

## MOULTON COLLEGE

### FINANCE AND RESOURCES COMMITTEE

Meeting held on Monday, 6<sup>TH</sup> November 2023 at 5.00pm in the IT Suite

<b>Present:</b>	Ashley Clarkson (Chair)	Independent Governor
	Charles Matts (Via Teams)	Independent Governor
	Mark Wakeford	Independent Governor
	Corrie Harris	Principal
	Karen Squires	Staff Governor
<b>In attendance:</b>	Neil Peacock	Consultant ( <i>Items 66 – 68 only</i> )
	Alicia Bruce	Chief Operating Officer
	David Aldridge	Executive Director Human Resource
	Matt Smith	Executive Director of Skills and Business Development
	Andrew Bailey	Director of Student Services (Items 66-75)
	Catherine Duro	Head of Governance

#### SECTION A – ROUTINE ITEMS AND GOVERNANCE:

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##### **23/66 Apologies for absence (Agenda item 1)**

Apologies for absence were received from Mustafa Regec-Noor and Sarah Bunney. Mohamed Saeudy's absence was recorded.

##### **23/67 Declarations of interest (Agenda item 2)**

There were no declarations of interest.

##### **23/68 IT Update - Presentation – Neil Peacock (Agenda item 3)**

An update was received from Neil Peacock, the consultant supporting the IT development plan. Governors were **assured** that the classroom experience was the main priority in planning to improve hardware, connectivity and software, with security underpinning all activity. The project was based on the principle of skills driving the IT requirements not the other way around.

The gap between the current position and achieving cyber essentials was **discussed**.

Governors were aware of the risks around IT. Neil was planning a prioritised action plan covering the whole estate to address the issues. Some progress needed to be driven through staff upskilling, to make best use of the IT facilities available.

There was some confidence that the plan was developing in the right direction and more detail would be available for the next meeting. Governors reinforced the critical pace needed behind this project and required contingencies.

IT development plan to become a standing item, on the agenda. **(Action CD)**

##### **23/69 Minutes of last meeting (Agenda item 4a, Paper A)**

The minutes of the meeting held on the 3<sup>rd</sup> July 2023 had been circulated previously and were approved as a true and accurate record.

##### **23/70 Minutes of last meeting of the IAAG (Agenda item 4b , Paper B)**

The minutes of the meeting held on the 8<sup>th</sup> February 2023 were received.

##### **23/71 Matters Arising (Agenda item 4c)**

There were no matters arising.

### **23/72 Outstanding Actions (Agenda item 5)**

The outstanding action was **clarified**. The Committee was **assured** that there was a log to catalogue and list items and compliance. Governors were informed the college is implementing a CAF-M (facilities management) system – with helpdesk. The link governor would be asked to feedback from H&S meeting. **(Action CD)**

### **23/73 Risk Management (Agenda item 6, Paper D)**

The Committee received the risk management report; nine strategic risks remained the same. No changes were proposed to the scoring. Action was being taken against each risk. All agreed that a full review of the strategic risk register was due; the conversation with ESFA and bank may lead to a fundamental change, Ofsted will become imminent, and the dynamics will shift. Governors need to be involved. It was **requested** it is covered at the spring Governance Development Day.

A governor **asked** what the position was with the bank. Governors were **updated** on a conversation with the bank, around the college being unable to meet the covenant again in January. Governors were **advised** that we cannot continue to keep pushing the can down the road, interest rates have made the debt unaffordable. Management were seeking a DFE refinancing deal. The bank had written to the college confirming it's position, this communication would be shared with the committee. The COO was working to provide a number of financial models for the DFE to seek finance committee sign off, being sent to their Project Management Office (PMO,) who deal with loan books for the DFE and process applications. They wanted an options appraisal which was being provided, we are also pushing a grant option.

The FECommissioner and Territorial team's voice in the decision process was **explained**. A grant would cover the debt until the land sale went through. It was **detailed** that the executive were pushing for a decision in January, but the grant option may be February.

It was **explained** to governors that the college would not be able to sign off the financial statement until the DfE decision is confirmed. Governors were **assured** that the ESFA know and understand this, as do the auditors.

A governor **asked** what happens if we run out of time. They were **advised** that SLT have a timeline, they will share. Are pressuring the PMO to advise which committee date was being targeted so this could be aimed for. **(Action AB)**

The final resort would be returning to the bank to address the breached covenant. SLT **assured** governors that the bank would not see the college become bankrupt.

Recognised that an extraordinary meeting will be needed in January or February at short notice to approve the decision and recommend the sign off the final accounts.

The Committee were **updated** on the activity of the architect, who had come back with strategic options for the site, to make over a period of time, from which a master plan had been requested. Governors recognised the need for a plan to invest any cash. Asks that this Committee reviews that plan before it goes for appraisal, ask architect to provide that an update to the next meeting, share what we have to date electronically. **(Action AB)**

**Resolved:** To receive the Risk Management report and undertake a comprehensive review in the spring.

## **SECTION B – Budgeting and Financial Performance:**

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### **23/74 FE and HE Recruitment (Agenda item 7, Paper E)**

The highlights were shared. The Committee was informed that applicants were being turned around with interviews within a week, providing a positive experience. They heard it had been a good year for recruitment, with good retention, 2029 remained at 2006 as we pass day 42. Running inside the forecasted margin. External, internal progress and year 2 of 2 all showing positive recruitment. The committee heard this pattern was continuing with FE recruitment already underway. Applications up on last two years. Next open day would bring more energy to this.

HE was understood throughout the year, we forecast upper and lower margins and delivered on where we said we would be. Need to repeat that as we come into the next cycle. Hoping for progression from going FE numbers.

Governors **challenged** why the conversion rates in the business school were lower. The external pressures of a strongly competed curriculum area and a change in staffing were **explained**.

Conversion had seen a gradual improvement; the governors could take confidence from the figures. They **asked** how the conversion rate could be improved. Governors were **assured** that the losses don't all happen in the same place, seeking small improvements in every area to drive improvements. Governors **challenged again** how the college could improve the numbers, seeking reflection on what is our USP, and proposing that we make greater use of employers.

**Resolved:** To receive the FE and HE Recruitment report.

### **23/75 Fees and Charges 2024/25 (Agenda item 8, Paper F)**

The paper was taken as read; key changes were highlighted. The impact of the change in the local authority charges was detailed. The college breakeven point and potential subsidy were explained. The transport network was essential to enabling students to attend the college. Councils were out to consultation, publication will be out in January, we have contributed to the survey. Governors **debated** the option of increasing charges to keep up with inflation, this was balanced against the impact on students being able to attend the college, in comparison with competitors, and to enable fair use of the bursary.

**Resolved:** That the Fees and Charges 2024/25 be recommended to the board for approval

### **23/76 Management accounts and Cash flow (Agenda item 10, Paper H)**

The management accounts were received.

The Committee received the following update: in July no changes were expected from P10 to the full year. Only adjustments now expected, are the pension adjustments, actuarial and minor holiday pay accrual. Auditors on site last week no feedback yet. Benefitted from the weightings on land-based courses, quite a big difference, not looking to reset the budget. Did not achieve numbers to achieve in year funding. Do not get in year growth, but worth over £1m next year.

Forecasts for Adult and HE have been reduced but remain in a positive position.

Overall forecasting income will be up by £400k. Will continue to monitor throughout the year.

The Committee was **assured** that an additional 2.5% from January was included in these numbers, showing a year-to-date underspend, despite some agency costs.

The Committee was **informed** that EBITDAR was also improving. Also continuing to monitor energy costs, may decide to move sooner rather than later. Will see an increase as we had fixed at a good time, also need to look alongside sustainability and education to reduce usage, particularly around heating, **all agreed** that communication was key.

Governors appreciate the inclusion of contributions by school, and the use of '4cast' software to help with curriculum planning. Want to get this breakdown to course level if possible.

It was agreed that the budget should not be changed, as that was approved, the committee need to track where the year is against it. Higher income but some utilised on pay costs so does not track to bottom line,

Governors **challenged** the big variances early in the year. These were explained as due to phasing, and about the profile, rather than an annual amount. **Reprofiling** was requested to allow accurate review and monitoring. **(Action AB/DA)**

Commercial variances also explained by phasing, as was in 12ths but no income was realistically expected in August. Negatives were due to a reversal of accruals.

The detail and full management accounts were **useful**, governors agreed it should continue in this format.

### **23/77 Business support and FRP KPIs (Agenda item 9, Paper G)**

The KPI report was received, and questions invited.

Governors agreed that cash between 25 – 50 days was thought to be acceptable. Above 50 days would expect to be challenged.

Risks around T Level investment were flagged. Governors were updated on news from other colleges who were reported to have struggled to recruit to these programmes, and were seeking clarity on funding clawbacks, will be important to monitor through recruitment figures. **(Action)**

Attention was brought to HR targets and the impact of phasing, as they were reported green now, but the same trajectory and increase would see them red before the end of the year, so what pre-emptive action was being taken. There was a **thorough debate** around the risk, impact, and reasons for absence, which it was recognised were common across the sector. Governors **asked** for greater activity to address issues but were **reassured** by some of the support and activity already underway.

**Resolved:** To receive the Business Support and FRP KPIs report.

*Charles Matts left the meeting.*

### **23/78 Commercial Report (Agenda item 11, Paper I)**

A brief narrative around opportunities and risks currently being managed.

A governor **asked** why the new standards had been selected. The Committee was **informed** this was due to being an LSIP skills gap sector or employer demand. Do you get enough support for ideas of opportunities, we get incoming enquiries, the ISB's will be up and running this term, to engage with governors, give them ownership of the skills agenda and understand interest from which we can design solutions.

Commercial income needs some broad targets, **governors challenged**. Governors were **informed** that growth was being actively sought. The college had advertised for external roles, someone to look for external funding, through the DWP or SWAP's and we are investing in a grant finder platform too. Governors were **assured** that the team were getting enough ideas to build on and an entrepreneurial mindset was being encouraged. Governors **revisited** the need for some high-level targets, recognising a balance between what commercial people want and what is best for the students. Target can sway away from the best interest of the students which a commercial target can compromise. SLT would give further thought to this and bring a proposal to a future meeting. **(Action – CH/MS)**

## **SECTION C – Resources:**

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### **23/79 HR Quarterly report: Staffing budget (Agenda item 12, Paper J)**

Some KPI's had been covered earlier in the meeting. Key points of the report were detailed for the Committee. **Explained** a change in the calculation of turnover figure, to ensure alignment with AoC calculation, will present two figures, as any staff leaving the organisation presents a problem, we should not be blind to any of those leaving. Recruitment remains a challenge. Are seeing an increase in recruitment from within the sector, but vocational curriculum is largely recruiting from industry. Working hard to reduce and convert agency staff.

Long term absences were detailed, which governors were **reassured** are carefully managed to a conclusion.

An **update** was given on the annual pay award, 4% was awarded in September, a further 2.5% proposed for January, enabling us to mirror that in the teaching sector, and was also recommended by the AoC. Majority of other colleges are at that stage. A full pay and benefits review is being considered, it is known that a near competitor is doing the same, however many leavers are going into industry, where the remuneration is higher. External support would be needed to conduct a full review.

Governors were reminded that the HR and payroll system was launched last year and would be audited again later this year.

PDR results were **challenged** by a governor, asking if too many were outstanding. SLT agreed this had been an issue, with expectations perhaps too low and in some places a reluctance to manage robustly. Managers were being supported and the process strengthened, so any recommendation for either a strong performance or underperformance would be approved by an SLT member. Governors were assured some areas had followed a robust process this year.

A governor **asked** if it is possible to move away from pay scales to attract the right staff. It was **confirmed** that this was possible.

### **23/80 Gender Pay Report (Agenda item 13, Paper K)**

Reference point is end of March each year, so the year up to March 2023. The highlights from the report were discussed. Lower payrates have risen, due to living wage increase.

**Assurance** was offered that the only bonuses paid were due to long service awards.

**Resolved:** that the Gender Pay Report be **approved**.

### **23/81 People Plan: Action Plan (Agenda item 14, Paper L)**

The report was taken as read, all actions but one was received as green.

The background context of the report was expanded on, explaining that the natural lifecycle of the plan brought it to an end this year, so should expect actions to be green. The one-point outstanding was the linkage between workforce development and income. A new plan was being drafted, to be presented to this committee later this year. **(Action DA)**

It was **asked and confirmed** that the next people plan would fit in with the college strategy.

It was recognised that his plan was written pre-covid and peoples' perceptions and expectations had changed.

Concern was raised regarding the health of staff and what support could be offered. Governors asked that it be captured in the metrics of the next report. There was a **lengthy discussion** around the general health of staff, and wellbeing support offered. It was asked how the college can improve the sickness rates. Governors were assured that many staff were never off sick, and most were open to supporting themselves. Managing staff sickness was recognised as important to help all staff, including those left to cover.

### **23/82 Sustainability Annual Report 2022/23 (Agenda item 15, Paper M)**

The report looking back at the past year was received. Lots of challenge regarding the 'how' had been shared by governors in advance of the meeting. The Director of Skills and Business Development would lead on this area, and funding had been bid for.

Need to get a clear measure of the baseline to be able to set a realistic target. All acknowledged being behind the curve on this aspect as other pressures have taken resource away from this development.

2023/24 plan should be available before now, next steps are contained on the last page, but a stronger plan was required, important to put some targets on this so we can measure if we are moving forwards. A plan was requested for approval **(Action MS)**

**Resolved** that the report be recommended for approval with a marketing proofread and polishing edit before publishing.

## **SECTION D – ESTATES:**

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### **23/83 Estates Plan Update (Agenda item 16)**

A brief verbal update was offered on the estates plan as this had been captured in the discussion around the strategic risks.

The Committee was **reassured** that architects were working closely with the college to create a high-level plan which would be shared and presented to the December meeting of the Committee. Challenges across the site and in class sizes were understood.

The new estates manager's review of the systems, processes, and resources to enable more systematic management of the site, and planned maintenance etc was explained.

## **SECTION E – HEALTH AND SAFETY:**

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### **23/84 Health and Safety Annual Report 2022-23 (Agenda item 17, Paper N)**

Taken as read, summarised update reports seen previously. The staff time and resource needed to manage some of the increasing and challenging issues was recognised.

**Resolved:** that the Health and Safety Annual Report 2022-23 be recommended to Board for approval.

## **SECTION F – Governance:**

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### **23/85 Terms of Reference Review (Agenda item 17, Paper O)**

**Resolved:** The two changes to the terms of reference were approved as presented.

## **SECTION G – POLICIES:**

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### **23/86 Policies (Agenda item 18)**

The following policies and narrative were received.

- a. **Information Security (Paper P.1):** No major changes had been made; implementation was a priority.
- b. **General Data Protection Policy (Paper P.2):**  
Currently have an outsourced provider. Fourth annual review of the policy had substantial audit. Looking to bring DPO in house to sit with the Head of Governance in the future.
- c. **Freedom of Information and Publication Scheme (Paper P.3)** reviewed and unchanged.

**Resolved:** To approve the

- Information Security Policy,
- General Data Protection Policy and,
- Freedom of Information and Publication Scheme.

## **Section H – CLOSING ITEMS:**

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### **23/87 Any other business (Agenda item 15)**

There was no other business.

### **23/88 Impact of Governance**

- Challenged phasing of budget to accurately measure spend through the year.
- Targets requested for commercial income.
- Debated fees and charges increases being below inflation.
- Assurance sought around IT risks and steps being taken to manage the impact on learners.
- Challenge to the pace and quantification of targets
- reflection are reports coming early enough, perhaps sometimes a meeting behind.
- Review of two risks assurance and reassurance sought – maintained the SLT focus on these as priority areas.

### **23/89 Date of next meeting**

Monday, 11<sup>th</sup> December 2023 at 5.00pm in the IT Suite.

Meeting closed at 7.30 pm.