

Minutes of the Finance & Resources Committee Meeting at 4.30pm on 18 March 2024

Present: Shahalam Ali, Huw Chapman, Alex Dartmouth, Graham Goddard (Teams),
Tim Jackson, Anne Murphy (left 6.40pm) & Rob Nitsch (Chair)

Apologies: None

In Attendance: Mickiela Blake Director of People Strategy & Organisational
Development (Minute 176)
Chris Caddemy VP Information Services
Katy Quinn Principal & CEO
Paola Schweitzer Director of Governance
Maria Vetrone COO

Minutes

172 Attendance and Participation

There were no apologies.

173 Declarations of Interest

There were no declarations of interest.

174 Minutes

The minutes of the 04 December 2023 meeting were **Agreed** as a correct record.

175 Matters Arising

Minute 162: Student Union (SU) Report: The Student Experience team believed the SU was an integral and independent element of student voice and needed to be retained. Governors **Noted** that other matters arising were on the agenda or complete.

On another matter, an analysis of the cost/impact of marketing would be brought to the Committee in due course.

176 HR Update including Dashboard (paper 539/24/F&R)

The report showed 2023/24 top line data against 2022/23 data. Key points were:

- The College had appointed a jobs board company on an interim basis resulting in a significant increase in applicant traffic and a higher number of job offers.
- 2022/23 staff turnover was higher than the sector average. This trend had continued into the 2023/24 autumn term
- Average sickness days were in line with 2022/23 data.

Governors noted that recruitment had improved but there were challenges with retention. Mickiela believed turnover would align or better with the sector average by the end of the term. Further action would be taken if this was not the case. Mickiela believed HR had sufficient resources, particularly with the new Employee Engagement & Wellbeing role who would play a role in addressing sickness absence. Rob asked

that future reports measure performance against the KPIs in the HR strategy and identify risks to achieving the College's strategic priorities.

Mickiela left the meeting.

177 Digital Strategy (paper 543/24/F&R)

The strategy set out the digital culture, values and vision required to equip staff and students to thrive and innovate whilst upholding the principles of digital inclusion. It supported the strategic plan and was underpinned by an implementation plan.

Governors were asked to consider the resources perspective of the strategy (Learning & Quality Committee had also considered the strategy). A governor noted it was a strong strategy and asked how confident management was in ensuring investment in the strategy was meaningful. Chris believed the strategy presented an opportunity to galvanise the College and create positive change. Governors agreed that the cerebral investment was important and suggested that each member of staff have one digital objective in their annual appraisal to embed the strategy. In response to a question, Maria confirmed the College would include the identified resources to deliver the strategy in the draft finance strategy and in the budget 2024/25. Katy noted that the cultural piece could not be underestimated. Governors suggested the strategy be interwoven into other College activities/strategies to ensure staff buy in. They also suggested that actions with a potential impact on an Ofsted inspection be prioritised.

Governors agreed with the intent and ambition of the digital strategy and asked that they be kept informed of progress. Rob noted that the College had a wealth of strategies and asked that they each start with an executive summary.

178 Health & Safety Report (paper 540/24/F&R)

The focus of health & safety (H&S) activity between November 2023 and January 2024 continued to be to ensure the College had comprehensive control measures in place to maintain a safe place to work, visit and study. Actions included improvements to risk assessments and workplace inspections. Maria confirmed that the Estates team including H&S were experiencing significant staffing pressures related to ongoing vacant posts, sickness absences and performance issues (Huw and Alex would liaise directly with Maria to offer solutions for staffing) which were impacting workload and delivery. Graham (lead H&S governor) had met with the consultant undertaking the independent external review of H&S arrangements and believed its findings would have significant resource and financial implications for the College. Governors scrutinised the report, discussing the number, nature and location of reported accidents against near misses which indicated that work was required to address how data was coded and reported as well as the College's general H&S culture. In response to a question, Maria stated that management were not aware of any non-compliance concerning H&S legislation but had some concerns regarding gaps in the College's H&S framework and resourcing, which had led to the College commissioning an independent review. The review was intended to recommend a framework for reporting systematically on compliance with H&S legislation and its findings would be brought to governors in due course.

179 Management Accounts P06 January 2024 (paper 541/24/F&R)

Key points in the P06 January 2024 management accounts were:

- Year To Date (YTD) actuals indicated an operating deficit of £339k (favourable to YTD budget by £5k). The forecast outturn at 31 July 2024 indicated an operating deficit of £1,466k (favourable to full year budget by £9k)

- Total forecast outturn income aligned closely with the budget. However additional in year funding would be wiped out by significant shortfalls from apprenticeships and full cost/commercial course fees.
- Total forecast outturn pay expenditure was favourable to budget by £139k
- Total forecast outturn non-pay expenditure was adverse to budget by £129k
- The College was forecasting 'Good' financial health for 31 July 2024 as well as confirming 'Good' financial health at 31 January 2024.
- The College anticipated maintaining this financial performance to year end whilst implementing additional actions for improvement
- Emerging financial risks were the outcome of the North Harbour (NH) rent review and receipt of High Needs funding from Portsmouth City Council (PCC)
- There were 50 cash days. This would drop to 20 in July 2024.

The College was making a case for additional in year growth funding with the ESFA and was in arbitration with the NH leaseholder concerning the rent review. The risk of unbudgeted costs materialising required careful management in the remaining months of the academic year but was thought to be manageable. A governor asked if a partial solution was to generate additional work, to which Maria stated that this was already being pushed and that the gas centre had been given a Gas Apprenticeship target of new starts for April 2024 and the College was reviewing its sales strategy. Maria confirmed that the College had full confidence in the AEB income target being achieved by year end. Maria reminded governors that 2023/24 was a year of planned heavy investment in College staffing, buildings and facilities which generated a large planned operating deficit and would drive sustainable growth in future. Governors scrutinised the College's financial position including KPIs, adverse variances, forecasts to year end and noted the emerging financial risks particularly the NH rent review, apprenticeships and full cost provision (including the gas centre) and high needs funding and **Noted** the management accounts P06 January 2024.

180 Capital Programme 2023/24 (paper 542/24/F&R)

This report summarised the capital programme as at 06 March 2024. The programme included a range of planned expenditure for building refurbishment and replacement works across the estate to the total budgeted value of £2.831m. Governors were comfortable with the approach being taken by the College to manage the capital programme and cash days and noted the intent to deliver the projects in year.

181 Waiver to Financial Regulations - Capital Funding

Governors **Noted** that the chair had approved a waiver to the Financial Regulations to enable work to proceed on Highbury Campus' performance space. Maria confirmed that a 'waiver' of the Financial Regulations is formally raised on any procurement that could not be delivered in compliance with the College's documented processes and procedures and that there was no 'cap' on the value for reporting as all non-compliance was required to be reported. The Financial Regulations are clear on procurement thresholds. Clarification on waivers and caps within the Financial Regulations would be provided after the meeting for governors.

182 Finance Strategy Overview

The College was developing its first five-year financial strategy setting out how it would finance the implementation of the long-term objectives set out in the strategic plan. Once the financial projections for income and expenditure and the underlying assumptions were agreed, the balance sheets and cash flow forecasts would be

constructed thereby allowing five-year financial ratios and financial health projections to be determined. The numbers in the strategy were indicative and would change depending on the monthly financial forecasts and annual final financial outturn. The 2024/25 forecast would be used to inform the first draft of the 2024/25 budget.

Maria talked governors through the indicative income and expenditure accounts through to 31 July 2029 and the strategy's underlying assumptions. A governor noted that strategy was good, detailed and evidence-based and asked Maria to carry out best and worst case financial forecast scenarios, recognising that it was critical that the 2024/25 figures were robust but that it would be harder to work up different scenarios into the future. Another governor believed that a turnover of £40m by 2028/29 was a useful target. Governors noted the challenges in growing income, recognising that whilst there were in year opportunities to onboard students, there was essentially only one opportunity at the start of the year. There was a discussion about utilising College assets more effectively and building in full life cost provision at NH.

Having scrutinised the financial projections for income and expenditure and the underlying assumptions, including student number forecasts and impact on the operating surplus/deficit for each year and the baseline for the 2024/25 budget, governors **Agreed** the projections and assumptions for the five year strategy and for the balance sheets, cash flows, financial health ratios and financial health targets to be constructed

183 Estates & Sustainability (E&S) Minutes, 23 January 2024

Tim drew governors' attention to the minutes. He noted the logic in standing down E&S given the overlap with Finance & Resources (F&R) Committee, and transferring its portfolio to F&R. He believed this would impact the length of F&R meetings.

184 Summary of Statutory Payments (paper 545/24/F&R)

Governors **Noted** the summary of statutory payments.

185 Subsidiary Companies (paper 546/24/F&R)

There was a discussion about the dissolution of the College's two dormant subsidiary companies: New Work Training Limited and Highbury College (Nigeria) Limited). Governors **Agreed** to recommend to Corporation the write off of £225,777 of bad debt relating to New Work Training Limited prior to its dissolution. The College was awaiting final DfE approval for the writing off of this debt and governors would be advised if there were any issues. There was a discussion about the third party shareholder who had waived his investment in the company. Governors also **Agreed** to recommend to Corporation the dissolution of Highbury College (Nigeria) Limited.

186 Saudi Arabian Joint Venture

There were no updates. The item would be on the next agenda and then closed.

187 AOB

Rob raised one of the points raised in the external governance review about whether it was more effective to have a generalist or specialist Committees chairs and asked governors to reflect on the matter prior to the Corporation discussion.

The meeting ended at 6.55pm.