

Non-Confidential Minutes of a Meeting of the FINANCE AND RESOURCES COMMITTEE held on 11 June 2025, 16.00-18.15pm Online Via Teams

17/25 APOLOGIES

Apologies were received from Mr Ken Dueck and Mr Chris Goddard.

18/25 DECLARATIONS OF INTEREST

There were no declarations of interest.

19/25 APPROVAL OF THE NON-CONFIDENTIAL AND CONFIDENTIAL MINUTES OF THE MEETING OF 12 FEBRUARY 2025

The non-confidential and confidential minutes of the meeting held 12 February 2025 were approved as a true record.

20/25 MATTERS ARISING FROM THE MINUTES OF 12 FEBRUARY 2025

The Director of Governance reported that all actions had been completed as detailed in the Actions Log.

The Committee were assured on the Monitoring of actions and Matters Arising to May 2025.

21/25 TERMLY REPORT CONDITION SURVEY AND ESTATES REPORT (CONFIDENTIAL)

22/25 TERMLY REPORT ACTIVE CAPITAL PROJECTS (CONFIDENTIAL)

23/25 COSTED CURRICULUM PLAN TESTING

The Interim Director of Finance presented the report on Costed Curriculum Plan Testing. He outlined how the College had prepared its budget by producing a Curriculum Plan that was consistent with its Accountability Statement regarding the needs of the community and the historical performance suggesting demand by area; and that the Plan had been compared to the existing staffing to consider whether the College was undertaking a Plan that it could reasonably deliver and whether the College was overstaffed or inefficient in its delivery. He confirmed that the College did not have an underutilisation issue. He noted staffing risks and contingency in the budget for agency costs. He concluded that the College's Curriculum Plan was reasonable and well planned given available resources and also provided foundation for future improvements.

The Chair enquired regarding the contingency for agency costs and the Interim Director of Finance confirmed that this was over and above established staffing costs.

The Committee NOTED the report for ASSURANCE to Corporation.

24/25 MONTHLY FINANCE REPORT: MANAGEMENT ACCOUNTS, LATEST ESTIMATE AND FORECAST AND BUDGET FOR SUBMISSION TO THE DFE

The Interim Director of Finance presented the Monthly Finance Report, Management Accounts and Forecast to April 2025. The key points were as follows:

- 1) The forecast surplus for 2024-25 has increased by £379k from the initial budget to £530k, although £200k is due to the write-off of old provisions for funding clawbacks/repayments.
- 2) The April forecast has improved by £52k from the March forecast. This is associated with:

- a. An additional £123k allocation (part of £50 million to the sector) for 2024-25 (the Post 16 Grant associated with reclassification). This funding is in the unit rate increase of 3.78% for 2025-26 as mentioned in last month's accounts.
 - b. Slightly higher staffing cost than previously forecast (£50k).
- 3) The College presents its budget for 2025-26 in these accounts. It includes:
- a. A curriculum plan by area that has been agreed and is realistic compared to 2024-25 delivery and the needs of the community within the College's Accountability Statement.
 - b. The curriculum has been compared to the establishment list to highlight vacancy requirements and check staff utilisation. A comparison of the curriculum hours required to the teaching hours in the establishment list is provided in Figure 2 (para 2.4) in these accounts.
 - c. The timetabling strategy has been determined and managers have produced their draft timetables (which are being reviewed and will be rejected if inconsistent with the strategy).
 - d. Support areas have been completed. Some of the items within these areas can be flexed although most are fixed (cleaning and licence fees) and experiencing increases in costs much higher than inflation due to their nature.
- 4) Whilst the College has had a strong increase in its 16-19 year old income for 2025-26 there has been:
- a. An effective cut to funding through unfunded national minimum wage costs and employers national insurance increases impacting upon non-staffing costs (£100k cost in cleaning and security costs alone). The employers NI change increases costs by £400k with £166k funded.
 - b. Licence fee costs are high due to increased adoption of licenced systems and enhancement to cyber security.
 - c. The adult funding contract has been reduced (a national reduction in adult funding), the Multiply contract has come to an end and there are fewer apprenticeships at the end of 2024-25 than at the start, which will reduce apprenticeship income.
- Overall, because of the growth in 16-19 year old numbers and an increase in some historical uplift factors (that took two years to be paid because of the lagged funding system) the College can budget for a surplus in 2025-26 of £255k (EBITDA £1,136k) which includes a modest contingency against unforeseen items (£200k) and £100k for quality intervention costs.
- 5) Cash held at 30 April 2025 was £5,978k with £838k committed to capital projects (including £500k of Invest to Save funds) and £3,039k of debt. Uncommitted cash after the payment of wages early in the following month and timing of income vs expenditure in the current year is approximately £3.5 million.
- 6) All banking covenants are currently forecast to be achieved.
- 7) Performance against the Financial Strategy KPIs is provided in Appendix 8.

The Interim Director of Finance outlined the College's duty to present a Budget for submission to the DfE by 31 July. In response to a query from the Chair, he confirmed that the papers had been published before the FE Allocation Calculation Toolkit had been released and announcements of additional funding but that an educated estimate had been made based on prior years. He provided an overview of the budget. In response to a query from the Chair, the Interim Director of Finance outlined the contingencies within the budget confirming that some of this had already been committed. The Principal explained that this was to ensure the necessary focus on quality of teaching.

The Chair commended the robustness of the budget setting process but expressed concern for the outcome of the EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortisation). She noted the FE Commissioner's letter (dated 11 June 2025) regarding financial benchmarks which set an EBITDA benchmark of above 6%, noting that the College's was at 5.6%. She queried why the College was budgeting for the EBITDA to be below benchmark. The Interim Director of Finance noted that the letter had only been released earlier that day and he questioned whether the benchmark took account of funding changes in the sector. He drew attention to issues including increased staffing costs and increased staffing turnover. He outlined potential options to reduce contingencies or pay awards but noted that the additional allocation would give the College coverage. The Principal added that it would be helpful for a column to be added to the Budget which referred to the FE Commissioner's financial benchmarks, noting that as the letter had only been

received today, Members would not be aware of this. The Interim Director of Finance agreed that he would add information on the FE Commissioner financial benchmarks to the board papers for Corporation.

There was some discussion in which it was recognised that there had been reductions to the College's debts, the College was not in deficit, and that it was only slightly below the EBITDA benchmark but it was also recognised that the buffer was slim and that it was important to plan for a long-term sustainable position. It was also noted that the additional allocation may improve the EBITDA against benchmark. It was agreed that these concerns should be noted in the Committee's 3As report.

The Committee NOTED the Monthly Finance Report, Management Accounts and Forecast to April 2025 for ALERT and ASSURANCE to Corporation.

The Committee RECOMMENDED the Budget for submission to the DfE for APPROVAL by Corporation subject to the inclusion of the FE Commissioner financial benchmarks and updates regarding the College's efficiency in relation to the benchmarks.

25/25 FEES POLICY 2025/26

The Director of MIS (Management Information Systems) & Funding joined the meeting and presented the Fees Policy 2025/26. There were only minor revisions following a significant rewrite for 2024/25 reflecting the changes in funding guidance introduced in that funding year. She outlined the proposed changes to the Policy for 2025/26 including updating references from the Education and Skills Funding Agency (ESFA) to DfE following the closure of the ESFA.

The Committee RECOMMENDED the Fees Policy 2025/26 for APPROVAL by Corporation.

The Director of MIS & Funding left the meeting.

26/25 STAFF PAY AWARDS 2025/26

The Chief Operating Officer and Deputy CEO presented the report on Staff Pay Awards 2025/26. She reported that the Association of Colleges (AoC) had not yet made its pay award recommendations while the trade union pay claim was 10% or £3k whichever was the greater. She outlined the Government's changes to National Insurance and the impact of this on the College payroll but also on contracts. She provided information of Government funding allocations. She also reported on the national minimum wage (NMW) and the advice of the Low Pay Commission on the national living wage. Given these factors, she outlined options and considerations for the Committee.

There was some discussion regarding the proposal for a non-consolidated payment, when was the best time to pay this, and how this would affect the Financial Accounts and EBITDA. The Chief Operating Officer and Deputy CEO explained the rationale for the proposed payment date in terms of compromise and practicality.

A Member enquired regarding the likely response of the trade union to the proposal. The Chief Operating Officer and Deputy CEO responded that she was due to meet with the trades unions the following day.

The Director of Governance alerted the Chair and the Chief Operating Officer and Deputy CEO to a written question submitted by a Member who had sent apologies for the meeting. The Member was seeking information on the likely staff reaction to the proposals. The Chief Operating Officer and Deputy CEO responded that she had read the Member's question and would be happy for the senior leadership team (SLT) to socialise the proposals with staff via focus groups/ staff groups. She was clear however that she considered that the proposals had gone as far as the College could on pay awards for 2025/26. The importance of consulting with staff who were not trade union members as well as with the trade unions was recognised.

In response to a clarification raised by the Director of Governance it was confirmed that all proposed changes with the exception of the rise in the NMW already implemented were from 1 August 2025.

The Committee RECOMMENDED the Staff Pay Awards 2025/26 for APPROVAL by Corporation as follows:

- Option 1a: Payment of a non-consolidated pay award to all staff to be paid in the autumn term. This will allow time for all timesheets/ pay claims related to 2024/25 to be submitted and processed;
- To retain a differential between the role of generic and SLDD LSAs, it is proposed that SLDD LSAs receive a 5.2% pay award which will uplift their hourly rate from £12.03 to £12.84. This would be implemented from 1 August 2025. This would maintain the same differential that was in place prior to the minimum living wage rise;
- To address the wider impact of the SLDD uplift to £12.84 to the other job families who are captured between the NMW and the differential so that these rates of pay are also uplifted to £12.84;
- To apply a 3% pay uplift for the remaining job families on the pay framework and spot salaries and an additional uplift for any job families uplifted to £12.84 to ensure that a minimum threshold of 3% is met for all staff.

27/25 MARKET SUPPLEMENT AND RELOCATION SUPPORT POLICY AND PROCEDURE

The Head of HR (Human Resources, People & Culture) joined the meeting and presented the Market Supplement and Relocation Support Policy and Procedure. She reported that this was a strategic initiative designed to address recruitment and retention challenges at the College and provided a framework for the application of market supplements and allowances to ensure that the College could attract and retain staff in skilled roles where there was a significant disparity between internal pay rates and those offered in the wider labour market. She also reported that the document aligned with key employment legislation ensuring compliance with equal pay for equal work principles and transparency in pay practices. She outlined the proposed changes to the Policy and Procedure.

The Committee RECOMMENDED the Market Supplement and Relocation Support Policy and Procedure 2025/26 for APPROVAL by Corporation.

28/25 HR STRATEGY UPDATE

The Head of HR (People & Culture) presented the HR Strategy Update. She highlighted progress made so far in key areas including recruitment, onboarding, remuneration, staff wellbeing, mentorship, professional development, and management development.

Members commended the progress made in challenging circumstances.

The Committee NOTED the report for ASSURANCE to Corporation.

29/25 TERMLY HR REPORT

The Head of HR (People & Culture) presented the Termly HR report providing an overview of HR team capacity and pressures, recruitment, retention, turnover, attendance, systems, wellbeing, and legislative changes.

There was some discussion on the challenges effecting HR recruitment, and the benefits of having an 'in-house' HR department. It was noted that systems were coming online that would positively impact HR capacity.

The Committee NOTED the report for ASSURANCE and ALERT to Corporation.

30/25 EMPLOYEE STANDARDS AND CODE OF CONDUCT

The Head of HR (People & Culture) presented the Employee Standards and Code of Conduct Policy. She outlined the proposed changes, highlighting additional clarifications provided particularly around personal relationships following the FE Commissioner's report on Weston College.

A Member noting the reference to volunteers enquired whether the College had many volunteers. The Head of HR (People & Culture) responded that there were only a few. It was recognised that Governors were volunteers but in the Policy they were specifically referred to as Governors.

The Chair commented on the length of the Policy (25 pages). She did not propose amending the Policy immediately but raised a concern about whether the full Policy would be thoroughly read and thoroughly understood by all staff. She suggested a summary document of principles and consideration of how this was communicated to staff. The Head of HR (People & Culture) assured the Committee that the document was provided to new starters on their first day and that each member of staff was required to sign that they had read and understood the Policy. She added that she was able to address any questions that staff may have on the document. The Chair thanked the Head of HR (People & Culture) for her response. She highlighted the neurodiversity of staff and suggested that it may be helpful to consider other ways of communicating the document.

The Committee RECOMMENDED the Employee Standards and Code of Conduct Policy for APPROVAL by Corporation.

31/25 ANNUAL REVIEW OF COMMITTEE EFFECTIVENESS AND SELF-ASSESSMENT REVIEW AGAINST FE CODE OF GOOD GOVERNANCE

The Director of Governance introduced the report. She began by sharing that she was meeting with each Committee Chair and SLT Lead(s) for each Committee to review the Committee's business cycle. This provided the Committee with assurance that this process had been undertaken for this Committee and had identified areas for suggested focus in 2025/26 including strategic partnerships, digital infrastructure and cybersecurity.

A Member enquired whether cybersecurity was covered by the Audit & Risk Committee. The Director of Governance responded that the Audit & Risk Committee considered reports on GDPR (General Data Protection Regulation) breaches and FOI/SAR (Freedom of Information/ Subject Access Requests) but that it was for the Finance & Resources Committee as stated in their Terms of Reference (ToR) to consider cybersecurity issues at a broader and higher level.

The Director of Governance reported that every Committee considered its own effectiveness on an annual basis and provided a template for assessment against the Committee's own ToR including evidence of the Committee's business against each item. She also outlined the self-assessment process against the *FE Code of Good Governance*. It was suggested that this Committee consider evidence and areas for improvement for Principle 2: Responsibility and accountability.

It was agreed that the Director of Governance would arrange for a separate Task & Finish meeting during the summer for as many as were able from the Committee to consider its contribution to the self-assessment against the *FE Code of Good Governance*.

The Committee NOTED the report for ASSURANCE and ALERT to Corporation.

32/25 ANNUAL REVIEW OF COMMITTEE TOR

The Director of Governance introduced the report. She reported that every Committee reviewed its ToR on an annual basis. New ToR had been produced and approved by Corporation in October 2024 in alignment with the new governance structure and this was an opportunity to review the ToR at the end of the first year of the new structure. She recommended one change to ensure consistency with other Committee ToR in respect of the number of Co-opted Members.

The Committee RECOMMENDED the Annual Review of the Committee's ToR for APPROVAL by Corporation.

33/25 DRAFT 3AS REPORT TO MARCH CORPORATION

The Director of Governance explained that this would form the Committee's report to Corporation of those items that the Committee wished to alert Corporation to, assure Corporation on, and recommend for approval or action. The report would be drafted in consultation with the Chair and SLT lead and circulated to Members for comment and approval prior to inclusion in the board pack.

34/25 GOVERNOR SELF-REVIEW OF MEETING

The Chair led Members in a self-review of the meeting. Members commended the well written papers but commented that they were long and asked whether the length could be reduced. There was some discussion regarding the volume of business though it was recognised that the agenda items for this meeting were essential and that the last meeting of the academic year was likely to be a bigger meeting. The Principal also raised the impact on staff workload of both Audit & Risk and Finance & Resources Committees meeting on the same day. The Chair noted that in considering the business cycle of the Committee it was recognised that some papers in the annual business cycle may be able to be taken by exception.

35/25 ANY OTHER BUSINESS

There was no other business.

36/25 DATE OF NEXT MEETING

Wednesday 8 October 2025, 1315-15.30.