

Finance and Employment Committee Minutes

Meeting held on Thursday 21st October 2021 at 5.30 pm, SRC301

- Present:** Fabienne Bailey, Phil Cook (Chief Executive and Group Principal), Louise Davies (Chair), Martin Gray and Jen Vanderhoven
- Officials:** Lynn Dolan (Group Learning Resources Manager) for item 3 only, Jason Faulkner (College Principal Redcar and Cleveland College (RCC)), Lesley Graham (College Principal Stockton Riverside College (SRC)) for item 2 only, Phil Hastie (Group Executive Director Planning and Infrastructure), Erika Marshall (Group Director of Marketing), Gary Potts (Group Vice Principal Business, Innovation and Partnerships), Ben Robinson (College Principal Bede) for item 14 only, Fiona Sharp (Group Executive Director Finance), Kay Taylor (Group Director of HR), Sarah Thompson (Clerk to the Corporation) and Sam Young (Governance Support Officer)
- Apologies:** Mark White

Fabienne Bailey, Phil Cook, Jen Vanderhoven, Jason Faulkner and Ben Robinson joined the meeting via Teams

F21/53 Agenda Item 1 - Appointment of Vice Chair

Members **agreed** to appoint Martin Gray as Vice Chair of the Finance and Employment Committee for 2021-22.

F21/54 Agenda Item 2 - Minutes of Previous Meeting

2.1 - Minutes of previous meeting

The minutes of a Finance and Employment Committee meeting held on 17 June 2021 had been circulated and were **approved** as an accurate record of the meeting.

2.2 – Matters Arising

Members discussed reviewing the impact of the recently introduced social value statement in support of local procurement and, given that it had only been implemented and added to tender documents in July, **agreed** to defer the review to October 2022.

The College Principal SRC gave a verbal update on the Taking Teaching Further (TTF) initiative; an additional [REDACTED] participants had started on the programme in September across different curriculum areas and at all campuses. A support group for TTF trainees and other staff new to teaching had been established, with timetabling ensuring that all TTF participants were free at the same time. The College Principal SRC outlined Group income for the three rounds of TTF funding and, in response to a member's question, confirmed that the funding available supported advertising and recruitment, a contribution towards reduced timetabling and shadowing, and funding for all trainees to enrol on the Level 5 Diploma in Education and Training.

All actions had been completed, were on the agenda for this meeting or not yet due; progress against actions was **noted**.

Lesley Graham left the meeting.

Infrastructure Issues

Agenda Item 3 – IT Strategy Update, including Digital Strategy development

F21/55 3.1 – IT Strategy Update

The Group Executive Director Planning and Infrastructure outlined progress to date in the delivery of the IT Strategy approved by Corporation in July 2020. Details of performance in relation to the targets in the strategy had been provided; further work was required to increase the proportion of bookable meeting rooms and offices enabled for combined physical and Teams meetings and an annual skills audit of IT support staff against technologies, productivity software and core business systems was yet to be completed.

A member asked whether the increased number of devices distributed had implications for software costs and depreciation of assets. The Group Executive Director Planning and Infrastructure explained that the license agreements with Microsoft were at the reduced education rate and that the licence fee was per user rather than per device, with each user allowed to install the software on up to five different devices. The Group Executive Director Finance added that depreciation costs had been built into future forecast planning, with some items, for example touchscreen devices, on operating leases.

A member asked about the resilience of the network in terms of cyber security and the Group Executive Director Planning and Infrastructure outlined that regular testing of cyber resilience was planned internally and reviewed according to new threats; the Group was also currently working towards Joint Information Systems Committee (JISC) Cyber Essentials Plus certification.

Members **noted** the IT Strategy update.

F21/56 3.2 – Digital Strategy

The Group Executive Director Planning and Infrastructure introduced the Group Learning Resources Manager and noted her key role in driving the Digital Strategy forward and compiling this report.

The Group Learning Resources Manager explained that discussions in Performance Review (PR) around digital literacy and capability for both staff and students had highlighted the need to develop a Digital Strategy to complement the existing IT, Teaching and Learning, and Learning and Development strategies. The Senior Management Team (SMT) attended a Vision for Change workshop led by JISC in order to draw out the Group's current position and the digital vision for the future; several stages of group discussions and negotiations had taken place as well as research into other colleges' and universities' strategies. This had resulted in the creation of a digital vision statement. To take the strategy itself forward, a working group with staff from

both support and curriculum teams had been established and would meet for the first time on 4 November, with the intention of completing the Digital Strategy before the end of 2021-22.

Members commented on the inclusiveness and forward-looking approach of the strategy. A member asked what digital skills learners struggled with the most. The Group Learning Resources Manager explained that digital capabilities were very diverse and that the Group used the JISC digital capabilities tool with both staff and students to assess current skills and then signpost them to appropriate resources and training.

In response to a member's question, the Group Learning Resource Manager confirmed that no senior managers were members of the working group and that it was very much a bottom up approach. The member also commented that it could be useful to include staff less comfortable with technology. A member asked whether, given the high costs of content, there would be any inclusion of skills development to support, for example, digital content curation. The Group Learning Resources Manager confirmed that staff had been given resources accessibility training and many already developed their own resources.

Members **noted** the report and **agreed** the development of the Digital Strategy in line with the Digital Vision; members thanked Lynn Dolan for her input and she left the meeting.

F21/57 Agenda Item 4 – Major Capital Projects

The Group Executive Director Planning and Infrastructure outlined progress in relation to the development of the Group Property Strategy and related capital projects, which were now subject to detailed oversight through the Capital Group. The Clerk confirmed that the Finance and Employment Committee would retain financial oversight of capital projects.

Members **noted** the update.

F21/58 Agenda Item 5 – Environmental Strategy Update

The Group Executive Director Planning and Infrastructure had provided a written update on the Environmental Strategy approved by Corporation in July 2020. During PR12, the Group Director of Marketing had explored how curriculum and support departments were delivering sustainability and, for example, expenditure on paper, printing and copying at NETA had been substantially reduced. In line with the strategy, the Group had obtained the Silver Investors in the Environment Standard in July 2021 and, measured against the Climate Action Roadmap for FE Colleges, sat within the Established category. He added that the Environmental Strategy would be reviewed and updated following publication of the government's Net Zero Strategy and the Association of Colleges' (AoC's) Green College Commitment.

A member asked how the sharing of good practice was encouraged and the Group Executive Director Planning and Infrastructure explained that this was done through the Green Initiatives Group and that the Group Director of Marketing was also working with departments to gather information and promote case studies. The Group Director of Marketing added that an environmental award would also be included in this year's staff awards.

Members **noted** the update.

Employment Matters

F21/59 Agenda Item 6 – Great Place to Work update

The Group Director of HR explained that the Great Place to Work Strategy was based on the Good Work Plan and centred around seven themes. The strategy would be fundamentally reviewed in January 2022 for consideration by the Finance and Employment Committee. A No Meetings Week would be held in November with a programme of sessions planned focused on staff health and wellbeing. Positive action was also being taken to attract younger staff to the Group through apprenticeships and Kickstart programmes.

A member commented that No Meetings Week was a great initiative and further suggestions were provided, for example, a No Emails Week and Meetings on the Go. The Group Director of HR commented that some SRC staff already held walking meetings and further initiatives would be considered once the impact of No Meetings Week had been reviewed. A member asked whether, as introduced in the first lockdown, staff were still encouraged not to send emails after 5.00 pm. Managers agreed that the position was less stringent but the volume of emails in the evening had generally reduced and staff were also using the delayed delivery function when appropriate.

Members **noted** the update.

F21/60 Agenda Item 7 – Staff Professional Development Update and Learning and Development Strategy

The Group Executive Director of HR explained that the report provided a summary of the progress of the Learning and Development Strategy in its first year, highlighting staff professional development and areas of focus for 2021-22. Focus on this area was provided by two key cross college groups, the Teaching and Learning Group and the Staff Development Group, both with SMT leads. Highlights from 2020-21 had been detailed, including external curriculum reviews, Leading from the Middle, Sharing Best Practice and bespoke training. The appraisal process for all staff was due to be completed by the end of November and would provide an opportunity to review individual development needs for the coming year.

A member asked what level of budget the Group allocated to professional development and the Group Director of HR explained that the Group had a corporate budget for group wide programmes and that departments also had devolved budgets monitored through the PR process; in addition, continuing professional development took place that did not have associated costs, for example, deep dives. Budget holders were also not allowed to reduce their professional development budgets as a means of reducing departmental expenditure.

A member offered Etc. staff the opportunity to visit the National Horizons Centre to look at current development and careers opportunities available to learners and the Group Director of HR agreed to follow this up.

Members **noted** the update.

F21/61 Agenda Item 8 – Annual Report on use of Performance Related Pay

The Group Director of HR explained that the use of Performance Related Pay (PRP) was limited [REDACTED]; specific targets were set and robustly monitored. The payments were part of staff's contractual agreements; the costs of the scheme were fully budgeted, with the total costs relatively low, as detailed in the report.

In response to a member's question, the Group Director of HR explained that the report on PRP had previously been considered at Remuneration Committee but the committee had agreed that this should be considered by the Finance and Employment Committee in future in light of Finance and Employment Committee's wider remit concerning staffing. The Group Vice Principal Business, Innovation and Partnerships explained that the PRP structure had been in place for a number of years ago and was monitored and reviewed annually [REDACTED].

Members **noted** the use of Performance Related Pay across the Group.

Finance Issues

F21/62 Agenda Item 9 – Group Monthly Management Accounts (incorporating Etc., NETA and TVC)

The Group Executive Director Finance presented the monthly management accounts (MMAs) for period 12, to 31 July 2021, and explained that they reflected a pleasing year end position. She highlighted that FRS102 pension adjustments would be included in the year end accounts. Due to actuarial assumptions, the sector had been badly hit by pension adjustments the previous year but it was anticipated that these charges would reduce for 2020-21 and this would be reflected in an improved position in the accounts; a report accompanying the year end accounts would outline the financial monitoring reconciliation from period 12 to 13. She confirmed that the College Financial Forecasts Return (CFFR) had been submitted in September in accordance with Restructuring Facility (RF) requirements; all queries raised by the Education and Skills Funding Agency (ESFA) had been answered and a further CFFR would be submitted with year end adjustments included.

Members **noted** the Group Monthly Management Accounts (MMA12).

Agenda Item 10 – Group Budget Monitoring Reports

F21/63 Agenda Item 10.1 – Core Income

The Group Executive Director Planning and Infrastructure confirmed that the position in relation to core income streams remained similar to that presented over the year; apprenticeship income remained forecast below budget as a result of the impact of COVID-19.

A member asked if there was a strategy for diversifying income from sources such as donations. The Group Executive Director Planning and Infrastructure, Director of Finance and Chief Executive highlighted that the Group's income was relatively diverse when compared to the college sector and the Group's range of provision and geographical spread across two boroughs helped to mitigate risks of income reduction in any particular area. However, there could be risks for colleges diversifying outside their core business. The Group did not tend to receive monetary donations but did receive donated equipment and materials, for example, the boilers for the Eco House at RCC; this would, however, be difficult to present through MMAs. The Group

Executive Director Planning and Infrastructure agreed to explore the possibility of alumni donations.

A member asked if there had been any formal notification from the Tees Valley Combined Authority (TVCA) on Adult Education Budget (AEB) clawback; the Group Executive Director confirmed that nothing had been received to date but that there had been indications that TVCA's position could match the national AEB threshold of 10% underperformance and the Group would continue to request earlier confirmation than the previous year. The Group Executive Director Finance added that a prudent approach had been taken with a 50% element of clawback included in the end-year outturn as a contingency.

Members **noted** Core Income at period 12.

F21/64 Agenda Item 10.2 – Non-Core Income

The Group Executive Director Planning and Infrastructure highlighted that non-core funding streams expected to deliver in line with the previous position reported to members, with full cost provision income forecast lower than budget as a result of the January lockdown. Members **noted** Non-Core Income at Period 12.

F21/65 Agenda Item 10.3 – Additional Learner Support (ALS) Income

The Group Executive Director Planning and Infrastructure reported that overall ALS income, including Learner Support Funds, remained broadly in line with budget and as previously reported.

A member asked how the Group managed the increasingly tight local authority budgets for high needs alongside increased levels of student needs. The Group Executive Director Planning and Infrastructure explained that the Group mitigated the risks by increasing Element 2 funded places and reducing the level of applications for Element 3 funding; learners with high needs were also assessed promptly in order to claim for Element 3 funding early in the year. The College Principal RCC, also strategic lead for High Needs, outlined the Group's excellent relationships with the two local authorities; the Group provided local authorities with a clear pricing structure for learner support staff costs and, by delivering high needs provision locally, reduced transport costs. The Chief Executive added that the Group had to ensure that high needs provision was properly funded in order to provide the right service to all learners and highlighted that the High Needs Self Assessment Report had been validated as Outstanding for 2020-21.

Members **noted** Additional Learner Support Income at Period 12.

F21/66 Agenda Item 10.4 – Capital Grants

The Group Executive Director Finance confirmed that, as previously reported, additional funding to be held as Deferred Capital Grant had been received in year for FE Conditions and Learner Support for IT, resulting in a forecasted increase in the release of grants in line with an increase in depreciation. Grants relating to the 3G pitch at RCC would be released from 2021-22. Members **noted** Capital Grants Income at Period 12.

F21/67 Agenda Item 10.5 – Project Income

The Group Vice Principal Business, Innovation and Partnerships explained that, as detailed in his report, project income had delivered below budget, primarily due to the impact of COVID-19 on projects involving delivery to learners.

In response to a member's question about the future of the European Social Fund (ESF), the Group Vice Principal Business, Innovation and Partnerships explained that ESF-funded projects were still available. The Group Executive Director Planning and Infrastructure added that there had been no confirmation of how or when the ESF would be replaced but it was anticipated that devolved authorities would have some involvement in allocating replacement funding. He added that the Group had submitted a Communities Renewal Fund bid to TVCA in July but the outcome was not yet known.

Members **noted** Project Income at Period 12.

F21/68 Agenda Item 10.6 – Other Income

The Group Executive Director Finance outlined that expectations for Other Income had been moderated to take account of COVID-19 restrictions but had, on the whole, reached target. [REDACTED]

Members **noted** Other Income at Period 12.

F21/69 Agenda Item 10.7 – Subcontracting

The Group Vice Principal Business, Innovation and Partnerships reported that subcontracting income had been affected by COVID-19 during the year. [REDACTED]

A member asked if 2021-22 was looking more promising and the Group Vice Principal Business, Innovation and Partnerships confirmed that the impact of COVID-19 continued but that the subcontracting team planned for any foreseen problems and contingencies were put in place as required.

The Group Vice Principal Business, Innovation and Partnerships noted that, in response to the previous year's consultation, the ESFA had now published Subcontracting Standard guidance, effective from 1st August 2022; the guidance was currently being reviewed and an action plan would be brought to the Finance and Employment Committee. The Chair noted that few changes in practice had been needed in response to the earlier guidance and the Group Vice Principal Business, Innovation and Partnerships explained that some changes, including to the formal tendering process, could be required.

Members **noted** revised subcontracting levels and **agreed** to recommend their approval to Corporation.

F21/70 Agenda Item 10.8 – Pay Costs

The Group Executive Director Finance outlined pay costs and confirmed that there had been a small saving against full year budget. The Group was putting plans in place for the increase in the National Living Wage from April 2022 and staffing costs and structures continued to be scrutinised through Performance Review, with requests for new or replacement posts only approved against a strong business case. Members **noted** Pay Costs as at Period 12.

F21/71 Agenda Item 10.9 – Non-Pay Costs

The Group Executive Director Finance confirmed that the overspend against budget on non-pay costs included costs associated with additional funding received from the FE Conditions grant and planned consultancy costs relating to the Group Property Strategy; these had been offset by cost savings. Members **noted** Non-Pay Costs at Period 12.

F21/72 Agenda Item 11 – Finance Reports (Subsidiary Companies)

Agenda Item 11.1 – NETA Finance Update

The Group Executive Director Finance confirmed that, subject to final audit review, NETA Training Trust was expected to show a surplus [REDACTED] at year end, reflecting the strength of the management team. The intercompany loan facility had reduced to nil as of January 2021 and the NETA Board had approved the proposed recharge for central support services provided by Etc. for introduction in 2021-22.

A member noted that he had toured NETA that afternoon with the Managing Director NETA, and commented that, though transformed, there was still a need for new premises. A member asked if the ESFA FE Conditions funding received had masked a deficit and the Group Executive Director Finance explained that the grant had covered expenditure on roof repairs and had therefore had no effect on the year end position. [REDACTED]

Agenda Item 11.2 – Tees Valley Catering (TVC) Finance Update

The Group Executive Director Finance highlighted that TVC would also show a small surplus at year end despite reduced income due to lower numbers of staff and students on site during the year. The TVC Operations Manager had developed a strong team, with new ideas introduced to drive income. The Group Executive Director Planning and Infrastructure added that the primary purpose of TVC was to provide a good service to students and not to make large profits and, for example, consideration was currently being given to introducing healthier lines in vending machines which could have a negative impact on income. The Group Executive Director Finance confirmed that the intercompany loan had reduced to £5k by the end of the year but the facility would always remain in place to allow for cash flow variations during the year.

Members **noted** the updates.

F21/73 Agenda Item 12 – Sir William Turner Foundation

The College Principal RCC outlined the unique partnership between the college and the Sir William Turner Foundation (SWTF) within the Group. Grants [REDACTED] had been awarded in 2020-21, including for the 3G Astro facility, and had been detailed in the report; the Foundation also supported the end of year celebration of achievement with cash awards and sponsorship. He added that the SWTF had recently updated their articles to extend support to secondary schools within Redcar. The college promoted the Foundation's support by, for example, featuring displays in the college, hosting the SWTF Remembrance event and renaming the Eco House the Sir William Turner House.

Members commented on the beneficial partnership and the Clerk highlighted that Anne Vickers was the Sir William Turner Foundation nominee on the FE Corporation.

Members **noted** the update.

F21/74 Agenda Item 13 – Recruitment

The Group Director of Marketing provided a verbal update on student recruitment numbers since the report had been circulated and confirmed that, overall, recruitment was higher than at this point the previous year. The conversion rate of offers to enrolment had been lower at NETA than at the Group's other colleges and the Student Recruitment team carried out follow-up calls on a sample of non-enrollers. [REDACTED] On a positive note, NETA's most recent Open Evening had been the most well-attended for the last three years; there were a number of parents who brought their sons because they themselves had trained at NETA and this would be highlighted on social media.

A member asked why parents did not bring their daughters and the Group Director of Marketing explained, in response to this, that NETA was involved in initiatives to encourage girls into engineering, working with those in years 8 and 9.

Members **noted** the update.

Ben Robinson joined the meeting for agenda item 14 only

F21/75 Agenda Item 14 – Learner Support Fund Policy

The College Principal Bede outlined updates to the Learner Support Fund Policy for 2021-22 and explained that the fund provided financial opportunities to overcome barriers to positive outcomes for learners. The policy set out the types of support available, eligibility criteria, evidence requirements and application process; as funds were externally audited and were potentially subject to clawback, the importance of managing the Learner Support Fund according to the policy and government guidance was highlighted.

Members **approved** the Learner Support Fund Policy for 2021-22.

Other Items

F21/76 Agenda Item 15 – ESFA Conditions of Funding

The Group Executive Director Planning and Infrastructure explained that the ESFA Conditions of Funding agreement set out the basis on which the Group received the majority of its funding; the agreement was subject to frequent change, with multiple in year variations. In general, though, variations between funding years were relatively limited. As the identified Account Manager, he was the authorised signatory for the grant agreement through the ESFA's 'Manage your Education and Skills Funding' website. There were other similar grant agreements in place for other funding sources, including with the TVCA for devolved AEB funding.

Members **noted** the update.

F21/77 Agenda Item 16 – Review of Committee Performance

The Clerk confirmed that the report included a review of the committee's performance against each item within its terms of reference. Membership of the committee for 2021-22 included two newly-appointed members in addition to the four existing members; some minor amendments to the terms of reference had also been proposed. Members **noted** the review of its performance against its terms of reference and its current membership and **agreed** to recommend the amendments to its terms of reference to the FE Corporation for approval.

F21/78 Agenda Item 17 – DfE Funding and Accountability Consultation

The Group Executive Director Planning and Infrastructure had circulated details of the DfE's consultation on further education funding and accountability arrangements arising from the Skills for Jobs White Paper, along with the Association of Colleges' (AoC's) response submitted on behalf of AoC members. He highlighted in particular the difficulty of introducing a single 'skills measure' to assess how well a college is delivering local and national skills needs, given the varied provision in FE.

A member commented that the AoC's response had very much mirrored her own reactions to the consultation documents and the Chief Executive added that it was important to look at the strategic direction of any proposals rather than the detail. The Group's direction of travel would be reviewed in greater detail at the Governors' Strategic Conference but the major policy drivers were around strengthening governance, greater collaboration and for colleges to meet employer needs. A member also commented on the focus on levelling up and a high wage economy at the recent Conservative Party Conference.

Members **noted** the update.

F21/79 Agenda Item 18 – Any Other Business

There were no items of other business.

F21/80 Agenda Item 19 – Approval of Documents for Inspection

It was **agreed** that the agenda and supporting documents of the current meeting be made available for public inspection with the exception of the reports for Agenda Items 4, 6, 8, 9, 10, 11 and 13 which were considered commercial in confidence. Policies would be published on the website or in house Gateway as appropriate following any final approval. Minutes of this meeting would be made available for public inspection following committee approval.

F21/81 Agenda Item 20 – Date and Time of Next Meeting

Next meetings scheduled for Thursday 25 November 2021, to be held in SRC301:
joint meeting of Finance and Employment and Audit Committees to consider annual accounts at 5.15 pm,
followed immediately by Finance and Employment Committee meeting at 6.15 pm.

The Clerk confirmed that a Special FE Corporation meeting would be held before the Finance and Employment Committee which would affect the timings; members were asked to inform her if they would prefer the meetings to be held remotely.

[It was subsequently agreed to hold the meetings remotely and for a start time of 6.45 pm for the Finance and Employment Committee meeting.]

F21/82 Agenda Item 21 – Key Themes

The following items were identified as key themes:

- IT Strategy update presented and the development of a Digital Strategy, in line with the Digital Vision, agreed
- Updates on the Environmental, Great Place to Work and Learning and Development strategies
- Annual report on Performance Related Pay received (formerly considered by Remuneration Committee)
- Review of Group Monthly Management Accounts and budget monitoring reports for Period 12, to 31 July 2021
- Learner Support Fund Policy 2021-22 approved
- Reports on the ESFA Conditions of Funding Agreement and DfE Funding and Accountability consultation

The meeting ended at 7.30 pm

Approved at a meeting held on 25 November 2021