City of Portsmouth College

Minutes of the Finance & Resources Committee Meeting at 4.30pm on 14 July 2025

Present: Alex Dartmouth, Graham Goddard, Tim Jackson, Anne Murphy (temporary chair) & Rob Nitsch

Apologies: Shahalam Ali and Aston Muff (student governor)

In Attendance:	Katy Quinn	Principal & CEO
	Paola Schweitzer	Director of Governance
	Maria Vetrone	COO

Minutes

257 Attendance and Participation

Shahalam Ali and Aston Muff (student governor) sent their apologies.

258 Declarations of Interest

There were no declarations of interest.

259 Follow up to information sent out to governors following 07 July 2025 meeting.

There was a discussion about the information sent to governors following the previous week's meeting. Governors were satisfied with the **Pompey in the Community** information outlining the nature, value and impact of this subcontracted provision. Maria confirmed that the optimal arrangement for the **pay award year** was for a staff pay award in September. Governors discussed the advantages and disadvantages of different time schedules including the impact of change on staff motivation, operations etc and agreed a September pay award was desirable but might not always be possible in which case it could be deferred (as in 2024/25 where a deficit budget had been set and so the decision was deferred until after enrolment).

259 2025/26 Budget & One Year Financial Forecast inc. Pay Review (paper 812/25/C)

Maria presented the 2025/26 budget and one-year financial forecast stating that governors were being asked to make a recommendation to Corporation on the 2025/26 budget and pay award. She drew governors' attention to the key points:

- **Income and expenditure**: Total income of £39,404k against a total expenditure of £38,998k, meaning an operating surplus of £405k. The College was steadily growing its income (mainly through a strong focus on the College's core mission of increased 16-19 student numbers and funding rates). Pay expenditure had increased mainly due to recruitment to vacant posts and new posts to deliver additional unfunded activity in the curriculum plan and increases in National

Insurance and the National Living Wage (NLW) contributions. Performance against the DfE's financial health KPIs was *Good*.

- The **Balance sheet** showed increasing strength with total net assets positive and growing, reflecting the continued investment in the College's estates.
- Although the College was projected to have positive cashflow in 2025/26, **cash balances** remained low to moderate and would fall under the FEC revised benchmark of 40 days in every month.
- **Staff costs as a % of income** were projected to be just above the FEC benchmark (66% against 65%) and would continue to be carefully managed.
- The 2025/26 **capital programme** totalled £3,372,789 of which £999,885 was funded by the College, £2,337,544 from the FE College Conditions Allocation (FECCA) and £35,360 from T Level Specialist Equipment Allocation (SEA).
- **Short term financial planning assumptions** included ensuring cost control and improving efficient, prioritising core provision and generating cash to sustain proposed capital expenditure.
- **Curriculum planning assumptions** included student numbers (3589 students at R04 compared with a DfE allocation of 3423 students), staffing hours and costs.
- **2026-27 forecasts** included an operating surplus of £575k and *Outstanding* financial health.

Governors turned their attention to the proposed 2025/26 pay award. Maria stated that a 2% pay award had initially been included in the budget but was stripped out because of lack of affordability with financial KPIs drifting out of acceptable range. However, the DfE had since given the College an additional £825k net uplift to funding rates for 2025/26, meaning there was a £500k favourable variance after £325k accrual in the core funding line which could now be used to fund a staff pay award. A table set out the impact of a 2%, 2.5%, 3%, 3.5% and 4% pay award on various metrics including pay % to income, operating surplus and cash balances. Based on these calculations Maria, as COO and strategic finance lead, recommended that a 2.5% pay award in September 2025 was the only affordable option which maintained financial KPIs within acceptable range.

Anne invited Katy to give her view, to which Katy responded that she agreed with Maria and that the College could only make an award it could afford. However, she reminded governors that one of the College's KPIs was to align with AoC pay recommendations. She noted that % pay increases were misleading as it depended on the starting point. COPC mapped its pay scales to AoC and whilst it was just starting to fall behind, some of the teaching salaries were the best in Hampshire. Governors noted the AoC would not publish their recommendation until September and whilst they acknowledged it was important that the College's decision was informed by the AoC, they discussed the merits and risks of deciding before having that information. Katy stressed the importance of the College being clear about the rationale as the decision was likely to lead to challenging conversations with the College's Trade Unions, particularly as most colleges, especially those in Hampshire, were likely to award 4%. Having discussed the matter at length and being mindful of low cash days, positioning the College for a potential merger and the ELT recommendation, governors **Agreed** to recommend to Corporation that the £500k envelope in the 2025/26 budget was allocated to a pay award and that, as a basic principle, the award would be 2.5% for all staff. However, governors noted management might wish to vary the pay award (e.g. allocating a higher percentage to lower paid staff). *Following the meeting it was agreed that the matter of how the pay award might be varied within the context of the College's* *framework for staff pay and conditions would return to Corporation on 07 October 2025.*

Governors then returned to their discussion from the previous meeting regarding backdating the 2024/25 pay award to September 2024. Katy stressed the importance of ensuring the College was well positioned in any merger discussions as well as maintaining good relations with staff and Trade Unions and noted the impact of pay awards on culture. After some discussion, governors **Agreed** to recommend to Corporation not to backdate the 2024/25 pay award to September 2024. This was not a unanimous decision. Katy stated that whilst she accepted the Committee's decision, she did not agree with it as she believed backdating the pay award was affordable based on the current projected 2024/25 outturn.

260 Capital Bids 2025/26 (paper 813/25/C)

Capital bids had been sought for 2025/26 with bids totalling £5.03m received from across the College. Of these, bids to the value of £1.686m had been approved mainly to support building condition improvements such as building works to the Highbury Tower as well as IT, furniture and equipment. Planned expenditure aligned to the College's strategic priorities. In response to a question, Maria confirmed that the process was comprehensive and robust, with all staff invited to submit bids. Bids were also informed by Student Voice. Maria confirmed that there was no overall contingency in the capital programme but that there were the usual contingencies built into the major capital projects for the Tower. Having scrutinised the capital bids, noting alignment with the College's strategic priorities, assessment criteria and audit trail of decision-making, governors **Agreed** to recommend the results of the capital bids and resource allocation process for 2025/26 to Corporation.

262 Capital Programme 2025/26 (paper 814/25/C)

The capital programme for 2025/26 included all capital expenditure including those agreed through the capital bids process. The capital programme included a range of planned expenditure for major building works and refurbishments as well as associated peripheral works across the estate, furniture and fittings, and classroom and IT equipment to the total budgeted value of £3.373m. There was a discussion about the allocation of funds across the different campuses, with one governor noting that huge amounts were being invested at the Highbury Campus and less at the Sixth Form Campus. Maria stated that the DfE Condition Surveys informed the capital resource allocation process so investment was targeted to need, and that prior to merger the Sixth Form Campus (former Portsmouth College) had received significant capital investment and was generally in good building condition. Having scrutinised the final draft of the 2025/26 capital expenditure programme, governors **Agreed** to recommend it to Corporation for approval.

The meeting ended at 6.05pm.