



MINUTES
of the meeting of the Finance and Employment Committee
held on Thursday 29 June 2023

Present: - Alan Layng (Chair)
James Caird
Julia Evans (Teams)
Jeremy Nicholls
David Williams (Principal)

In Attendance: - Edward Gwillim (Director of Finance)
Debra Baldwin (Director of Personnel)
Linda Watkins (Clerk to the Corporation)

The meeting was quorate as five Members were present.

- | | Action |
|---|---------------|
| <p>1. Apologies for Absence
Jo Ricketts (Deputy Principal).</p> | |
| <p>2. Declaration of Interests
No declarations of interest.</p> | |
| <p>3. Minutes of the last Meeting and Matters Arising
It was agreed that the Chair should sign the minutes of the meeting held on 22 March 2023 as a true and accurate record.</p> <p>The following matters arising were discussed: -</p> <ul style="list-style-type: none">I. A Governor asked about progress to prepare an estates strategy with confirmation that an Architect had been engaged to prepare information. In addition, an initial meeting had been held with another Architect to review the estates. The long-term goal is to prepare an estates strategy. It was confirmed that there is an overarching strategy in place currently.II. Smartlog compliance graphs showing staff training will be carried forward to the next meeting. | D Baldwin |
| <p>4. Annual Operational Plan (AOP)
The Chair invited questions. A Governor asked about staff engagement and communication and if this was of concern. The Director of Personnel confirmed that there was no specific issue at any campus but that she planned to set up working groups on</p> | |

each campus with staff which have not been done to date. These will be set up next year.

The Committee agreed: -

- To note progress to June 2023 of the AOP

5. **Employment Reports**

The Director of Personnel presented the following reports.

- I. The staff report highlighted staff recruitment and retention which remains a key ongoing issue as discussed at the previous meeting. This specifically related to employing additional Learning Support Assistants (LSAs) for September to support the increased number of students with EHCPs who have named the College as their place of choice. There have also been challenges to recruit IT tutors in Hereford recently following the resignation of two tutors simultaneously which had triggered discussions with a tutor who had agreed to continue in post. There was discussion about the disparity of teacher salaries in schools which impacts on recruitment. The AoC is aware of the national issue of low salaries in FE. Ludlow College lecturers are paid on sixth form college scales. Jobs are advertised publicising employee benefits and the employer pension contribution. A designated pay scale is being considered to address recruitment in areas which are difficult to recruit. It is not anticipated that FE funding will increase even if there is a change of government.
- II. The gender pay gap report provided snapshots for this year with the previous year. A detailed analysis confirmed that there had been a change in gender profiles of lower paid staff and higher paid staff creating a favourable closure of the gap. It is anticipated that this will close further following implementation of the pay award last year. There was a suggestion to profile some of the female staff in higher paid roles and their career progression.
- III. The health and safety report outlined two RIDDOR reportable incidents in the equine department at Holme Lacy College which have been investigated. Smartlog compliance of staff completing mandatory training has increased; however, this is a snapshot on the day recorded. Details of near misses are reported to the Health and Safety Committee; only two near misses were reported in Hereford. There was discussion about the culture and importance of staff understanding the importance to report near misses. A comparison of jobs reported to the estates team will identify potential near misses and ensure near misses are recorded appropriately. There was a suggestion to change the terminology to report issues which may be potentially dangerous. If the estates team identify near misses from the job log staff need to be advised to report as near misses too. A suggestion to send an email to staff to

J Evans joined
The meeting

confirm that they have potentially avoided an accident was suggested.

The Committee agreed: -

- To note the reports

6. Health and Safety Committee Minutes: 14 June 2023

These were noted which mirrored the health and safety report. A Governor raised the issue with fire doors which had been propped open in the workshops with confirmation that this has been addressed.

7. Finance Report: Management Accounts to 31 May 2023

- I. The Director of Finance presented the accounts drawing Governors' attention to income and expenditure and the predicted year-end at this stage of the year. Income is above budget which is driven by several capital grants which have improved the year-end position; however, this will also increase costs. The year-end is anticipated to be a deficit of £500k, a marginal improvement on the budgeted deficit of £800k, and a small positive EBITDA and cash gain of £150k. The balance sheet and cash position remain very healthy.
- II. There was no write off bad debts due to robust financial management.
- III. The planning process for the budget 2023/24 and financial forecast have been completed subject to final checks. This covers all aspects on the curriculum offer and delivery with pay costs at 65%. Whilst there is a small uplift in funding rates for next year this is not enough to offset the expected increase in costs (both pay and non-pay). The College plans to implement £550k of non-pay savings to reduce the budgeted deficit to £600k. Assistant Principals have confirmed that some savings can be made to non-pay cost faculty budgets. The College will need to recruit LSAs to support students who have named the College as their place of choice. This is a 60% increase of applicants with EHCPs equating to c£1m funding allocated to support the individual students which will equate to employing c47 additional LSAs. This is predominantly in Herefordshire but there are some increases to students in Shropshire. Options to offer LSAs the opportunity for CPD in teacher training and additional SEND qualifications are being considered. The AEB is a similar level to last year. Pay costs to deliver the CRM will be revisited in the autumn, hourly paid teaching staff fill shortfalls in teaching hours. The estates department also incur hourly paid costs for additional work and overtime. Holme Lacy and Walford farms and the College nurseries prepare separate budgets. The subcontracting assumption is to the same value next year.

The Committee agreed: -

- To note management accounts to 31 May 2023

- To recommend the Board approve the budget based on the budget process and financial principles outlined noting that this will be presented to the Board in the same format as monthly management accounts. This will be submitted to ESFA in the detailed CFFR spread sheets
- A Governors' Workshop will provide updates on subcontracting and apprenticeships in future

8. Accommodation Report: Capital Projects update

The Director of Finance outlined key elements from the report. Vaughan Nash Trust's funding was used to purchase equipment at Holme Lacy College. The College has spent additional funding on the carbon centre project and anticipates deploying non-specific capital grants to fund this.

Ongoing projects include the project at Oswestry College. Costs have increased for additional unplanned work to insulate the roof and building and improve landscaping. It is a challenging timescale to complete the project for September 2023.

The LEP project is used to fund carbon centre project at Holme Lacy College aiming for completion by April 2024 as per LEP agreement.

The T-Level bid submitted was unsuccessful; however, the College has received £4.2m transformation allocation funding over 3 years with some funding received to date.

The Committee agreed: -

- To note the capital projects report

J Evans left the meeting

9. Policies

The College subcontracts to provide flexibility for the College. The subcontracting policy 2023/24 was presented for discussion and to recommend to the Board for approval to subcontract up to £750K of the AEB to the Skills Network. Subcontracting predominantly provides courses for the health care sector delivered by remote learning. There are robust audit processes in place including an audit of subcontracting completed by the College's internal auditors.

The policy has been amended following the subcontracting audit and to ensure that provision meets the new subcontracting standard. The College will tender its subcontracting provision in autumn 2023 for the following year's contract.

E Gwillim

The Committee agreed: -

- To recommend the Board approve the subcontracting policy
- A future Governors' Workshop will provide an updating on subcontracting

E Gwillim/
L Watkins

10. Annual item for Committee

The Committee agreed: -

- To appoint Alan Layng as Chair of F&E Committee and Jeremy Nicholls as Vice Chair

- The Committee effectively met its terms of reference.
- The Deputy Principal will only attend meetings as required which would be amended in the terms of reference

11. Confirmation of items to report to the Board

Employment

- The current financial environment is making it difficult to recruit staff. This is now impacting on the College's ability to retain existing staff as well and the potential loss of key staff which is quickly becoming the biggest risk to the College.
- The College's ability to mitigate this is very limited with appropriate actions taken. This includes being a more flexible and responsive employer and emphasising the less-obvious benefits available. The College is increasingly having to react creatively to situations as they arise.
- The need for a large increase in Learning Support Assistants will add even more to this issue.

Finance

- The College is likely to finish the year with a deficit of £500k, a slight improvement on the budgeted deficit of £800k, and small positive EBITDA and cash gain of £150k.
- Whilst there is small uplift in funding rates for next year, this is not enough to offset the expected increase in costs (both pay and non-pay). The College plans to implement £550k of non-pay savings to reduce the budgeted deficit to £600k. The balance sheet and cash positions remain very healthy. The Committee is recommending the budget outline to the Board.
- The College is managing £11.3m of capital projects at a variety of stages, with grants totalling £8.7m and using £2.6m of College reserves. £4.1m has recently been awarded by ESFA and plans are currently being developed.
- The College continues to subcontract about £700K of Adult Education Budget to a single provider. In the coming year, the College will re-tender this provision; a Board will be arranged about subcontracting. The Committee is recommending the revised subcontracting policy to the Board.
- Appoint Alan Layng as Chair of F&E Committee and Jeremy Nicholls as Vice Chair.

12. Any other business

No items.

13. Date and time of next meeting

The next meeting was arranged for Wednesday 29 November 2023 commencing at 12 noon [revised date]

Signed as a true record of proceedings

Chair: **Date:**.....