



Minutes of: Finance & Employment Committee

Date: 12.00 1st July 2024 **Location:** Principal's Office, Hereford Campus

Present	Attending
Alan Layng (Chair) Dave Williams (Principal and CEO) Julia Evans James Caird Toby Kinnaird	Debra Baldwin (Director of Personnel) Ed Gwillim (Director of Finance) Rebecca Semple (Clerk to Governors)
Quoracy: Meeting was quorate	

1. **Apologies for Absence** – none received
2. **Declarations of interest** – no new declarations
3. **Minutes of last meeting**
 - a. **Approval of minutes of meeting held on 13th March 2024** – minutes were approved as a true and accurate record
 - b. **Matters arising** – three outstanding actions were discussed, and Committee heard that they all are in progress.
4. **Employment** – the Committee noted the Staff reports below, presented by the Director of Personnel
 - a. **Staff report**

The Director of Personnel Staff highlighted particularly the staff development days next week, staff awards, and the staff budget 2024/25 that is now almost finalised. She also noted that retention and recruitment are now improving.
 - b. **Personnel action plan 2024/25**

The Director of Personnel highlighted to the Committee some unactioned items that have been put on hold, including the implementation of the on-boarding module in the new payroll system, which has been delayed while some interim issues with the new system are ironed out.
5. **Health and Safety**
 - a. **Health and Safety Report**

The Director of Personnel presented this report, noting that the number of RIDDOR reportable incidents (7) continues to be higher than usual, assuring the Committee that each has been checked to ensure an appropriate level of reporting. The Committee asked for some clarity within the standard report that indicates which incidents are new since the last meeting. The Committee heard that Health and Safety walks are now back in the central college diary, and discussed the opportunities and benefits of involving internal/external subject specialists for these walks for areas such as farms/workshops.

- b. Minutes of last Committee Meeting held on 12th June 2024** – the Committee noted these minutes.

6. Finance

a. Management accounts

The Director of Finance presented the current management accounts to the Committee, noting the impacts over the year of major grants which add some complexity to the overall clarity of the current financial picture, due the difficulty of tracking project costs. A £1M deficit for 2023/24 is anticipated, with a negative EBITDA of £439,000.

It was noted that last year's budget was designed to reduce non-pay costs, and that this has been successful to some extent, with challenges such as inflation being a barrier. A discussion around the narrative to explain this was held, and the Principal confirmed that ESFA are comfortable with the current figure. The Committee acknowledged that essentially an increase in student numbers (noted to be continuing, indicated by the increase in applications this year) is causing a pressure on non-pay costs, which is a situation that is expected to reduce as the learner-linked funding comes in in future.

Committee Members asked about the management of capital and educational grants within the accounting system, and the potential benefits and challenges around potentially separating these was discussed.

A Committee Member asked about measures being taken to increase student numbers and associated costs, across different sites, and the mechanisms around this. The Principal updated the Committee on current measures particularly for North Shropshire College, and the relationships with local competition were discussed, along with the potential effects of demographic changes expected in coming years and the opportunities this brings.

Committee Members asked about the reserve fund required, and the ability to enable this. The Principal assured that staff costs and replacement of vacancies are carefully and individually considered.

b. Draft Budget 2024/25 and Draft Financial Forecast 2024/25

The Director of Finance presented this report and detailed the assumptions made within it, noting that a large proportion of income is grant-funding (the largest being 16-19 ESFA funding), particularly around students, which is currently on an increasing trajectory. He highlighted the effect of pension schemes, particularly the LGPS (Local Government Pension Scheme). He reported that the draft budget indicates breaking even on an EBITDA basis (£300K cash surplus), and hopes to see further improvement in this figure if all continues as it currently is.

Committee Members raised queries regarding income inflation, subcontracting assumptions made, the demonstration of investment in IT systems within the budget, and the spending directions associated with capital grants. The Committee noted the multiplicity of capital projects, and asked whether the report to Committee could in future include a breakdown of capital grants spend, timing, reporting requirements and outputs achieved.

Decision: *Committee agreed to recommend this report to Board for approval*

7. Estates/Accommodation

a. Capital Projects update

The Director of Finance presented this report, highlighting key areas for each campus:

- Holme Lacy: phase 2 of 3 is almost complete following some delays. The equine unit is effectively complete.
- Walford: minor routine works on residential areas. CM asked about ventilation in car workshop – FD confirmed this is included.
- Ludlow: work on reception and entrance areas planned
- Oswestry: refurbishment of refectory and entrance foyer is about to commence with speed gates being installed over the summer
- Hereford: new office space is being created in library with plans for the reconfiguration of the entrance foyer & reception area, including installation of speed gates, planned for summer 2025.

Committee Members asked about the animal care specialist (agricultural) equipment spend planned, and whether car workshop ventilation was included in works at Walford

b. Estates Strategy development update

The Financial Director presented this report that detailed the planned development of an Estates Strategy alongside the new college strategy which will be developed over the coming year (2024/25). He highlighted links of the Strategy with a curriculum strategy, the role of the Strategy in identifying areas of estate to be sold in future and reinvestment opportunity, and in preparing projects for readiness in the event of incoming grant funding.

Committee Members asked about the Strategy format, the capacity of estate teams and finance teams to manage a strategy, and to manage using grants efficiently and with appropriate timing, all of which the Director of Finance responded to with reassurance. The importance of including dedicated KPIs and embedding an environmental focus within the Estates Strategy were also discussed.

Decision: *Committee recommended the report to Board for noting*

8. Annual Operating Plan 2023/24 – progress report

The Director of Finance and Director of Personnel presented this report, highlighting particularly that an agency worker policy will be presented to Committee in November 2024, and that the work towards improving retention of staff and harmonising maternity benefits was complete.

9. Policies for approval

- HLNSC Flexible working policy:** the Committee noted that this policy has been updated due to legislation change.
- HLNSC Special leave policy:** updated due to legislation change - the Committee noted that this policy has been updated due to legislation change
- HLNSC Maternity policy:** the Committee noted that this policy has been updated as part of harmonisation of maternity benefits.

- d. **FY25 Subcontracting Policy:** the Committee noted that this updated policy and asked whether the timescale of historic subcontractors listed could be revised in the next update.

Decision: *the Committee recommended all four policies above to Board for approval*

10. Annual Committee items

The Committee agreed that Alan Layng will continue as Chair of the Committee for 2024/25. The Committee agreed that the Annual Self-Assessment was appropriate, and that the current Terms of Reference do not need any amendments following review.

11. Confirmation of items to report to Board

Summary to Board was agreed to include:

- Staff retention improvement
- H&S – RIDDORs increase
- Finance summary and proposed budget
- Estates Strategy development plans
- Recommendation of: Estates Strategy Development Update for noting, and four policies for approval

12. Any Other Business

- a. Thanks were made to the retiring Director of Personnel for her support and dedication, and Director of Personnel thanked the Governors for their time and energy in supporting and guiding the college
- b. The Committee noted that this was the last meeting for Co-opted Member, James Caird, and thanked him for his energy and input.

13. Date and time of next meeting: November 2024 TBC

A Confidential section followed the main meeting - see separate minute

Minutes approved:.....

Date: