

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)

Meeting Title	Finance, Planning and Resources Committee		
Date	23 November 2023		
Members	Ms L. Austin (LA) Mr R. Foulston (RF) Cllr A. Holt(AH) 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, Human Resources 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 Mr D. Thornton (DT) - Director of Management Information Systems Mrs H Meredith(HM) - Head of Governance		
Key Meeting Outcomes			
1.	APOLOGIES		
1.1.1	There were no apologies as all members were present. PM-S sent apologies in anticipation of leaving the meeting early. DT was welcomed to his first meeting of the committee.		
1.1.2	DECLARATION OF INTEREST		
	Members confirmed that they did not have any new pecuniary or other interest in any item on the agenda other than that Mr Foulston and Mr Mayhew-Smith hold unpaid directorships of KSEP Ltd and Mr Foulston and Mr Greenaway hold unpaid Directorships of KCTC Ltd.		
2.	MINUTES OF LAST MEETING OF 26 SEPTEMBER 2023 AND MATTERS ARISING		
2.1	<u>Accuracy.</u> The minutes were accepted as an accurate record to be signed by the chair.		
2.2	<u>Matters arising</u>		
	Members noted the following updates:		
	Add Environmental 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.	TG	6 Nov 23 See Agenda item 6.2 for this meeting
	AH asked for a paper showing context of how well STCG has done in terms of the additional funding & how other colleges are spending this funding.	RG	See Management Accounts Not had formal notification yet Difficult to find out how other colleges are spending their additional funding
	PM-S to circulate a note to governors after Day 42 about final enrolment numbers	PM-S	Actioned- presentation at awayday Still very encouraging currently 609 above allocation
	JM suggested identifying the reason for the increase in enrolments to build on these in future.	PM-S / JOS / JP	JP confirmed that this is discussed regularly at ALT
	January FP &R meeting to be in person	HM	NOTED by Committee
	It was resolved to note the minutes.		
3.	BOARD ASSURANCE AND RISK AREAS (PART 1)		
	JM reminded the Committee of the specific Risks allocated to the Committee under the Board Assurance Framework for the committee to consider when reviewing reports at this meeting:		
	<ul style="list-style-type: none"> Declining or poor Financial Position Failure or lack of availability of key infrastructure services Staff and Group performance detrimentally impacted by factors such as staff pay levels, wellbeing and morale, absence levels, turnover and recruitment difficulties etc Failure to embrace, contribute to, respond to or deliver on relevant National or Local Government policy or objectives 		

4.	FINANCE
4.1 4.1.1.1	<p>2022/23 DRAFT YEAR END ACCOUNTS AND REGULARITY AUDIT CHECKLIST Reconciliation of Year End Management Accounts to Budget</p> <p>RD presented a Reconciliation of the Year End Management Accounts to Budget and to the Financial Statements for the year ended 31 July 2023 highlighting:</p> <ul style="list-style-type: none"> • Key performance indicators <ul style="list-style-type: none"> ○ Education specific EBITDA of £2.496 million (3.88%) for the year. ○ The performance indicators provided within the Strategic report confirm that the College’s financial health category is ‘Good’ • A number of reconciliations between the financial statements and the July 2023 management accounts that confirm that the 2022/23 outturn is unchanged from that reported in the year end management accounts. • That the financial statement auditors had provided an unqualified audit opinion
4.1.1.2	<p>The report set out a number of reconciliations aimed at providing assurance of the reliability and accuracy of in-year forecasts reported to the Committee during 2022/23 as well as the actual outturn in the July 2023 (year-end) management accounts. The report included a detailed commentary on the variances between budgets and forecasts, and confirmed that the actual outturn was unchanged from that reported in the year end management accounts.</p>
4.1.1.3	<p>RF and JM commended RD on the outstanding accuracy of the financial statements and management accounts on an income of £66m</p>
4.1.1.4	<p>It was resolved to note this reconciliation.</p>
4.1.2	<p><u>Financial Statements to 31 July 2023 and Post-Audit Management Report</u></p> <p>Members noted that an unqualified audit opinion will be issued. The auditors made no adjustments to the draft Financial Statements prepared by RD.</p> <p>The latest defined benefit LGPS pension scheme valuation was a surplus position, which has changed from a liability of c£2m last year. The AoC in their model accounts suggest showing the surplus as a fixed asset but STCG’s auditors advised that as this swings so much to net this off as a zero liability. Following this advice the surplus has been capped at £nil in the financial statements in accordance with FRS102.</p> <p>The financial covenants contained within its loan agreements were met with a comfortable margin in 2022/23.</p> <p>The cash balance at the end of 2022/23 was healthy and at £7.5 million, net cash flow from operating activities was strong. At the balance sheet date, the Group held current assets of £22.7 million and net assets of £74.4 million.</p> <p>JM had gone through the Financial Statements in detail and was happy with the figures and commended RD and her team for getting these out in time without any issues.</p>
4.1.3	<p>REPORT FROM KCTC LTD ON MEETING HELD ON 24/11/22</p> <p>RF gave a report from the Board Meeting of 23 November 2023. KCTC received a short-term loan of £300,000 from South Thames Colleges Group to fund the purchase of sports equipment for the use at Pulse (Carshalton College) in 2021. KCTC now has sufficient cash at bank to repay the loan to STCG, subject to tax advice on the tax implications. For the year ended 31 July 2023, a gift aid donation of £101,614 was made to STCG.</p> <p>It was resolved to note this report.</p> <p>2022/23 DRAFT YEAR END ACCOUNTS FOR KCTC LTD</p> <p>The Directors approved the Annual Report and Accounts for KCTC Ltd for year ended 31 July 2023 and the Letter of Representation for KCTC Ltd.</p> <p>It was resolved to note the Report and Financial Statements of KCTC Ltd for the year ended 31 July 2023.</p>

4.1.4	<p>REPORT FROM KSEP LTD ON MEETING HELD ON 23/11/23 RF gave a report from the KSEP Board Meeting of 23 November 2023.</p> <p>2022/23 DRAFT YEAR END ACCOUNTS FOR KSEP LTD The draft Report and Financial Statements of KSEP were approved by the KSEP Board on 23 November 2023 noting that there was no change as the company is dormant and decided to keep it as a dormant entity in case ever needed.</p> <p>It was resolved to note the Report and Financial Statements of KSEP Ltd for the year ended 31 July 2023.</p>					
4.2 4.2.1 4.2.2 4.2.3 4.2.4 4.2.5 4.2.6 4.2.7 4.2.8	<p>SEPTEMBER / OCTOBER 2022 MANAGEMENT ACCOUNTS</p> <p>The management accounts were circulated with the meeting papers and the table of variances in the October management accounts was presented by RD.</p> <p>There were two significant increases in 16-19 funding :</p> <ul style="list-style-type: none"> • £2.03m reported in the September management accounts. The college is using the full funding to fund staff pay awards. • The College has been advised that it will receive guaranteed growth funding but not the quantum of this ; the model suggests this could be in the region of 1,664k <p>Negative variances reported in the October management accounts include:</p> <ul style="list-style-type: none"> • Additional staff costs of £630k. • Increased exam costs • Increased contingency by 300k <p>The net impact of these variances was an increase in EBITDA of £460k compared to the previous month. The EBITDA forecast is now £2.4m against budget EBITA £1.98m</p> <p>JM commented that increasing contingency has helped to de-risk EBITDA and commented that the additional funding was very helpful and that the Group has used that wisely.</p> <p>AH asked how the Group has coped with recruiting the huge number of extra maths teachers needed. JOS and JP reported on how difficult it has been to appoint good Maths teachers really quickly to cover the increase in the number of students taking GCSE re-sits and AH congratulated them on meeting that challenge at such short notice.</p> <p>JM commended RD for the very clear report and narrative in the management accounts.</p> <p>It was resolved to note both sets of management accounts.</p>					
4.3 4.3.1	<p>SUB-CONTRACTING TERMLY REPORT</p> <p>The report presented by DT set out the outcomes of the recent mini-tender exercise, interim management arrangements and the year-end performance of our 2022/23 partners.</p> <ul style="list-style-type: none"> • Interim management of the Group's Adult Education Budget (AEB) subcontracting activity has moved to Management Information Services for the 2023/24 Academic year. • The Group has selected the five delivery partners for delivery of the GLA AEB, via an annual mini-tender. <table border="1" data-bbox="746 1742 1161 1930"> <tr><td>Aspire</td></tr> <tr><td>Learning Curve Group</td></tr> <tr><td>London Learning Consortium</td></tr> <tr><td>Prevista</td></tr> <tr><td>The Skills Network</td></tr> </table> <p>All partners invited to the mini tender were previously approved by the Corporation as part of the Approved Supplier Framework last approved in 2022, and the next refresh is expected in 2025.</p> <ul style="list-style-type: none"> • St Georges NHS Trust will continue to deliver Mammography Apprenticeships -also previously approved by the Corporation as an Approved Framework Supplier. <p>The report also detailed taken in relation to minimise any potential exposure to possible</p>	Aspire	Learning Curve Group	London Learning Consortium	Prevista	The Skills Network
Aspire						
Learning Curve Group						
London Learning Consortium						
Prevista						
The Skills Network						

financial risk relating to one of the partners. JM and RF had reviewed the action taken and agreed that this was an appropriate course of action to mitigate any risks and commended the college for taking this action.

4.3.2

The 2022-23 outturn from subcontracting partners is shown below

Subcontractor	Funding type	Original Allocation	Revised Allocation	Funding outturn	% of Revised allocation achieved	Achievement rates %
Aspire	AEB	£322,990	N/A	£314,674	97.4%	99.10%
Learning Curve Group	AEB	£600,000	£800,000	£770,264	96.3%	82.20%
Prevista	AEB	£340,819	£100,000	£101,936	101.9%	96.70%
The Skills Network	AEB	£440,000	£540,000	£518,664	96.0%	90.40%
St Georges Hospital	Apprenticeships	£90,000	N/A	£71,388	79.3%	85%

4.3.3

It was **resolved** to note the Report

4.4
4.4.1

REVIEW OF GROUP FINANCIAL POSITION

RG reported that the Finance Team will be starting finance monitoring meetings following the October management accounts shortly. There was nothing other than the October management accounts which needed to be brought to the committee's attention.

4.4.2

It was **resolved**: to note this position.

5.
5.1.1

HR TERMLY REPORT

DF invited questions on the report which reported on HR metrics including the following:

The Group currently employs 1,455 staff. The staff turnover rate is currently 3.7% - based on 54 leavers since 1 August 2023. The current average monthly turnover rate is now 1.2%, lower than rates reported to the committee last year (2.6% in October 2022). It is believed that increased pay levels mean that the Group is now very competitive which is helping with recruiting and retaining staff. This has been a really busy period of peak activity with 213 new staff (including agency staff) for onboarding during August /September .

5.2.2

The absence rate is currently 4.1%, The absence rate for 2022/23 was 5.7% and the current rate is therefore 1.6% lower. The additional focus and interventions on sickness absence appear to now be translating to a reduction in the overall absence experience.

5.1.3

An additional calculation has been included in this report based on the method used by the ONS to calculate the working time lost rate to provide a method for assessing the Group's performance against benchmarking data. This method reduces the Group's working time lost rate to 3.6%. The data available from the ONS in respect of the working time lost rate for comparable organisations provides an average rate of 4.3%. The Group's current experience is therefore 0.7% below this rate.

5.1.4

Stress related absence has reduced from 23.8% in May 2023 to 22.5%. Long-term absence accounts for 62.1% of the total working time lost. The average period of long-term absence has increased from 12.3 weeks in May 2023, to 14.4 weeks. (although still below the average 16.3 weeks in October 2022.)

5.1.5

The Group has applied to the DfE for approval for a potential settlement in an employment tribunal case to approve a payment equivalent to 3 months' notice. Due to reclassification the Group must seek approval for payments that exceed the lower of the equivalent of 3 months' notice or £50,000. No response has been received from the DfE since submitting the application eight weeks ago. Some other college groups have reported applications taking around 4 to 5 months and PM-S had heard of applications for consent to settlement agreements being turned down by the DfE.

5.1.6

The report also included the Group's Equality, Diversity and Inclusion Recruitment and Retention Strategy. AH asked what the College is doing to address the gender pay gap and whether more work can be done to improve that . DF reported that management working

<p>5.1.7</p> <p>5.1.8</p> <p>5.1.9</p>	<p>parties are looking at gender pay . One problem is that learning coaches are in the lowest paid quartile but are particularly attractive to female colleagues - about 95% are female. DF is investigating how many females need to be in the upper middle quartile to compensate for the gender pay gap due to having say 10 female learning coaches.</p> <p>DF reported on plans to develop a talent management programme under-represented groups. E.g. to get more individuals from ethnic minority backgrounds into more senior roles</p> <p>DF is also looking at some cases where female colleagues have made representation that periods away from the workforce (E.g. for childcare)is detrimental in terms of career progression. The College is trying to develop a scheme which gives individuals exposure to more senior roles to enable them to secure those posts when they become available . AH and LA thanked DF for this full answer and all this work.</p> <p>It was resolved to note the report.</p>
<p>5.2</p>	<p>STAFF PAY AND INDUSTRIAL ACTION UPDATE</p> <ul style="list-style-type: none"> • The Group has developed a new pay and grading structure . The arrangements for staff in grades 1-6 had already been implemented together with changes to key non- pay terms for all staff. The grading structure for grades 7-11 will be implemented in the November payroll backdated to 1st August 2023. • Aligned with the new pay and grading structure is the annual pay award for 2023-24. Initial pay proposals were rejected by local trade unions and did not met the pay claims of the unions nationally. Since the initial pay proposals were set out Government has made significant changes to grant funding allocations to enable colleges to raise pay levels. • The Committee noted the statement on the Group’s pay intentions for 2023-24 including changes to the original pay proposals in the light of the additional funding available. • UCU has recently confirmed that their members have voted to accept the offer and so the dispute had ended without industrial action being taken. <p>JM commended the college for this success as a result of lot of work</p> <p>It was resolved to note the report.</p>
<p>5.3</p>	<p>STAFF CODE OF CONDUCT</p> <p>The Code of Conduct had been updated in relation to updates from the Keeping Children Safe in Education guidance and had already been reviewed by the Safeguarding Well-Being and Equalities Committee. This was due to be released to staff in January following any final feedback from the unions</p> <p>It was resolved to note that the Code has been updated in line with KCSIE 2023. <i>PM-S left the meeting at 6.28pm</i></p>
<p>6.</p>	<p>CAPITAL AND ACCOMMODATION ESTATES STRATEGY – PROGRESS UPDATE</p> <p>The Confidential minutes were noted including two recommendations which will be made for approval by the Corporation in December.</p>
<p>6.2</p> <p>6.2.1</p>	<p>ENVIRONMENTAL SUSTAINABILITY ACTION PLAN UPDATE</p> <p>TG presented the updated Action Plan reporting on progress made by the Group re the FE Climate Action Road Map. The College is now working on moving from Emerging onto “Established” College status on that RoadMap. TG also presented the Carbon Reporting – Climate and Sustainability Strategy update highlighting the following key achievements to date:</p> <ul style="list-style-type: none"> ▪ Agreed baseline Carbon Footprint data (year 18/19) and published Climate Change Commitment Statement (Feb 23) and signed up to “Race to Net Zero” (Feb 23) ▪ Developed Roadmap to Sustainability aligning with FE Climate Action Road Map (2022) ▪ Achieved Emerging status (June 2023) – independent audit to verify being identified ▪ Developed plan for “Emerging” status September 2023 ▪ Achieved Platinum Net Zero Standard on measured scopes October 2023 by a 53.89% reduction in carbon emissions for Scope 1 and 2 - not the total carbon footprint for

	STCG which should include Scope 3 categories. Therefore, this is not accurate representation of our total reduction as Scope 3 emissions typically make up around 70-90% of total carbon emissions, and therefore there is still a lot of work to be done.
6.2.2	TG also gave a presentation on Carbon Footprint & Future Net Zero (FNZ).
6.2.3	JM commended TG and her team for this work and commented that it is very helpful for governors to know what's going on in relation to this work and congratulated the college on the platinum certificate for reducing energy use.
6.2.4	JM asked whether there is much input from students and college staff. TG reported that work is being done to promote that with students and staff with a focus on Earth Day next April . The plan is also to involve students in applying for capital bids as well.
6.2.5	JM thanked TG for a very clear report.
6.2.6	It was resolved to note the report.

7.	REVIEW OF BOARD ASSURANCE RISK AREAS- Part II TO REVIEW RISK AREAS AND AGREE ANY POINTS TO REPORT TO AUDIT COMMITTEE
7.1	The Board Assurance Framework and Risk Management Policy includes a requirement for each committee to provide an assessment and opinion on risk areas falling within their Terms of Reference to the Audit Committee. Members discussed the risks.
7.2	The Committee assessed the Risk Areas allocated to it and was satisfied that the risk levels were correct and that sufficient controls and/or actions are being taken to manage the risk.

Date of Next Meeting	<p>The Committee were invited to a combined Audit Committee and Corporation Meeting on Monday 27 November at which the External auditors will present their findings from the audit of the Financial Statements</p> <p>The next meeting of this Committee will take place on Thursday 25 January 2024 at 6.00pm in person at Merton College .</p> <p>The meeting closed at 6.45pm</p> <p>Signed:Date:.....</p>
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Action points	Responsible	Deadline	Signed off
From this meeting			
1			
2			