

Minutes of the Finance & Resources Committee Meeting Held Virtually at 5pm on 26 October 2021

Present: Adele Hodgson (Chair), Tim Jackson, Mike Stoneman & Paul Walton

Apologies: Shahalam Ali

In Attendance: Denise Cheng-Carter Interim CFO
Graham Morley Interim CEO from 01 November 2021
Paul Quigley Chair of Corporation
Paola Schweitzer Director of Governance
Karen Stant Director of People Strategy &
Organisational Development (Minute 15)
Maria Vetrone CFO from 01 January 2022
Penny Wycherley CEO

Minutes

1 – Standing Items

009 Attendance and Participation

Shahalam sent his apologies. Adele welcomed Committee members and those in attendance, particularly Graham and Maria who would take up the posts of interim CEO and CFO on 01 November 2021 and 01 January 2022 respectively.

010 Declarations of Interest

There were no declarations of interest.

011 Minutes

The Minutes of the Meeting of Highbury College Finance & Estates Committee Meeting held on 04 October June 2021 were **Agreed** as a correct record.

012 Matters Arising

There were no matters arising that were not covered on the agenda.

013 Finance & Resources Risk Register

Penny presented paper 0032/21/F&R setting out the Finance and Resources risk register, which had been updated for the merged college with a revised format, drawing governors' attention to the key risks.

Several members of the MIS team had recently tested positive for Covid-19 and this had had an impact on the submission of ILRs and an external audit. The situation had been managed but underlined *loss or absence of key staff* as a key risk. Mike noted that staff absence was a problem in the city's schools and this was likely to continue through the autumn/winter months. The College would mitigate this risk by launching a campaign after half term for students and staff to wear masks, socially distance and test regularly. There was a brief discussion concerning low pay in the sector and the challenge of recruiting in some teaching areas, with Tim J suggesting a market supplement could address this. Market supplements were paid by the College in some areas and Penny suggested Karen Stant, the new Director of People Strategy and Organisational Development could provide an overview to the Committee's next meeting. In response to a question, Penny stated that the College had yet to work out the impact of the minimum wage increase as it necessitated reviewing pay scales, but this would be brought to the Committee's next meeting and would be incorporated into the period 4 forecast, alongside the 1% pay increase for all staff agreed by Corporation earlier in the month. Karen would carry out pulse surveys to better understand and therefore address the '*poor staff morale leading to under performance and possible industrial action*' risk. Penny noted that low staff morale was higher in some parts of the College than others.

Governors **Noted** the Finance & Resources Risk Register and its revised format

014 Management Accounts Period 12

Denise presented paper 0033/21/F&R setting out Highbury College's management accounts for period 12, noting that they had already been considered by Corporation.

The accounts showed that year-end outturn was in line with forecast 3 with an operating deficit of £889k against a forecast deficit of £889k. Pay costs as a % of income was 64.2%, 0.3% adverse to forecast. Non-pay costs as a % of income was 40.8%, 0.3% favourable to forecast. Cash days were 86 days at year end compared to forecast of 48 days. These figures were subject to year-end audit.

In response to a question, Denise stated that the College had reclassified the Saudi Joint Venture dividend as a below the line investment and this had returned the College to *Requires Improvement*. Penny had just signed the College's exit from the Joint Venture, although processes still needed to be completed in Saudi Arabia. One governor asked how the auditors required the College to deal with the College's Nigerian activity, to which Denise confirmed that it was recorded as a subsidiary company but was not consolidated in the financial statements and therefore had no impact on the College's financials.

One governor asked if the College was confident it would get its apprenticeships back to where they needed to be, to which Denise replied there had been a reasonable start to the new academic year with numbers slightly higher than profiled, but it was too early to say. Penny noted this area would need to be tightly managed

and as a result, featured in several lines of the balanced scorecard. It was intended to provide governors with a dashboard reporting on key indicators but it was not possible due to the fact that the College didn't have a single MIS system. In the meantime, governors would receive the balanced scorecard (as presented to each Corporation meeting) and management accounts on a regular basis. Governors welcomed this information flow.

Denise then presented paper 0034/21/F&R setting out Portsmouth College's management accounts for period 12. They had also been considered by Corporation. The year-end outturn was in line with forecast 3 with an operating deficit of £396k against a forecast deficit of £583k. This was due to the exceptional pre-merger and Covid costs as well as £149k professional fees for the capacity building bid. Pay costs as a % of income was 75.8% and non-pay costs as a % of income was 26.8%. These were draft figures and did not include FRS 102 and were subject to year-end audit. There was nothing in the ongoing audit which caused any concern. The College was expecting actual delivery of its AEB contract to be c80% and on this basis would be liable to clawback of funding by the ESFA of £72k. This was not material to the accounts. The Soccer Scholar Academy Limited sub-contract would be raised as an irregularity by the auditors in the financial statements.

Finally Denise presented paper 0035/21/F&R setting out the City of Portsmouth College period 1 and 2 management accounts providing the first opportunity to assess the College's in-year financial performance (these two periods were usually combined as period 1 was so quiet). To date, the College had made reasonable progress and was operating £109k ahead of budget profile, with an operating deficit of £44k against a budget deficit of £154k. This was due to income being slightly ahead of profile and pay and non pay costs down by £26k and £24k respectively, but Denise noted costs were likely to pick up later in the year. Denise highlighted 16-19 FE loans which were looking strong and already had a waiting list. Governors asked if Denise was confident of the underlying trend, to which she replied that it was too early to tell, particularly given Covid-19.

Governors thanked Denise and **Noted** the Highbury College and Portsmouth College period 12 management accounts as well as the City of Portsmouth period 1 and 2 management accounts.

015 HR Update including Staff Survey Action Plan

Karen joined the meeting and presented paper 0036/21/F&R updating on current areas of work within the HR team, key HR and people metrics and a summary of the areas initially identified to improve the HR service delivery model across the College. Karen noted that future reports would be more detailed (it was her second week in post). Key elements of the report included:

- HR Team Collaboration Days would take place to focus on how to deliver a high-quality, responsive HR service in line with the College's strategic aims.
- Zellis, the HR system, was now operational
- The College employed 652 employees (FTE of 501.99). Future reports to the Committee would include a dashboard on recruitment, staff turnover, employee relations and equality data.

- The Mental Health and Wellbeing Plan would be reviewed and an update report brought to the next meeting.
- Joint Consultative Committee meetings continued with the recognised Trade Unions.
- A staff survey action plan had been drafted and was appended to the report. It would be regularly updated. One governor asked that the plan cross-reference data by College site.

There was a discussion about relations with and between the Trade Unions, which led to a discussion about low staff morale across the College. Penny underlined the importance of clear and honest communication with staff. Karen stated that a temperature check would be taken to better understand how staff were feeling and stressed the importance of listening, understanding and taking measured, proactive steps. Graham believed in the importance of focusing on behaviours to change the organisational culture.

Governors thanked Karen and **Noted** the HR update and staff survey action plan.

016 H&S Annual Review 2020/21 and Update

Denise presented paper 0037/21/F&R setting out the 2020/21 Health and Safety annual review and update. The health and safety policy was one of three policies agreed for the new College prior to merger. The report had been written by David Cottrell, Health and Safety Officer, an experienced chartered professional.

The report summarised recent changes to the Health and Safety department, reviewed previous topics that impacted on the business and the way forward. The pandemic had had a big impact to how the College operated and had therefore been the focus of David's work with widespread health and safety control measures and safety protocols being swiftly introduced. Covid-19 was likely to remain the focus of David's work in the coming months. The 2021 staff survey found that 97% of staff felt the College responded positively to challenges with Covid-19. Health and safety measures were continually improving, with several health and safety eLearning modules being prepared for release to staff, alongside a new Display Screen Equipment risk assessment for habitual workstation users. All Learning Assistants were being trained in first aid thereby providing good coverage of first aiders across the College. The report noted that work experience and off-site activity requests were starting to significantly increase.

There had been four RIDDOR reportable events during the year, but no HSE follow ups. One governor asked that comparative data with other organisations/colleges be included in the next report. Another governor noted that there was a cost attached to every RIDDOR reported event of £1,300. In response to a question, Denise stated that to reduce costs, David was providing in house training for staff without D1 category permission on their driving licences. This would be followed by an external test. There was a discussion about off site health and safety risk assessments, with Denise noting that in a normal year these assessments would represent a significant workload (usually the tutor or training officer would complete the assessments, with David undertaking a sample test as was standard practice in the sector). All assessments were checked against the ESFA guidance on work placements. One governor recognised the value of offsite enrichment activities for

learners and asked if more would be possible this year. Denise stated enrichment activities were a condition of funding and so plans were in place, but it depended on the pandemic. At this point in time no overseas visits were planned but local trips were taking place.

Governors **Noted** the Health and Safety Report and reaffirmed the College's commitment to the promotion of healthy and safe working practices.

017 Student Union Reports & Accounts 2020/21

Denise presented papers 0038/21/F&R and 0039/21/F&R setting out Highbury College's and Portsmouth College's Student Union 2020/21 reports and accounts.

The reports identified activities undertaken during the year and a summary of the accounts. There had not been a huge number of activities due to the pandemic. Both sets of accounts showed small surpluses. It was intended that a single report and set of accounts would be brought to the Committee for the current year. Governors **Agreed** the Highbury College and Portsmouth College Student Union 2020/21 report and accounts.

018 Annual Report on Insurance

Denise presented paper 0040/21/F&R in accordance with the Financial Regulations, which stated that the Committee was required to consider and approve the portfolio of insurances on an annual basis.

A procurement process, run for the College through a consortium, had taken place and three framework providers identified, two of whom submitted tenders. FE Protect had received the highest score and this, coupled with the fact that Portsmouth College had previously used FE Protect as their insurance brokers and Aviva as their insurance partners and had received an adequate level of cover and a very good level of service, meant that management was happy to proceed with FE Protect to provide cover for 2021/22. Policies for the current year included Employers Liability, Public Liability, Governors & Officers Liability and Cyber insurance. There had not been any insurance claims for the year to date.

One governor asked if the level of coverage reflected the sector norm. Denise confirmed that it did and Maria concurred, stating that the policy schedule in place at her current place of work, NESOT, was almost identical to the schedule in the report. One governor noted that one of the drivers of cost was claims outstanding and asked to see this information included in the report. Denise noted that there were a couple of outstanding claims to the value of £44k from the previous year.

Governors **Agreed** the College's insurance portfolio.

Minute 019 was confidential

020 Financial Regulations Update

Denise proposed that the Committee adopt the financial regulations previously agreed by former Highbury College (they were more stringent than those from

Portsmouth College), meaning that Maria, when she joined the College as permanent CFO, could review them as appropriate. Maria stated that reviewing the regulations would be one of her first tasks. Governors **Agreed** to continue using the financial regulations as previously agreed by Highbury College.

Minute 021 was confidential.

The meeting ended at 7pm.