Meeting of the Finance and Resources Committee

MINUTES

Items considered confidential on the grounds of commercial or personal sensitivity have been redacted from the published minutes

Date	**Wednesday 18 September 2024**
Time	17:00 to 18:45
Location	Via MS Teams
Present (Governors):	Paul Stedman (Interim Committee Chair) Jesse Adekoya Craig Mahoney (Chair of Corporation) Maureen McDermott (Staff Governor) Christine Ricketts (Principal and Chief Executive) Meyrick Vevers
In attendance	Allan Tyrer (Chief Operating Officer) Nolan Smith (Estates Project Manager, Fusion) – item 5 Melissa Drayson (Director of Governance)
Observer	None
Apologies for absence	None
Quorum (3)	The meeting was quorate throughout

Item		**Action lead**

1. Preliminary items

Maureen McDermott and Meyrick Vevers were welcomed to their first committee meeting as new governors.

1.1 Confirmation of Chairing 2024-25

The Committee approved the appointment of Meyrick Vevers as Committee Chair from the next meeting on 4 December 2024.

1.2 Apologies for absence
There were no apologies.

1.2 Declarations of interest

There were no new declarations of interests relating to matters on the agenda. Previously declared interests were carried forward.

1.4 Urgent other business
No items of urgent other business had been notified in advance.

2. Minutes

2.1 RESOLVED: That the Finance and Resources Committee minutes of 26 June 2024 be APPROVED as an accurate record. The confidential sections were confirmed and would be removed from the published version.

2.2 Matters arising
Supporting paper by the Director of Governance

The Committee noted the following updates:

The work by the HR Team to develop inclusive recruitment practices was underway and would be reported in the Spring Term.

The debtor policy would be brought to the December meeting to tie in with the finalisation of the year-end accounts.

3. People Report (May to September 2024)
Supporting paper by the Head of People, presented by the Chief Operating Officer.

Key headlines were:

- Staff vacancies had decreased recently from 24 to 17.
- An analysis of staff turnover showed that the biggest proportion of leavers were in their first year, which was common in most colleges. The turnover rate of 13.5% was average for the sector, but was nonetheless an area for improvement.
- Staff sickness was being recorded more accurately on the new HR system.
- A range of wellbeing initiatives were in place but many staff were not aware of them.

Governors asked whether the impact of staff vacancies on the workload of other members of the team were assessed. Many of the vacancies were in areas such as additional learning support, so the impact was only just beginning to show. Management was also very mindful of the impact in areas where staff handled caseloads of students, such as Safeguarding, and was looking at ways to mitigate this.

The high level reasons for leaving were noted. In response to governors' questions, management confirmed that it would consider introducing an exit interview questionnaire.

Other questions related to the drive to reduce agency staff spend. Governors were updated that the academic year had started with no agency staff, as opposed to 13 in September 2023. The policy was now to appoint fixed-term temporary staff, and to ban anyone other than HR dealing with agencies. An idea had been floated to set up a casual bank with other COOs in Surrey Colleges. Nonetheless, provision of £100k for agency costs had been put in the 2024-25 budget.

The Committee considered the outcome of the end of year staff survey, compared with other surveys conducted during the academic year. The overall response rate during the year was 300/800, and a target had been set to increase this to 60-70% of staff.

Satisfaction had increased with how well staff felt supported, how proud staff felt to work at Brooklands, CPD opportunities and awareness of how individual staff members' work aligns with college strategy and KPIs. Awareness of the college values overall had declined slightly. Overall, over 70% of responses were similar or more positive than at the start of the year. Some areas, however, such as communication remained stubbornly at the 50% mark and this was being interrogated further to understand where the weaknesses in lines of communication lay.

AGREED: That a different colour scheme should be used in future dashboard reports to differentiate the data.

4. Finance

4.1 July 2024 Management Accounts and year-end out-turn

Supporting paper by the Chief Operating Officer

The year-end picture showed slightly more income and slightly higher pay costs than were forecasted in May, due to some agency remaining on the books after students had completed in July. The budget had overall, however, been broadly accurate with EBITDA within £6k and non-pay costs within £1k of the predicted position. The EBITDA for the year stood at 13-14%, which was much higher than sector averages.

The balance sheet remained complicated following the sale of land, with some buildings now on lease-back to the college. It was confirmed that the sale proceeds were not yet reflected in the management accounts, but would be in the audited end-of-year accounts. Following completion of the estates project, a further revaluation would take place. It was anticipated that this would lead to a strong balance sheet position.

The cashflow report currently built in the capital funds. The college would, however, retain £3.5m of its own funds throughout. Governors stressed the need to be clearly sighted on operational cash levels

Governors acknowledged that, due to the flow of the land sale monies, the production of the management accounts currently involved complex accounting. It was agreed that the new Committee Chair and Chief Operating Officer would meet outside the meeting to gain a full understanding, and ensure that the figures were understandable to non-finance governors as well.

AGREED:

(i) That estate project cashflow reports would be brought to each meeting as part of the management accounts, and

governors would be given clear sight of operational cashflow separately. **COO**

(ii) The new Chair of Committee and Chief Operating Officer would meet **MV/COO**

4.2 Capital Expenditure budgets and grants
Supporting paper by the Chief Operating Officer

The paper outlined several capital grants that had been given to the College that needed to be spent within a set timeframe. There was support for the proposal to focus on the upgrade of current IT servers to support increased demand and cyber security requirements. In response to governors' questions, it was confirmed that a full procurement process would be used, possibly through Crescent purchasing Consortium, to ensure that the College was purchasing the right equipment and achieving value for money.

4.3 Student enrolment and projected learner income
Verbal update by the Chief Operating Officer

Enrolment of 16-18s was going well, with numbers currently above the contract of 1374 learners. This should provide a sufficient margin for drop-outs. The main areas of growth were construction, engineering and SEND.

Current T-Level recruitment was 92 against a target of 142. These funds would be subject to clawback, but at a lower level than budgeted.

Apprenticeship recruitment was on track.

Adult learner recruitment was ongoing. It was too early in the year to assess whether targets would be reached and the impact of the new adult strategy.

The College had achieved final approval of the Engineering Degree course validated by London South Bank University, and had received 8 applications. Achieving Adult and HE targets were currently the main areas of risk for the College.

4.4 Three-to-five year financial plan.
Supporting paper presented by the Chief Operating Officer

The Committee received an updated version of the 3-to-5-year plan with a full commentary around the figures. Key headlines were:

- The resilience of the plan in respect of 16-18 study programme income.
- A conservative projection of HE income, based on delivery of two qualifications.
- Commercial income figures based on actual growth from facilities hire café income following the introduction of Starbucks.
- Pay costs, currently at 63%, would be kept continuously under review. It was recognised that, in most colleges, these were at least 5% higher.
- The EBITDA use table reflected cash generation during the period of the plan.

The purpose of the plan was ultimately to prove that the College was sustainable financially for an indefinite period. Governors commented that the plan would be scrutinised by DfE. Sensitivity was needed to the fact that FE funding was fragile, and that there might be future external changes that the sector was not yet aware of. One of these would be salaries, and there was likely to be pressure on colleges to give more than 2%. Future planning also needed to take into account that 16-19 year old demographics were changing.

4.5 ESFA financial health letter
Supporting paper presented by the Principal and CEO

The Committee noted the contents of the letter.

4.6 Electricity contract
Supporting paper by the COO

The Committee was reminded that the Corporation had delegated authority to the COO to negotiate the best deal for the new electricity contract in March. Due to the need to agree on a price within 24 hours, the Committee supported an extension to this delegated authority. Governors asked for progress on reducing the College's carbon footprint. Several buildings would be taken out of use during the refurbishment, which would automatically reduce energy usage. Three of the refurbishments would include solar panels and other carbon reduction measures.

Governors advised to check any contract to ensure that there was no minimum usage clause that would penalise the College once buildings were taken out of use.

AGREED: That the delegated authority granted in March 2024 to the Chief Operating Officer to negotiate the best price for the new electricity contract be reaffirmed.

5. Estates and Facilities Report
Supporting paper by Nolan Smith, Fusion

5.1 Estates redevelopment progress report.

The planned Summer 2024 works had all taken place according to schedule, including the relocation of several curriculum areas from the Tower and Barnes Wallis to make way for the start of the refurbishment of those buildings. The Berkeley building had been fully demolished and soil remediation work was commencing.

The Edge building refurbishment was ahead of schedule and was currently due to be complete before Christmas. Cala Homes had established that there were bats in the loft space in the Edge, but this should not affect the work. Bats had also been discovered in Locke-King, which meant that the timetable for the demolition of the Mansion House link would need to take place in Spring to avoid roosting season. The impact of this on teaching and learning would be minimised. The next phase of work would start in Summer 2025 including Locke-King and Concorde.

The LSIF-funded carbon passive technology centre refurbishment in the old studio theatre and the T Level electrical installation refurbishment at Ashford were both completed on time and under budget. The Ashford underspend had been spent on car parking.

5.1 Capital Tender – the Tower refurbishment
Supporting papers from Fusion

The Committee was satisfied that a rigorous tendering process had taken place, balancing cost with quality and including a full quantity surveyor assessment leading to a set of contractor qualifications. The top two tenders had both come in below budget and were competitive across most criteria. The need for the work to be completed by Summer 2025 was the deciding factor in recommending GTCI. A meeting had been held earlier in the week to ensure that the firm could deliver the Edge and Tower refurbishments at the same time, and there was confidence that they had the capacity to deliver both.

The Committee discussed the need to work around the telecom masts on the Tower roof when undertaking the roof repair.

In response to questions, it was confirmed that the liability for the sale of the Mansion was with Cala Homes, not the College.

It was noted that the tender deadline for Barnes Wallis was imminent and would need Corporation approval within the next few weeks.

RESOLVED: That it be recommended to the Corporation, via written resolution, that GTCI be appointed for the Tower refurbishment.

6. Health and Safety Termly Report
Supporting paper presented by the Chief Operating Officer.

The Interim Committee chair, in his capacity as Health and Safety link governor, ratified the information in the written report and reported on a meeting attended earlier in the day where the action plan had been reviewed. The number of accidents and incidents since the previous report was noted, in particular, that these were low for a college and there had been no RIDDOR events. Further work would be undertaken to focus the reports on high-level risk and continuing themes.

7. IT and Cyber-Security termly report
Supporting paper presented by the Chief Operating Officer

The IT team continued to deal with all enquiries quickly, and had overseen the summer installation efficiently. The cyber security report showed a lower number of threats although the risk remained high. The College needed to ensure that servers were able to continue cope with the future volume of potential attacks.

8. Committee annual self-assessment

The Committee agreed that it had operated fully in line with its terms of reference during the 2023-24 academic year, had exercised strong challenge and guidance where necessary and that the skills and experience of members were appropriate. No changes to the terms of reference were recommended.

9. Other urgent business

There was none

10. Date of next meeting

Wednesday 4th December, including a joint meeting with the Audit and Risk Committee.

The minutes were approved as an accurate record by the Finance and Resources Committee on 4 December 2024