

## Minutes Finance, Planning and Resources Committee

(All resolutions passed were the unanimous decision of the Finance, Planning and Resources Committee members present unless otherwise stated)

present unless otherwise stated

Meeting Title	Finance, Planning and Resources Committee			
Date	20 June 2023 at 6.30pm			
Members	Dr J. Brumwell (JB) Mr D. Cheema (DC) ( for part of meeting) Mr J. Marshall ( JM) - Chair Mr P. Mayhew-Smith (PM-S) - Group Principal / CEO			
In Attendance	Ms. R. Devan (RD) - Director of Finance Mr D. Fraser (DF) - Director of HR Mr R Greenaway (RG ) - Deputy CEO, Finance and Resources Ms T. Gleeson (TG) - Director of Facilities Mr J. O'Shea (JOS) - Principal, Kingston and South Thames Colleges Ms J. Percival (JP) - Interim Principal Carshalton and Merton Colleges Mrs H Meredith (HM) - Head of Governance			
Key Meeting Outcomes				
	The meeting was held remotely.			
1.	APOLOGIES AND DECLARATION OF INTEREST			
1.1	Apologies were received from, Mr T. Monger-Godfrey, Mr Foulston and Cllr Holt. Mr Cheema sent apologies in advance of joining late. HM confirmed that the meeting was quorate.			
1.2	Members confirmed that they did not have any other new pecuniary or other interest in any item on the agenda other than interests which have previously been declared.			
2.	MINUTES OF MEETING OF 25 APRIL 2023 AND MATTERS ARISING			
2.1	Accuracy. The minutes were accepted as an accurate record.			
2.2	Matters arising. Updates on the following items from the Action Log were as below.			
	The Treasury Management Policy to be reviewed to take account of MPM rules and presented for approval to the June FPR meeting	R D	June 2023	Agenda Item 6
	Investigate any benchmarking for estates management costs	R G	June 2023	Ongoing
	Estates Consultants to be asked to evaluate renting out parts of the college estate.	R G	June 2023	Actioned
	Commission active support from the FE Commissioner's office through Curriculum Efficiency and Financial Sustainability Support (CEFSS) + DfE support for apprenticeships next year.	R G	Autumn 23?	Actioned Work to start in September
	Convene Estates Sub-Committee meeting	H M	May 23	Actioned – met on 19.6.23
	Add Net zero target wording to Estates Sub-Committee TOR	H M	June 23	Actioned
3.	DIRECTOR OF HUMAN RESOURCES REPORT			
3.1	The Director of Human Resources presented a paper providing detailed metrics for HR issues across the College and took questions on this.			
3.1.2	The staff turnover rate is currently 12.8%. JB asked about reasons for staff leaving. DF confirmed that the college is seeing an increased number of retirements and some colleagues are leaving for promotion opportunities. DF confirmed that the college is starting to see the positive impact of the new pay and grading on the Group's ability to recruit – a recent advert for Learning Coaches received 85 applications. This gives the HR team a high workload to complete. . JOS and JP commented that certain roles are difficult to recruit to E.g. Business – even when paying at top of salary scale- or for some lower paid jobs due to the high cost of rail fares to college.			
3.1.3	The absence rate is currently 5.6%. based on an historic calculation method. An additional calculation was included based on the ONS method of calculating this to			

	<p>provide additional external benchmarking. That method reduces the Group's working time lost rate to 4.9%. The benchmarking data for comparable organisations provides an average rate of 4.3%. The Group's current experience is therefore 0.6% above this rate.</p>															
3.1.4	<p>Stress related absence has increased to 23.8% (21.6% in February 2023).</p>															
3.1.5	<p>Long-term absence continues to have a significant impact and accounts for 60.1% of the total working time lost. However , the average period of long-term absence has reduced to 12.31 weeks ( from 13.42 weeks in February 2023 and 16.3 weeks in October 2022)</p>															
3.1.6	<p>JM asked about reasons for the distinction between absence rates across the colleges. DF confirmed that the variation is being reviewed by the GLT . Particular units and teams have experienced significant absences year on year. A number of factors contribute to that. DF confirmed that in response the HR team are trying to develop some tools to assist with predicting issues re performance management.</p>															
3.1.7	<p>JB thanked DF for including extra information about some employment tribunal claims, as requested, which helps to put this information into context.</p>															
3.1.8	<p>The Gender Pay Gap based on the 31 March 2022 'snapshot' date is shown below:</p> <p><b>31 March 2022</b></p> <table><tr><td></td><td>Female</td><td>Male</td><td>Gap</td><td>Variance</td></tr><tr><td>Mean Pay</td><td>£18.18</td><td>£19.93</td><td>8.8%</td><td>-0.8%</td></tr><tr><td>Median Pay</td><td>£18.03</td><td>£20.29</td><td>11.1%</td><td>+1.8%</td></tr></table>		Female	Male	Gap	Variance	Mean Pay	£18.18	£19.93	8.8%	-0.8%	Median Pay	£18.03	£20.29	11.1%	+1.8%
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Mean Pay	£18.18	£19.93	8.8%	-0.8%												
Median Pay	£18.03	£20.29	11.1%	+1.8%												
3.1.9	<p>DF reported that the median gender pay gap went backwards to 11.1% against a target gap of 3% - JM commented that this remains a significant way short of the target. DF explained that the key issue is the distribution of female colleagues with 70% in the lower quartile. DF reported that the College needs strategies to achieve more female representation in the upper mid quartiles.</p>															
3.1.10	<p>It was <b>resolved</b> to note the report.</p>															
3.2	<p><b>GROUP STAFFING REVIEW</b></p>															
3.2.1	<p>DF presented the proposed Group Institutional Review of staffing requirements and structures for the coming year. The proposed staffing changes could result in up to 26 posts being made redundant. The Group has identified suitable redeployment opportunities within the proposed structure for colleagues at risk of redundancy. There were 6 Voluntary redundancies at end of Phase 1 and may be some more voluntary and compulsory redundancies.</p>															
3.2.2	<p>JB asked when the Group can stop having an annual Institutional Review as staff cannot feel comfortable about this each year. PM-S responded that the Group will continue to need a process each year to ensure that staffing meets student demand. This year's review is not all about reducing staffing as it includes introducing some new posts (pastoral tutors).</p>															
3.2.3	<p>JB asked whether the Group should look at introducing some flexibility in employing people to flex staffing to meet student demand. PM-S confirmed that the JD for teachers is a generic JD so that in theory you could move a teacher to a different dept but in practice that would be difficult as teachers are specialists . RG and RD confirmed that previous flexible arrangements included using zero hours contracts and agency staff but quality was impacted as a result and so the number of sessional posts have been reduced.</p>															
3.2.4	<p>It was <b>resolved</b> to note the report.</p>															
3.3	<p><b>PAY AND GRADING UPDATE</b></p>															
3.3.1	<p>DF presented a report on the Pay Proposal that had been issued to the unions and staff for 2023/24 with a proposed inflationary uplift of 1% for those staff who were moved to grades 1 to 6 of the new pay structure from 1 January 2023. For staff in Grades 1 – 6 the average value of the increment is 2%.</p>															
3.3.2	<p>The document also confirmed the proposed structure and salary rates for grades 7 to 11.</p>															

3.3.3	<p>whose average outcome will be 3% and confirms the implementation method for the staff mapped to these grades.</p> <p>It was <b><u>resolved</u></b> to note the report.</p> <p>JM thanked DF for the very clear reports as always</p>
4. 4.1	<p><b>MANAGEMENT ACCOUNTS TO END APRIL 2023</b></p> <p>The April management accounts were not reviewed as the May accounts were available.</p>
4.2 4.2.1	<p><b>MANAGEMENT ACCOUNTS TO END MAY 2023</b></p> <p>The May management accounts were presented by RD who highlighted main variances from the last forecast which resulted in a net improvement of £144k.</p> <ul style="list-style-type: none"> <li>• The most significant reduction was £265k forecast HNS Element 3 Funding (due to students who have withdrawn)- however this was largely compensated for by staff cost savings</li> <li>• Reduction staffing costs £231k</li> <li>• Increase in Buildings and premises costs £94k</li> <li>• Miscellaneous income – recharges to the Anglo-Portuguese school at Wandsworth £119k</li> </ul>
4.2.2	<p>The Financial health assessment is Good - the score has improved to the top end of Good The forecast year-end cash balance has increased by £1m and forecast EBITDA is ahead of budget.</p>
4.2.3	<p>RD reported that benchmarking data shows that STCG now has the third highest staff cost ratio across London – either the Group is paying staff more than other colleges or needs to be more efficient.</p>
4.2.4	<p>It was <b><u>resolved</u></b> to note the management accounts</p> <p>JM congratulated RD on a good performance.</p>
5. 5.1	<p><b>2023-24 BUDGET AND FINANCIAL PLANNING</b></p> <p>The draft 2023-24 Revenue and Capital Budgets based on Budget assumptions agreed at the last meeting. and a detailed report relating to the budget setting process was circulated by RG.</p>
5.2	<p>RD reported that budget includes 2 areas of growth</p> <ul style="list-style-type: none"> <li>• <b><u>16-18</u></b>- the funding allocation has gone up</li> <li>• Further growth in <b><u>High Needs</u></b> delivery has been planned for 2023-24 even though recent forecasts indicate that student numbers as well as funding have declined in-year.</li> </ul>
5.3	<p><b><u>AEB</u></b> is forecast to go up through increased subcontracting – it has been assumed, for the purpose of budget setting, that delivery against the ESFA allocation and the Skills Level 3 allocation from the GLA will remain in line with 2022-23 performance and that the growth in subcontracting will be contained within the GLA's commitment to fund growth of up to 3% above the allocation.</p>
5.4	<p><b><u>EBITDA</u></b></p> <p>The College Finance Policy states that EBITDA of at least 6% of income will be generated each year. The target was modified last year to allow for the exceptional increase in energy costs. As energy costs remain high, the modification to the policy has been retained and EBITDA has been set at 3%</p>
5.5	<p><b><u>STAFF COSTS</u></b></p> <p>JM asked about staff costs and the headline figure proposing a 1% increase and asked about staff expectations around pay increases. DF confirmed that staff in grades 1-6 will see a 1% increase and with increment average 2% increase and for 7-11 average 3% increase. PM-S reported that one of the staff unions is asking for 10% which would cost £4.5m and is completely unaffordable. JB reported other organisations are talking about 5% increases and asked what the impact would be of a higher increase. RD confirmed that the cost of an extra 1% would be £360k. The Committee discussed the likelihood of difficult conversations with</p>

<p>5.6</p> <p>5.7</p> <p>5.8</p> <p>5.9</p>	<p>staff / possible strike action in the Autumn. JM asked whether non-consolidated payments would be appropriate and RG confirmed that the college made some non-consolidated payments this year and is considering any other options open to the college such as possibly bringing forward pay increases to 1<sup>st</sup> August. <i>DC joined the meeting at 6.30pm</i></p> <p><b>Contingency</b> A contingency against increased costs or reduced income is included of £550k – a significantly lower figure than previous years ( £1.17m last year) . The Committee agreed that given the more cautious approach to forecasting income for 23/24 a reduced contingency is appropriate.</p> <p><b>ESFA financial return for July 2023</b> - The Committee noted the 3-year College Financial Forecast Return (CFFR) to be submitted to the ESFA by 31 July 2023.</p> <p>It was <b>resolved</b> to note that the Accounting Officer (CEO), in completing the CFFR will confirm that the forecast for 2023-24 is the same as the budgets for 2023-24 and that assumptions made for the following year are consistent with Strategies agreed by the Corporation</p> <p>JM commended the team for the hard work that has gone into preparing the draft budget. PMS paid tribute to JOS and JP for carrying out the main part of the process with support and meticulous testing by RD and RG.</p> <p>It was <b>resolved</b>: to recommend for approval by the Corporation:</p> <ul style="list-style-type: none"> <li>• the Financial Policy set out in the report.</li> <li>• the 2023-24 revenue and capital budgets for South Thames Colleges Group and the College Financial Forecasting Return.</li> <li>• that the Reserves Policy for 2023/24 should continue to maintain a year end cash balance of no less than £7.5M with an average cash balance of no less than £5M.</li> </ul>
<p>6.</p> <p>6.1.1</p> <p>6.1.2</p>	<p><b>TREASURY MANAGEMENT POLICY</b></p> <p>RD presented the policy which had been updated to reflect the change of status of colleges back into the public sector.</p> <p>It was <b>resolved</b> to recommend the Treasury Management Policy for approval by the Corporation.</p>
<p>7.1</p> <p>7.1.1</p> <p>7.1.2</p> <p>7.1.3</p> <p>7.1.4</p> <p>7.1.5</p> <p>7.1.6</p>	<p><b>SUBCONTRACTING / PARTNERSHIP PROVISION REPORT</b></p> <p>JO presented a report on subcontracting delivery: Currently South Thames College Group manages two types of Subcontracting (SC) Provision. Adult Education (AEB) and Apprenticeships.</p> <p>Sub-contractors for AEB provision are appointed from the Framework of sub-contractors. A new Framework was completed in August 2022 with 17 new providers. Mini tender contracts were sent out to 5 successful partners in October 2022 and contracts started in January 2023. AEB allocation of £1.7 Million will be met by July 2023.</p> <p>A new mini tender process is already in place. Due diligence for all AEB Subcontractors to be awarded contracts will be undertaken during August. The plan is to have contracts for 2023 AEB SC allocations ready in place for September 2023- earlier than last year to allow a longer window to ensure that all partners fulfil their allocations in a timely manner.</p> <p>All sub-contractors both new and existing are required to implement the Groups Quality Assurance Policy.</p> <p>To date the SC audit is looking positive with no concerns identified by the auditors.</p> <p>It was <b>resolved</b> to note the report. JM thanked JOS for this clear paper</p>

7.2	<b>SUPPLY CHAIN FEES AND CHARGES POLICY 2023-2024</b>
7.2.1	JO presented the Supply Chain Fees and Charges Policy for 2023-24 which had been updated to ensure compliance with the Public Contract Regulations 2015 and will follow the same procurement process (framework agreement and mini competition) as during the current academic year. If any changes are needed by DfE changes this will be brought back to the September FPR meeting
7.2.2	It was <b>resolved</b> to recommend the Supply Chain Fees Policy for 2023-2024 for approval by the Corporation and signing by the Chair of the Corporation.
8.	<b>ESTATES STRATEGY PROGRESS UPDATE</b>
8.1.1	RG updated the Committee on the work being carried out in relation to the Estates Strategy as reported to the Estates Sub- committee which met the previous day and received a presentation from the consultants advising the college on the options for implementing the new STCG Estates Strategy . The plan is for the Estates Sub-Committee to meet again in November to review feasibility assessments on a number of options for each campus for decision by the Corporation in late 2023 / early 2024.
8.1.2	RG confirmed that the Estates Sub-committee will be making a recommendation to the July Corporation Meeting that STCG enters a 15-year sub-lease of the Wandsworth Retail unit.
8.1.3	DC asked whether the new Estates Strategy is compliant with Energy Performance Regulations and TG confirmed that the policy needs to align to the Group's net zero targets
8.1.4	It was <b>resolved</b> to note the report.
8.2.1	<b>ROAD MAP TO SUSTAINABILITY ACTION PLAN 2021 TO 2023</b>
8.2.1	TG presented an updated action plan showing progress by the Group towards Environmental Sustainability, aligning with the AOC's FE Climate Action Road Map. The Climate Commission for UK Higher and Further Education is developing a strategic, sector-wide approach to tackle the climate emergency. The Commission 'road map' for FE colleges to reach the net zero target includes three 'levels' to approach sustainability, organised by different levels of maturity: <ul style="list-style-type: none"> <li>• <b>Emerging:</b> colleges just beginning to address sustainability</li> <li>• <b>Established:</b> colleges with an established approach to sustainability and structures in place to support it</li> <li>• <b>Leading:</b> colleges which are models to others on sustainability.</li> </ul>
8.2.2	TG has self-assessed that STCG has now achieved Emerging Status.
8.2.3	TG reported that the next step in the Road Map towards achieving 'Established' status will take longer to achieve – and so the target is 2 years to achieve that.
8.2.4	JM asked how often this should be reviewed by governors. PM-S suggested including this on the Agenda for the November Corporation awayday and TG offered to include a report on analysis of energy use . It was agreed that at the November Awayday the Corporation should be asked to determine the frequency of future reporting to it on Environmental Sustainability and whether reports should go to the F, P and R or the Estates Committee.
8.2.5	It was <b>resolved</b> to note the Action Plan and the progress to date in achieving Emerging Status.
9.	<b>REVIEW OF BOARD ASSURANCE RISK AREAS</b>
9.1	Under the Board Assurance Framework and Risk Management Policy each committee provides to the Audit Committee an assessment and opinion on risk areas falling within their Terms of Reference. The committee reviewed the Risk Areas delegated to this Committee as shown on the next page.
9.2	The Committee discussed the risk relating to the financial position. The Group is in the process of submitting a bid for LSIF funding which has a level of risk as this is new funding but this was assessed as a minor risk. JM asked whether staff performance should be red. RG confirmed that this was not at stage where the Group considers that this is a significant risk – assessed as medium level risk.



9.3

Severity of Risk		Minor	Medium	Critical
		< 19	20-34	>35
Level of Assurance		High	Medium	Low

10.10.1	<b>MEETING DATES</b>		
	The following meeting dates were proposed for this committee next year were:		
	Tuesday 26 September 2023 Thursday 23 November 2023 Thursday 25 January 2024 Thursday 14 March 2024 Tuesday 23 April 2024 Tuesday 18 June 2024	5.30-7.00pm 5.30-7.30pm 5:30-7:00pm 5.30-7.30pm 5:30-7:00pm 5.30-7.30pm	All meeting virtual by Teams
	The meeting closed at 7.00 pm. The Chair thanked everyone for the excellent quality of the meeting papers.		
	Chair.....Date:.....		

Action points		Responsible	Deadline	Signed off
1.	Add Enviromental Sustainability to the November Corporation awayday & include a report on analysis of energy use . Also ask Corporation to determine frequency of future reporting on Environmental Sustainability and whether to F, P R or Estates Committee.	HM / TG		

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