting at 4.30pm on 02 October 2023

Present: Shahalam Ali, Tim Jackson, Anne Murphy & Rob Nitsch (Chair)

Apologies: Huw Chapman & Alex Dartmouth

In Attendance: Katy Quinn Principal & CEO
Paola Schweitzer Director of Governance
Maria Vetrone COO
Mickiela Blake Director of People Strategy & Organisation
Development (Minutes 146 & 147)

Minutes

142 Attendance and Participation

Huw Chapman sent his apologies. He had submitted a number of questions and these were taken throughout the meeting.

143 Declarations of Interest

There were no declarations of interest.

144 Minutes

The minutes of the meetings held on 11 & 17 July 2023 were **Agreed** as correct records.

145 Matters Arising

Minute 126: Report on Subsidiary Companies: Efforts to recover the debt owed to the Nigerian subsidiary had been exhausted. One further suggestion was made and would be explored. A report would shortly be brought to Corporation to consider the closure of the subsidiary.

Minute 127: Marketing Strategy: There would be a marketing spotlight session to provide an overview of the strategy. Governors with an interest in this area were invited to liaise with Paola. The matter was closed.

146 Human Resources Update (paper 401/23/F&R)

The report gave an update on 2022/23 HR data, compared to AoC and 2021 census data, providing benchmarking data for 2023/24. Headlines included:

- Total staff count had reduced in line with expectations following the merger
- Turnover had improved but remained higher than the sector average
- Sickness absence had reduced but was above the sector average
- Equality data aligned to the sector average gender split
- Age breakdown in general aligned with census data, with the majority of hires under 35 and the majority of leavers in the 35 – 44 age bracket.

- Ethnicity data aligned with census data.

The people strategy provided a framework for HR activity but further work was required including around disclosure rates which were low in some areas. Governors noted that quality could be threatened by high turnover. Katy agreed, drawing governors' attention to the sickness absence and turnover KPIs strategic objective 1. Anne noted that a high turnover following a merger might be appropriate and asked if the merger's implications were still being felt. Mickiela believed they were, alongside the restructure but she would expect to see it settle within six to nine months.

Governors **Noted** the HR update.

147 Pay Award 2023/24 Update (paper 460/23/F&R)

The 2023/24 budget did not include a consolidated pay award due to affordability, however it did include targeted salary increases for some sections of staff totalling 1% of the pay budget. The College had been awarded £1m in additional funding to support the recruitment and the retention of staff.

To ensure funding was used to best effect and in a fair and transparent way, a series of underpinning principles had been developed:

1. Developing one pay structure and aligning terms & conditions (T&Cs), giving transparency to all staff and the option to transfer to COPC T&Cs
2. National Living Wage (NLW) and levelling up of the lower pay scales, addressing the impact of the increase in NLW to the lower pay grades.
3. Anticipated employer pension cost increases.
4. Opportunity for progression through pay grades as expertise and skills develop.
5. A clear assessment process to determine salary starting point within the grade.
6. Benchmarking exercise to determine pay grades.
7. Clarity and transparency of the determination for the pay grades for each role.

Financial analysis was expected to conclude by 01 November 2023 to inform a pay award decision. There was a discussion about tidying up the pay framework and encouraging staff onto COPC contracts. Governors acknowledged the importance of benchmarking to ensure COPC was one of the best employers in the sector. In response to a question, Katy confirmed that the College proactively engaged with its unions. Rob believed the principles were helpful and suggested three priorities: align T&Cs to achieve a single contract by elevation; review sickness and leave arrangements to ensure best practice and uplift lower salaries. Tim supported the principle of uplifting salaries but noted the importance of benchmarking to the local market. Governors agreed the importance of early engagement with unions, making a pay award sooner rather than later, considering the impact of inflation forecasts and ensuring maximum leverage opportunities. Governors **Noted** the 2023/24 pay award update and agreed that an additional Corporation meeting would be held in November to agree the pay award. The meeting would be preceded by a spotlight session.

148 Management Accounts: July 2023 (paper 397/23/F&R)

The accounts included full year actuals as at 31 July 2023 and indicated an operating deficit of £783k (favourable to budget by £95k). The forecast final outturn indicated an operating deficit of £785k (£93k favourable to budget). This represented an improvement of £216k since the last report and £372k improvement since 31 May 2023. The total forecast final outturn income was adverse to budget by £936k. Total

forecast final outturn pay expenditure was favourable to budget by £742k. This was an increase in forecast cost savings. Total forecast final outturn non-pay expenditure was favourable to budget by £286k. The College was forecasting *Good* financial health for the financial statements and *Good* actual financial health. Cash at bank was £4,803k (72 cash days). This improved cashflow would have a positive impact in 2023/24. Maria stated that the College did not expect much change in the 2022/23 financial statements and that whilst the College's financial situation was improving, it was still running an operating deficit. Governors welcomed this improved financial position.

Governors thanked staff for their hard work in enabling this significantly improved financial position and **Noted** the management accounts: July 2023.

149 16-19 Student Numbers Update (paper 400/23/F&R)

Enrolment had been taking place since August and would continue until October half term for new students who wanted to transfer from another provider and existing students who wanted to change options. The College continued to work with stakeholders to support those who were at risk of becoming NEET.

The College had set an ambitious target of 3,160 16-19 learners at the 20 October 2023 census point (an increase of 103 students from the same point last year). This included student withdrawal at 5%. As at 21 September 2023:

- There were 3,225 students: a significant increase from the same point last year (2,736) but 92 students below the target at this point in the process.
- The College was still placing late applicants, expected to be 101 by the census point and 9 students above the target at that point in the process.

The College was projected to meet its target of 3,160 learners and assuming it did, would attract an additional £715,899 lagged funding in 2024/25. It was possible the College would receive in year funding to accommodate growth. Anne asked if there were any subject surprises, to which Katy responded that there had been cuts and splits but costs remained within budget and detailed analysis would take place following the census. Governors noted the reducing financial risk and noted that educational risk was built into the plan. There was a discussion about level 1, 2 and SEND students, with Katy clarifying that additional funding was only available for students with an Education and Health Care Plan (EHCP) and that work remained to ensure the timeliness of receiving funding. Another governor welcomed the College's work to support learners with additional needs and noted the importance of talking about preparedness for study to ensure a level playing field for all learners.

Governors thanked staff for their hard work culminating in the encouraging student numbers and **Noted** the position regarding 16-19 student enrolment for 2023-24 entry.

150 Health & Safety Policy

Colleges were required to maintain a Health & Safety (H&S) policy describing its management system. The policy was formed of a *statement of intent* setting out the policy and general direction for the management and governance of H&S; *organisation* identifying how the policy was organised, including roles and accountabilities and *arrangements* setting out the processes and systems in place.

No major policy changes were proposed (job role titles had been updated). Anne noted that mental health and wellbeing were not referenced, to which Katy responded that it

currently sat within HR. Governors asked that the policy place greater emphasis on individual responsibility and promoting a positive H&S culture and that particular attention was paid to near misses as these were often warning signs. Governors **Agreed** to recommend the H&S Policy, with the amendments outlined, to Corporation.

151 Capital Programme 2022/23 Update (paper 461/23/F&R)

The 2022/23 capital programme included planned building refurbishment and replacement works to the total revised budgeted value of £1.553m. This included capital building projects that were capital grant funded to the value of just under £1.1m. Other capital building projects to the value of just over £455k were funded from College resources. A separate budget for capital equipment was in place for £1.234m for the upgrade of College IT infrastructure and classroom equipment. The total value of all budgeted capital expenditure in 2022/23 for both building refurbishment/replacement works and capital equipment was £2.79m inclusive of capital grant funding. Maria drew governors' attention to some of the projects and noted that the 2022/23 programme was overspent so costs would be absorbed in the 2023/24 budget. Governors noted the importance of spend aligning to the College's estates strategy and wider strategic objectives. Governors **Noted** the capital programme 2022/23 update.

152 Capital Programme 2023/24 Update (paper 462/23/F&R)

The capital programme for 2023/24 included a range of planned expenditure for building refurbishment and replacement works to the total budgeted value of £2.831m including DfE T Level Wave 5 capital expenditure related to Hair and Beauty; and Legal, Finance, Accounting, Business and Administration. A separate process for constructing the capital equipment expenditure budget had concluded and was reported separately as capital bids 2023/24 with a further £1.422m available for the essential upgrade of College IT infrastructure and classroom equipment. The College's capital expenditure plans therefore totalled £4.253m including capital grant funding. The College's total contribution from its own cash reserves was £433k which had been allocated to essential capital works and upgrades that could not be funded from capital grant allocations. Anne expressed concern that there was no contingency in the capital programme. Maria stated that contingencies were built into each project and the programme would be managed carefully, with spend deferred or cancelled if necessary. Rob noted that the Committee was concerned with ensuring spend was in line with the profile, to which Anne added the broader interest of ensuring spend was meeting the College's estates needs and that the College was a going concern.

Governors **Noted** the 2023/24 capital programme.

Minute 153 was confidential

The meeting ended at 6.50pm.