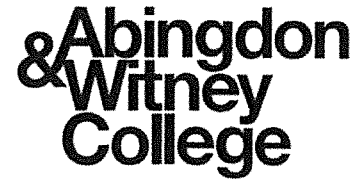


**Corporation Board
Finance and General Purposes Committee**



Minutes of the meeting held on Tuesday 21 June 2022 at 6pm
Board Room, Abingdon Campus

Board members:

Nick Handy (Chair)
Jacqui Canton (Principal)
Howard Dodd
David Walker
Edward Collett (Staff Governor)
Robert Weavers (Student Governor)

In attendance:

Michael Chiyasa (Head of Estates and Capital Funding)
Olivier Cognard (Vice Principal)
Kelly Haddrell (Head of HR)
Stuart Hay (Head of Finance)
Mark Lay (Finance Director)
Yvonne Mortimer (Head of OS&H)
Laura Grainger (Clerk)

Apologies:

Sean Wellington

Governor questions are represented with bullet points, and management responses are in italics.

1 – Opening comments

NH welcomed Yvonne Mortimer to the meeting as the new Health and Safety Manager. YM has been working in H&S for c.30 years in many sectors including local authority enforcement and education.

Apologies were received from Sean Wellington. No new declarations of interest were received, and no items raised for any other business.

2 – Minutes of previous meetings

2.1 – Public minutes

Members approved the public minutes of the previous committee meeting held on 1 March 2022 as accurate and appropriate for signature.

2.2 – Confidential budget drop-in notes 2021/22

Members approved the confidential notes of the budget drop-in meeting as accurate and appropriate for signature.

3 – Matters arising, written resolutions and action points

The committee noted the paper.

4 – Reports

4.1 – HR report January to April 2022

KH introduced the HR report to the committee and went through key items. The biggest reason for staff leaving the college is still career change, which has been common in the labour market following the pandemic. The appendix shows the information requested at the previous committee on the minority groups recruitment.

There has been an increased number of disclosures of protected characteristics BY staff since the last committee meeting which is positive. The Committee also noted that there has been a rise in the 'prefer not to say' category in some areas.

Recruitment is still challenging in some areas and the College is now in the busiest period for recruitment, with increases in vacancies in estates, OAL and SEND support. The data presented showed where vacancies had been advertised more than once with two LSA posts having been advertised sixteen times.

KH highlighted the results of the wellbeing survey (conducted in December 2021) where 72% of staff believe wellbeing is a priority for the college and 81% felt that the college has an inclusive working environment.

The latest HR news, which was not available at the time the report was distributed, is that the College has been awarded Employer of the Year award.

- Are the issues we are experiencing with recruitment due to pay? *It is possible and we are looking to address pay issues through work we are doing on pay award.*
- What is adolescent brain training? *This is training provided by Charlie Waller trust on the stages your brain goes through in life. It has helped staff to understand what might impact on mental health.*
- Are there any links between workload concerns and vacancies? *This is something we have been considering and the Vice Principal has been spending time with Unions to discuss this.*
- The PDP data shows the percentage of staff who have had their PDP, but the numbers look incredibly low. Why is that? *As this is an annual PDP, not all of them have been complete. The next report will be the full year and will show higher completion rates as the summer term is when most people do their PDPs so it will increase.*

Kelly asked members to comment on the detail and what they might like to see in future reports. NH commented that it is a good report, but it would be useful to have an executive summary.

The committee noted the paper.

Action	By whom	Deadline
Members to comment on the format and content of the HR report	All	asap

4.2 – Capital projects and estates report

4.2.1 – Public report

MC introduced the public capital report and talked the committee through key issues.

The construction work on the Abingdon Green Construction Skills Centre is almost complete. It was scheduled to have been handed over on the 20 June 2022 but there were some minor quality issues to resolve which delayed the handover. The completion date will now be Monday 27 June 2022. T levels wave 3 is starting in Witney on Monday 27 June and in Abingdon on 4 July 2022. By September 2022 students should be able to start using the facilities. In terms of the Buttercross works we have been consulting with neighbours on the High Street and this is ongoing. The building work will commence on 27 July 2022 and be completed in November 2022. The college has submitted a T Level wave 4 bid for capital funding to extend the Animal Care facilities at Common Leys and the decision is expected in July 2022.

- Have the issues with repairs to the Witney campus Early building been resolved? *The College has continued to liaise with insurers and significant progress has been made as we have now been given a date for the removal of the conifer hedgerow. The challenge with this claim is that the damage was originally observed in 2011 under a different insurer and the new insurer (Aviva) initially declined the claim on the basis that it should have been settled by the old insurers. This has now been resolved.*
- In Appendix A there are some high spend items such as CCTV replacement (c.£20k) and replanting hedges (c.£6k). Are these formal quotes and why are they so expensive? *Yes, these are formal quotes as we are tied into some contracts and so there is not any flexibility. We are talking about changes we can make in the future, but we are not at that stage yet.*
- In appendix C you set out the approach to achieving net zero emissions. Have there been any discussions around increasing cycling provision and encouraging active travel? Related to this, there are only Sheffield bike stands in the bike parking which some bikes cannot use; although relocating the smoking areas away from the bike parking has been appreciated. *We have not yet considered active travel and cycling provision as yet – but this is something we can do in the future. We have monitored usage of cycling parks and found that the one outside the library is well used, but the others are mostly empty.*

4.2.2 – Confidential report

See confidential minutes.

4.3 – Major capital projects pipeline

ML introduced the report and, whilst most of this was covered in MC's report, highlighted the major capital projects of T level wave 2, the Green Construction Skills Centre, T level wave 3, Buttercross roof repairs, and T level wave 4.

- Is the T level 4 planned work on Animal Care to do with classrooms? *It is to build additional spaces. The current building needs some reconfiguration, for example where we have outgrown the reptile room. It does not include the other capacity*

issues we have but the obvious time for us to do something at the farm would be next summer when we already have the contractors in for this work.

- Is the college aware of any upcoming additional grants? *We do not know at this stage and there is little advance warning. There is a potential pot of money on the strategic fund for the Thames Valley region which we will keep you updated on.*
- There will need to be some funding provided for decarbonisation and net zero emissions. As a college, we should get ahead of the game with our plans so that we are ready to make bids. *Yes, there will need to be some funding for this, but we are not aware of any at present. Internal plans are being developed and will be part of the Strategy. It is noted as a piece of work to do.*
- Can you update us on what is happening with LEP funding? *The LEPs are being merged back into the County Council. They are trying to work out how to maintain some independence, but capital funding will not be coming through them. The Chambers of Commerce may have more to do with this. We are still maintaining a good working relationship with the LEP.*

The committee noted the paper.

Action	By whom	Deadline
Update on strategic fund for Thames Valley region	JCa	Next committee
Update on including of net zero in the Strategy	JCa	Next committee

4.5 – Health and safety report

ML alongside YM summarised the summer term occupational safety and health report which covers 1 February to 31 May 2022. The key issues were that accidents and incident reports are continuing back to pre-covid levels. There have been no new college RIDDORs in this period.

- It is tricky to get people to report near misses. Is there a process for this? *There have been five reports of near misses in this period. We need to make it easier for people to do this, so we can think about having physical boxes around the campus, and allow reports to be made via emails or text messages. We need to encourage reporting of near misses, as the more we get the more we decrease actual incidents. It will take a bit of time and we need to incentivise people to do it. We have set targets and engagement with Heads of Faculties (HoFs) and Heads of Business (HoBs) will be carried out.*
- On the 'report type' what is the fourth column, as it does not have a label? *This is where reports have not been classified yet. The intention is to investigate the statistics more so that we can identify trends and improve areas.*
- The report sets out that, of the 129 reports, 101 required first aid attendance. How many staff have first aid training to do this? *Whilst there are appropriate numbers for the size of the College the detail will be provided after the meeting.*
- This is students and staff? *Yes, both groups.*

The committee noted the paper.

Action	By whom	Deadline
Present the number of staff with first aid training and at what level and location	YM	Next Committee

5 – Finance matters

5.1 – Management accounts to 30 April 2022

SH introduced the report and highlighted that overall the College made an operating deficit of £4k compared to the approved forecast deficit of £2k for the first 9 months of 2021/22. The ESFA (Education & Skills Funding Agency) health grade to 30 April is 'requires improvement' and all bank covenants we met. Cash holdings at the end of the period were £2,224k with cash days of thirty-five.

- What have we got to do to change the ESFA health grade from 'requires improvement'? *We need to increase EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation). We currently score 160 and to get a health grade rating of good you need a score of 180. The College will score extra on borrowings next year and getting EBITDA above 5%.*
- Are the ESFA changing their criteria for the financial health grade? *They were discussing it but there are now comments it will not happen until 2024. They are currently looking at a cash generative criterion.*
- We have quite a capital pipeline - what inflation is the college seeing and what can we do to mitigate it? *Currently we are not experiencing pay inflation and have not experienced many items of non-pay inflation. Departments may experience higher costs on consumables, and we may see some higher prices on contracts in the future.*

- When is each contract due for renewal? *With Macintyre, the costs each year are passed onto OCC. Our electricity is fixed until Oct 2023 and gas until Oct 2024. In general terms price inflation has been added to the risk register and with regards to electricity no concerns are being raised by our Broker.*
- What can we do on the capital side in terms of inflation? *All capital projects for this summer are contracted and we contract to a fixed price.*
- There was a note in the budget drop-in feedback around holding back an element of expenditure to match income generation. It is likely that inflation will require the college to prioritise elements of expenditure. *Agreed but noting it would not be appropriate to stockpile consumables.*

The committee recommended the paper to Board.

Action	By whom	Deadline
Provide an update (as above) on how inflation may impact capital project costs	ML	Next committee

5.2 – Update on the 2021/22 financial budget

ML introduced the report which set out an update on the budgeted financial performance of the College for 2021/22. Overall income is forecast to be £259k below the mid-year forecast, and we have not been able to deliver the AEB (Adult Education Budget) ring-fenced L3 fund which is £100k below budget. However this is largely offset by decreased non-pay (not spending as much as pre-covid), pay costs (slightly below where we were last time) and depreciation charges of £174k. We have also seen that exam costs are lower than we had built into the budget, and we have had lower costs with External Audit.

Overall the end result is a small operating surplus for the year of £26k. Cash holdings overall are higher than previous years but we are forecasting this to go down by £0.5m and it should be in line with the mid-year forecast. We anticipate the financial health score to go from 160 to 170, but this will not impact the financial health grade.

- In terms of SEND and the ability to get funding from the County Council – can you update on this? *The appropriate returns have been sent and the understanding is that it is likely to be approved.*

The committee noted the paper.

5.3 – Budget 2022/23

ML introduced the report on the draft budget for next year. The proposed budget results in an estimate income of £26.7m, non-pay costs of £9.1m and pay costs of £17.6m. This would generate a surplus of £14k before LGPS (Local Government Pension Scheme) liability adjustments.

INCOME - ML highlighted the changes to the income roadmap and the biggest change is ESFA 16-18 funding (£1,192k) and then increase in apprenticeships).

- In the income roadmap it refers to 'apprentices base' – what is this? *Base is everything apart from Bicester which is separated out.*
- With Bicester teaching staff, do we have enough staff to cover apprentices? *Not entirely. The biggest challenge is plumbing staff. We have brought forward a few vacancies so that, although the staff are not needed until December, we are advertising now. We have also reviewed the technical supplement for gas engineers. We have budgeted for all Bicester lecturers to be in the higher pay band and some budget for recruitment. If we do not get all required staff, we will not be able to generate this income.*
- Can we go back to previous applicants for the teaching jobs who did not accept? *Yes, we have tried. We are going to go back again once we have the pay rise agreed so we can tell them about this.*
- Can you update us on the final assessment for apprentices: the EPA (End Point Assessment)? Is this still a financial issue? *Happening a lot less and more of a quality issue, than financial.*

PAY – ML summarised the payroll roadmap on how the pay increases work, as well as it being the last year of the LGPS deal and increase in NI. Work that OC has done on curriculum planning has enabled us to review staffing levels in a transparent way. An update was given on the suggested pay awards and the Oxfordshire Living Wage and pay reviews. Consensus at the budget drop-in was that we need some longer-term changes and so a consolidated pay review is the right approach rather than a one-off payment.

- At the Strategy away day you set out optimum areas – do we have areas that are less than optimum? *Yes, there are some areas that are not where we want them to be which will continue to be reviewed.*

- Given we are higher than sector norms with pay costs and a 6.3% pay cost increase, are we being sufficiently ambitious in relation to efficiencies. *We will keep looking at this and it takes time to see the investment come through. If we continue to have high turnover, we need to be careful. There will continue to be a focus on efficiencies.*
- Will the curriculum planning work by OC start to show us more? *Yes, it has given us areas we can work with but there is more we can do. We can also look at online provision and changing our delivery model. This becomes a strategic decision.*
- What about the administration side of staffing? *Yes, this is also a challenge at present*
- Things are going to get harder, so we need to keep looking at this. *Yes, we remain committed to Employer of Choice. It is worth saying the AoC have recommended a 2.1% rise but today they said 2.5% and a one-off payment. If we can afford what we are proposing, this sends the right message to our staff that we are sustainable and a good employer.*
- The additional contribution from Bicester is being invested which reduces funds for other growth. It might be useful to provide an analysis of the College without Bicester to show what is happening on the efficiency side? *We can do more work looking at this and how we measure - it will become more sophisticated. Also, when we look at our admin costs, we need to remember that it includes things other than admin such as SMT, estates, catering.*
- Do we benchmark against other colleges? *Every college is different, and we have some challenges as we have three campuses and so there is duplication e.g. three receptions. This means it is challenging to find comparators. Some colleges outsource cleaning and catering, but we have not been able to find a contractor to do this more cost effectively than the in house service.*
- Are the leases for Kidlington and Oxford going to be renegotiated? *We get given a fixed grant in the form of the Community learning grant. The costs of remote sites continue to be monitored and as leases come to their termination point a cost benefit analysis is undertaken to see if the lease should be renewed. Kidlington costs us about £20k a year, but we get a grant to train people out of this location. As we will be vacating these premises by the end of 2022, we will bring these staff into Abingdon and then rent space when we need it. The provision we are doing in Kidlington can be done anywhere since it does not require specialist facilities.*
- How is the catering contract managed here? *We have our own inhouse catering manager. We can choose to have the Costa logo or not. We did close the facility at the Witney campus a few years ago as it was not being used. But at Abingdon and Common Leys it works well.*
- Is the catering subsidised and has the cost increase in food been factored in? *No, but the challenge is to provide food at the cost of a meal deal in Tesco.*

NON-PAYCOSTS: ML set out that these are expected to increase from £5,949k to £6,545k.

- What has happened with the engineering costs where the income has reduced? *Some full cost income has not been replaced.*
- What is engineering and why is it decreasing? *Mechanical and electronic engineering. We need to look at why this is not doing well as Oxford is an engineering area. This was looked at while developing the strategy and will continue to be reviewed.*

KEY OPPORTUNITIES AND RISKS. ML summarised this report section and highlighted the three main risks of high-needs funding calculations, non-pay inflation.

- Has there been any news from ESFA about smoothing out income receipts? *No*
It was noted that costs are managed well but in the light of the current uncertainties it might be appropriate to introduce more contingency. The increase in interest rates have already eaten into contingency and with the break-even budget proposed where needs to be care taken in developing a clear road map for the future. *What we did at the drop in was a 5-year road map. It was prudent and does not add in additional grants. It shows the roadmap. Whilst it might seem that we are not making progress financially in respect of bottom-line profits what we have done is make sensible investment decisions. This is allowing us to make investment in staff pay now. The proposed budget has been built from the bottom up on as prudent assumptions as can be made in the current circumstances.*

The committee recommended the paper to Board but noted that the Board should be made aware of the reservations expressed during the meeting.

5.3.1 – confidential – affordability of staff pay award
See confidential minutes

5.4 – Draft ESFA July financial return

Each year, as well as preparing a budget, the Corporation Board is required to provide the Education & Skills Funding Agency (ESFA) with a financial plan in an excel spreadsheet. The plan is for three years and covers current year forecast (21/22), next year's budget (22/23 which we have just discussed) and the following year (23/24 which is based on expected movements).

For 23/24 payroll roadmap we used a 3% overall inflation and £100k from increased efficiency. For the non-pay road map we are looking at what costs will increase and decrease. For 23/24 the most contentious item is the cashflow. As part of the strategic plan, it shows we need to invest more money than we get grants for e.g. Common Leys which has capacity issues. To address this, we have built in funding for 23/24 (currently a bank loan) for this. ESFA will be looking at outliers and it is built into their overall FE (Further Education) financial planning model.

The committee recommended the paper to Board.

5.5 – Correspondence from ESFA

The College has received correspondence from ESFA on Financial statements review for 20/21 and governing body finance dashboard (which governors can access).

- With profitability, and the college not letting EBITDA fall below 4%, would they raise additional concerns? *It was noted that the College should not let it go below 4%.*

The committee noted the correspondence and the paper.

Action	By whom	Deadline
Let ML know if you would like access to the governing body finance dashboard	All	

5.6 – Warren (Whanau) Farm

ML gave a verbal update on Warren Farm, which was used prior to Common Leys. When it was sold, there was an overage charge in place which ran 20 years until 2026. Since the writing of this committee’s agenda, the request from the current owners had changed and so this agenda item is no longer needed. However, ML was keen to know the committee’s view and so a brief discussion was had. The committee was comfortable with the conversations taking place but said that figures relating to the value of the overage would need to be reviewed.

The committee noted the verbal update and recommended for future Board discussion.

5.7 – Alternative to LGPS scheme

ML introduced the report and summarised the key issues. Currently, all non-teaching staff are offered the option to join the defined benefit Local Government Pension Scheme (LGPS) but, given the college is unable to offer an alternative to college staff, their only alternative is to opt out of the pension scheme.

In recent years, some colleges have set up a wholly owned subsidiary company which employs newly appointed staff that offers them an alternative money purchase pension scheme, where contributions from both the employee and employer are lower than in the LGPS. Existing staff would remain in the current scheme.

Implementing a new pension scheme could save the college c.£105k per annum.

- Why are you restricting the new pension scheme to staff earning under £40k? *The research carried out so far shows that if you are joining the college on a higher grade you are joining for a career. They would find the LGPS an incentive and the benefit may also increase staff retention. There is potential to base the criteria on job types rather than pay level.*
- Why might the new pension scheme be attractive to lower paid staff? *The new scheme would have a lower contribution rate for staff per month.*
- Does the new pension scheme represent a good deal for newly appointed staff? *It is a different deal. They contribute less in employee contributions per month, and so they have more money now, rather than in the pension later.*
- Can they take the LGPS with them into the new scheme? *No, they cannot take it out and put into something else. Which is an additional benefit of the new scheme as it is portable. Also, the benefits you get from LGPS take longer to accrue than this proposed one. A benefit would be that if the member of staff (on the new pension scheme) left after a few months, they would still have some pension to take with them.*
- Would the mechanism be that LGPS is not offered to current staff on lower pay? *Yes – as we cannot offer an alternative pension to college staff who are on the LGPS.*
- Could we give the choice to new employees on if they are a college employee (and offered the LGPS) or a subsidiary employee (and offered the new scheme)? *This could be done but would create an administrative burden.*
- What is the consultation for this and where is the pressure to have this? *There have been internal discussions on alternative mechanisms to fund salary increases in the light of the current financial position.*
- How many years would it take to achieve the projected savings? *The projections show the midpoint of year 2 to year 3 based on about one hundred LSAs starting per year.*

- The Committee requested further information on the impact on staff opting out of the LGPS scheme and the on those included in LGPS after five years.

It was noted that approval from the Committee was sought to continue investigating this as an opportunity (as it will cost to get legal advice). With this clarification, the Committee were generally positive though it noted concerns over a potential divide between teaching and support staff and whether there was a genuine benefit to staff moving into the proposed scheme. The governors voted on if management team should incur costs and continue to investigate this proposal. A majority agreed with this plan, with one governor voting against incurring additional costs at this stage. Given the majority voting to support (and Board approval is not needed for this level of spend), the committee approves that investigation continues, subject to letting Governors know the rough cost of the further work e.g. cost of an actuary.

The committee noted the paper, agreed the above, and asked the Committee Chair to provide an overview of this discussion in his update to Board.

Action	By whom	Deadline
Provide governors with a rough cost of further investigation	ML	ASAP
Include summary of this discussion in F&GP overview to Board	NH	Board
Details on numbers of staff who currently opt out of the LGPS and at what pay levels	KH	Next committee
Details on staff turnover to estimate when the £100k may be saved	KH	Next committee
Information on what the new proposal would mean for an employee who had been with the college for c.5 years, compared to someone on the LGPS	ML	Next committee
Bring an updated proposal to the next committee	ML	Next committee

6 – Freedom of Information

6.1 – FOI update

LG presented the paper which covered three FOI requests received since the last committee: one was for HR information, the second for contracts and working hours, and the third on antisemitism complaints. LG said a fourth FOI had been received since the writing of the report.

7 – Policies

7.1 – LGPS employer discretions policy

The committee recommended the policy to Board for approval.

7.2 – Financial regulations

ML introduced the policy and sought approval to add a subsequent amendment on employee advances. ML and KH wanted to add a point to section 6.2 which would give the Head of HR authority to approve advances up to £1,000.

- There is a change in the policy about using purchasing cards for deposits and advance payments. How come this is being encouraged rather than using a purchase order? *In our mind it gives us more insurance, so we encourage this.*

The committee recommended the policy to Board for approval, with the addition below.

Action	By whom	Deadline
Add employee advances' approval to section 6.1	ML	Board

7.3 – Sub-contracting fees and charging

ML presented the policy for approval.

- Should this policy now go to the Audit Committee annually for approval, given they are now looking at subcontracting? *This will be investigated and the policy register updated as appropriate.*
- Point seven states that this policy is also sent to the college's ESFA territorial manager - did we ever do this? *They have never asked for it, but we can send through if it is wanted.*

The committee recommended the policy to Board for approval.

Action	By whom	Deadline
Review policy register and change subcontracting to Audit committee	LG	asap
See if ESFA territorial manager would like a copy of this policy	ML	asap

7.4 – Smoking Policy

The committee approved the policy but suggested that it could be included in the H&S policy going forward.

7.5 – Health and Safety policy

The committee reviewed the policy and agreed that the information (starting at the bottom of page 8) needed to be removed as it referred to a committee that no longer takes place.

The committee recommended the policy to Board for approval, subject to the removal of the information above.

Action	By whom	Deadline
Remove information from the bottom of page 8 of the policy	ML	Board

8 – Any other Business

None raised.

9 – Future business and reflection

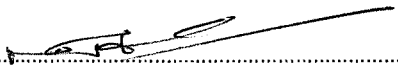
None raised.

10 - Date of next meeting

To be confirmed.

The meeting closed at 20.35

Approved for signature..... *N. HANDY*

Signature..... 

Date..... *28/3/22*