

Finance and Employment Committee Minutes

Meeting held on Thursday 28 September 2023 at 5.30 pm, SRC301, Stockton Riverside College

- Present:** Stuart Blackett (Corporation Chair, via Teams), Louise Davies (Committee Chair), Grant Glendinning (Chief Executive and Group Principal), Amanda Olvanhill and Hamish Rutherford
- In attendance:** Andrea Tomlinson
- Apologies:** Fabienne Bailey and Liz Dixon
- Officials:** Jason Faulkner (Executive Principal Redcar and Cleveland College & NETA), Phil Hastie (Chief Operating Officer), Fiona Sharp (Chief Financial Officer), Kay Taylor (Group Director of HR & People Development), Sarah Thompson (Clerk to the Corporation) and Sam Young (Governance Support Officer)

Minutes of the previous meeting, an actions progress log and reports had been circulated in advance of the meeting.

F23/42 Agenda Item 1 – Appointment of Chair and Vice Chair

It was **agreed** to appoint Louise Davies as Chair and to defer appointment of a Vice Chair for 2023-24; the Clerk invited committee members to contact her to express their interest in the Vice Chair position.

F23/43 Agenda Item 2 – Welcome, apologies for absence, declarations of interest, notification of other items of business

The Chair welcomed governors, officials and attendees to the meeting; apologies for absence from Fabienne Bailey and Liz Dixon were **noted** and **accepted**. It was noted that the Group Director of Marketing was unable to attend the meeting and the report under agenda item 10 would be presented by the Chief Operating Officer. There were no declarations of interest on items on the agenda and no notification of items of other business.

F23/44 Agenda Item 3 – Minutes of previous meeting

The minutes of the Finance and Employment Committee meeting held on 20 June 2023 were **approved** as an accurate record of the meeting; independent governors also **approved** the confidential appendix to the minutes. The action progress log had been circulated and was **noted**.

F23/45 Agenda Item 4 – Review of committee performance 2022-23 and proposals for 2023-24

The Clerk confirmed that committee performance in 2022-23 had met the committee's Terms of Reference; comments from the external governance review on the summer term meeting attended by Rachel Robson and from committee members on meeting effectiveness during the year had also been included in the report. Following a high level review, the Search and

Governance Committee had proposed amending the Corporation's committee structure to establish a 'People Committee'. By taking on the employment responsibilities currently sitting with the Finance and Employment Committee, it was intended that this would free up time within the business cycle to allow the Finance and Employment Committee to consider, for example, capital issues and facilities matters, such as IT. This proposal could also help with the membership issues currently experienced by the Search and Governance Committee.

Governors recognised that, as staffing was such a large percentage of the group's expenditure, it had been logical for it to be included in this committee's terms of reference but that this had contributed to the weight of committee responsibilities. It was agreed that the committee's workload needed to be reduced and that this would enable a better balance of work between committees; a People Committee would also have more time to consider staff professional development matters and could bring fresh perspectives on people initiatives. It was noted that financial implications and issues associated with pay costs would still be considered by the Finance and Resources Committee. The Group Director of HR & People Development added that she worked closely with the Chief Financial Officer and that this felt like the right time to be focusing on people strategy.

The committee discussed the comments made by the external reviewer on governor induction and agreed that this had just been unfortunate due to the timing of June's meeting; both established and recently appointed governors commented on the strength and thoroughness of the induction process. It was acknowledged that, although work commitments could make it difficult to schedule daytime college tours, visiting colleges during term time when teaching was taking place were more beneficial. The Clerk invited governors to provide any further feedback on the induction process following the meeting.

Governors:

- i) **agreed** that the committee's membership was appropriate and that the committee had been effective and had met its terms of reference in 2022-23 and **noted** that it had been reassuring to see the committee's work over the previous year detailed;
- ii) **agreed** to recommend the proposal to amend the Corporation's committee structure to create a 'People Committee' and a 'Finance and Resources Committee' to the FE Corporation for approval.

Human Resources Issues

F23/46 Agenda Item 5 – Pay Award

The Chief Executive and Group Principal confirmed that contextual information and proposed options for a 6.5% pay award had been outlined in his report; he added that the Association of Colleges (AoC) had since recommended that colleges should seek to award 6.5% though had recognised that only 50% of colleges would be in the financial position to do so. He added that the group was aware that two other colleges in the region would also be making a 6.5% pay award. Based on affordability, the Executive Team's preferred option would be a 6.5% consolidated pay award, with effect from 1 October 2023, and the committee was asked to consider recommending this option to the Corporation for approval, after which the group would be able to commence collective bargaining. The Chief Executive and Group Principal outlined the staff communications plans to inform governors of the group's intentions in the meantime.

A governor commented that at the June meeting the 2023-24 budget had assumed a 3% pay award and asked what the implications of a 6.5% pay award would be for the budget. The Chief Executive and Group Principal clarified that in late August 2023 the Department for Education (DfE) had awarded a funding uplift to colleges to support colleges to improve staff recruitment and retention; this enabled Etc. to offer the higher pay award of 6.5% though the budget would still be tight. As a funding uplift had also been announced for 2024-25 and it was felt unlikely that funding streams would be reduced subsequently, the group was also able to make a consolidated award.

A governor asked how the October implementation date might be viewed by staff given they were used to the pay awards being backdated to August and whether it would therefore be better to implement option 2: a 3.5% pay award from 1 August, followed by 3% from 1 November 2023. The Chief Executive and Group Principal explained that a legal perspective on this deviation to the group's standard practice of reviewing pay from 1 August had been sought and that the exceptional nature of the funding uplift and its timing would allow the group to adopt this approach; as well as mirroring a neighbouring college's approach, it was thought that announcing payment of the full 6.5% from a single date would be received best by staff. Backdating the full 6.5% to 1 August would result in a budget deficit so the pay award would need to be reduced if paid from then. The Group Director of HR & People Development confirmed that backdating the pay award to 1 October would not be considered in breach of staff contracts.

In response to a governor's question, the Group Director of HR & People Development confirmed that the 6.5% would be awarded to all staff, not just teaching staff, and would apply to each point on the pay scale. The Chief Financial Officer also clarified that the budget cost was for the pay award and on costs and the Chief Executive and Group Principal added that the funding uplift had only related to 16-18 income and not apprenticeships or Adult Education Budget (AEB) so colleges with a lower proportion of 16-18 income would not receive as much additional funding. He also confirmed that the AoC had been clear that the increased pay award should be given to all college staff and not just teachers.

A governor commented that as Tees Valley Catering (TVC) staff, recently transferred to Etc. contracts, would also receive the pay award, it would reinforce the One Etc. message.

Proposals for a communications strategy of the pay award offer were then discussed; the Chief Executive and Group Principal requested the committee's approval to circulate an All Staff email in advance of the Corporation meeting. This would not give full details as the award still required negotiation with the recognised trade unions and Corporation approval but would set out the group's intentions and would clarify that the intent was to backdate the full 6.5% pay award to 1 October 2023.

Governors **agreed** to recommend approval of a 6.5% consolidated pay award for staff in this academic year, with effect from 1 October 2023, and noted the requirement for Corporation approval due to the level of impact on the budget. The proposed communications strategy was also **agreed**.

F23/47 Agenda Item 6 – People Strategic Update, including proposed changes to DBS renewal frequency

The Group Director of HR & People Development explained that three-yearly Disclosure and Barring Service (DBS) rechecks had been introduced following an internal audit advisory point in 2019. It had resulted in a large volume of rechecks which had never resulted in any findings of which the group was not already aware. Subsequent amendments to legislation had resulted in the group establishing that they had no lawful basis to request a DBS check for an existing employee. The recommendation, therefore, was to discontinue three-yearly rechecks and to just retain DBS checks as a pre-employment measure.

The potential use of the update service was discussed and the Group Director of HR & People Development clarified that permission from the staff member would still need to be sought and would have to be for a reason; she also confirmed that, in line with Keeping Children Safe in Education (KCSiE), a DBS recheck would take place if there was a three month gap in employment.

In response to a governor's question, the Group Director of HR & People Development confirmed that DBS checks only covered the UK but that overseas checks, depending on their availability in the relevant country, would be undertaken if a candidate had lived abroad; employment history would flag if other checks were needed and the DBS check was complemented by other appropriate checks, such as teacher prohibition, Section 128 and barred list checks.

Given the volume of staff at Etc., a governor asked if there was an annual declaration requirement in staff contracts; the Group Director of HR & People Development clarified that there was reference to disclosures and employees' obligations in HR policies but not necessarily in individual contracts.

A governor commented on the lengthy safeguarding training he had recently undertaken in his role as a school governor; the Group Director of HR & People Development confirmed that the Group Head of Student Support and Wellbeing ran annual mandatory safeguarding updates for staff and an annual update for governors. New employees were expected to undertake safeguarding training in their first week of employment. The Clerk added that governor training would be taking place at the January Governors' Workshop and that any absent governors would be required to access the online staff update training; the Clerk also confirmed that the committee had delegated authority to approve the removal of three-yearly DBS checks.

Noting the rationale provided by the Group Director of HR & People Development, governors **approved** the removal of three-yearly DBS rechecks from 1 October 2023.

The Group Director of HR & People Development confirmed that she had no further updates on the people strategy.

F23/48 Agenda Item 7 – Staff Professional Development Update

The Group Director of HR & People Development outlined the exciting developments and new approach to people development and career progression, underpinning the delivery of the new strategic objectives. A new appraisal and talent management process had been developed to link

in with the new People Strategy; this would give a more simplified approach and an increased focus on behaviours, aligned to the group's Tone of Voice. The appraisal form included work by the Group Management Team (GMT) on articulating what makes a good line manager; this would be launched shortly. The talent management process aimed to support succession planning and staff retention and would be launched in February 2024, with identified aspiring managers invited to have talent conversations. In addition, the One Etc. Leadership Programme had launched the previous day with 22 delegates; governors would be invited to attend the impact finale on 19 March 2024 at which participants would present their learning journey. It was also highlighted that, having served the group well for the past three years, the Learning and Development Strategy was being reviewed in line with the new Strategic Plan and would be presented at the next meeting.

[REDACTED] The Group Director of HR & People Development commented that labour turnover was tracked and had reduced during 2022-23 and agreed to report analysis from exit interviews, including any impact as a result of the pay award, to a future meeting.

In response to a governor's comment about the Leadership Programme having been oversubscribed, the Group Director of HR & People Development confirmed that there had been three more applications than places and that staff had had to undergo an application process. Feedback had been made available to unsuccessful candidates who were also encouraged to apply for the next cohort. The Clerk declared that she was attending the Leadership Development Programme.

Governors **noted** that people development remained a priority and the introduction of new systems and processes to support internal progression with an anticipated positive impact on staff retention.

F23/49 Agenda Item 8 – Annual Report on use of Performance Related Pay

The Clerk confirmed that as all attendees were independent governors no one was required to leave the meeting for this item. The Group Director of HR & People Development clarified that Performance Related Pay (PRP) was only used in a limited number of job roles, primarily in the Business Development Unit (BDU), and was linked to robust agreed targets. [REDACTED]

Governors **approved** the PRP scheme [REDACTED]; they also **noted** that PRP was used well and monitored robustly with the aim of driving exceptional levels of performance.

F23/50 Agenda Item 9 – People Strategy

The Group Director of HR & People Development explained that the successful Great Place to Work (GPTW) Strategy that had been in place for three years and, with the launch of the Strategic Plan 2023-26, it was considered time for a refresh. The phrase Great Place to Work would continue to be used internally but a new People Strategy was being developed to provide a framework for the future; continuous learning would be prominent, along with themes on recruitment and retention, performance management, succession planning, remuneration and reward, employee engagement, and health and wellbeing. The strategy would be presented to the committee for approval at their next meeting in November.

A governor asked how the strategy would be promoted to staff, including making the key themes visible and visual. The Group Director of HR & People Development confirmed that she was working with the Group Director of Marketing on a new platform that would feature videos and new testimonials highlighting what it was like to work at the group; the intention was to offer a better experience for prospective applicants than just seeing a list of vacancies. With the GPTW strategy so well embedded, the need to promote the new People Strategy to staff was recognised.

Governors **noted** the development of a People Strategy as a refresh of the Great Place to Work Strategy and better alignment to the Strategic Plan 2023-26 and commented on how well it tied in with Etc. values. Its importance was also acknowledged, given that Etc. could not always offer the highest salaries.

Kay Taylor left the meeting and Jason Faulkner joined the meeting on Teams.

Financial Issues

F23/51 Agenda Item 10 – Student recruitment update

The Chief Operating Officer presented this update on behalf of the Group Director of Marketing. [REDACTED]

Governors **noted** the current student recruitment position [REDACTED].

F23/52 Agenda Item 11 – 2022-23 Year End update, including Tees Valley Catering Year End update

The Chief Financial Officer explained that the Monthly Management Accounts (MMAs) for period 12 to the end of July 2023 had been circulated; year end adjustments would be finalised to produce MMA13 which would be considered at the next meeting. She highlighted that the forecast position was not expected to change and that the budget set would be met. As yet, the FRS102 pensions adjustments had not been confirmed but would be actioned as part of the year end process following receipt of the actuary's updated valuation report; advice would be sought from RSM, the group's external auditors, on treatment of the Local Government Pension Scheme (LGPS) which would potentially show as an asset.

The Chief Financial Officer confirmed that she was working with Robert Griffiths, who had previously supported the group as Turnaround Director for the merger with RCC [REDACTED]

A governor asked about the valuation year for the group's pensions schemes; the Chief Financial Officer confirmed that the LGPS contribution rate was set for three years, with this being the second year. She acknowledged that the Teesside LGPS scheme was well managed and that Etc. had lower employer contribution rates than many other colleges and added that the Teachers' Pension Scheme readjustment would probably come into effect from April 2024 and that the group would receive additional funding from the DfE to cover increased contribution rates. The Chief Financial Officer agreed to confirm full details of contribution rates and valuation periods with governors following the meeting.

[REDACTED]

Governors noted the impact of robust Business Planning (BP) processes in achieving a positive variance on the budgeted operating surplus and the Chief Financial Officer agreed [REDACTED]

The Chief Financial Officer gave details of the waiver of the requirement to tender for the furniture for the T Level Hair and Beauty areas; she confirmed that the Group Procurement Manager had provided a full rationale and had followed a very structured procurement process. It was highlighted that delays involved in a full tender process would have negatively impacted on learners; approvals had been sought in line with the Financial Regulations and the exception was presented to the committee to note, also in line with Financial Regulations.

Governors **noted** the MMAs for period 12, showing a positive year end financial positions of both the group and Tees Valley Catering, and **noted** the exception to Financial Regulations.

F23/53 Agenda Item 12 – Intercompany loan

[REDACTED]

Governors **approved** a loan agreement between Etc. and Innersummit up to a maximum of [REDACTED] for signature, noting that the financial risks to Etc. were considered to be minimal.

F23/54 Agenda Item 13 – Sir William Turner Foundation

The Executive Principal RCC & NETA explained that, in addition to details of the support received from the Sir William Turner Foundation (SWTF) during 2022-23, his report included some background information on the Foundation for newly appointed governors; he added that, as Redcar and Cleveland College principal, he served as a trustee on the SWTF board. The Clerk confirmed that Anne Vickers also served on the Etc. Corporation as a representative of the SWTF. Following a change to their articles, the Foundation also provided grants to secondary schools in Redcar for value added activities; RCC had also benefitted from past capital monies for an all-weather pitch and IT equipment for the theatre. It was also highlighted that the Foundation held a covenant on RCC's land but the group would only be liable if the site was sold for non-educational purposes.

Governors acknowledged the importance of the Foundation for RCC and discussed succession planning for their representation on the Etc. Board. The Corporation Chair and Chief Executive and Group Principal offered support to the Executive Principal RCC & NETA by attending a future meeting of the SWTF board.

Governors **noted** the awarding of SWTF grants at RCC in 2022-23 and the foundation's importance in supporting both students and the college.

Infrastructure Issues

F23/55 Agenda Item 14 – Major capital projects update

[REDACTED]

The Chief Operating Officer then updated governors on potential funding from the Department for Levelling Up, Housing and Communities for an All Access Academy at RCC; this would involve short delivery timescales, with funding to be spent by the end of March 2024 so, although the project involved a relatively simple design, a design team had been rapidly established to deliver the project and a timeline developed. T Level works at SRC continued with some areas now available for curriculum use except for snagging and final college fit out; the Hair and Beauty and Motor Vehicle areas were behind schedule and slightly over budget but work with Britcon was ongoing to resolve these issues. It was confirmed that none of the group estate contained Reinforced Autoclaved Aerated Concrete (RAAC).

[REDACTED]

Governors **noted** the capital update [REDACTED].

F23/56 Agenda Item 15 – Digital Transformation update

Governors **agreed** to defer this update to the November meeting.

F23/57 Agenda Item 16 – Insurances

The Chief Financial Officer explained that her report outlined the insurance cover for 2023-24 to provide the committee with assurance of its adequacy; a full review took place each year, with advice sought from the insurance broker, [REDACTED]

[REDACTED]

A governor described a process in their own organisation which had provided an internet security scorecard and vulnerabilities spider diagram and offered to assist contact between the Group Director of Digital Transformation and his organisation's Chief Technology Officer if it would be considered helpful; the Chief Operating Officer explained that this exercise sounded very similar to the upcoming audit proposed by TIAA, the group's new internal audit service provider.

Governors **noted** the group's insurance cover for 2023-24 and acknowledged the particular importance of adequate cover for cyber; it was also noted that the proposed changes to committee structure would enable more time for Finance and Resource Committee consideration of IT and Digital Transformation matters.

Accountability Agreement, policies, strategies

F23/58 Agenda Item 17 – ESFA Accountability Agreement

The Chief Operating Officer highlighted that the Accountability Agreement was subject to frequent change, with multiple in year variations, with this version providing context on how the funding relationship between the ESFA and Etc. was managed. Previously known as the Funding Agreement, the Accountability Framework, part 1 of the Accountability Agreement, was almost identical to its predecessor and sat alongside part 2, the Accountability Statement, approved by the Corporation for submission to the ESFA annually. The one change to the College Governance schedule in the Accountability Framework was highlighted; the requirement to obtain written

consent from the Secretary of State before entering into new arrangements for borrowing money.

Governors **noted** the report and the change to governance requirements in Schedule 7, section 4.4 of the Accountability Framework.

F23/59 Agenda Item 18 – Policies and Strategies

18.1 – Capitalisation and Depreciation Policy

The Chief Financial Officer highlighted the proposal to increase the capitalisation threshold [REDACTED]; this was felt to be a more realistic level and would allow departments more flexibility. In response to a governor's comment that the level still seemed quite low, the Chief Financial Officer confirmed that, having reviewed colleges' finance records, most colleges set the same level of £1,000. She also highlighted the depreciation periods for different equipment categories.

Governors **approved** amendments to the Capitalisation and Depreciation Policy.

18.2 – Procurement Strategy

The Chief Financial Officer reminded governors that the Group Procurement Manager had attended the June meeting to present plans for the review of the Procurement Strategy; this had now been completed and had resulted in a strategy written to reflect the group better. The strategy was felt to be simpler and clearer with governors' comments from the meeting incorporated, with Value for Money listed at the top of the key values. The impact of having a dedicated procurement manager, rather than the single day per week service from Tenet, had been tangible and the Group Procurement Manager was pulling together financial data to evidence the value of his work; governors **agreed** that, following review by the Senior Management Team (SMT), he should be invited to present to a future committee meeting.

Governors **approved** the Procurement Strategy, noting that it reflected the group's Tone of Voice and Social Value Statement and agreeing that it was concise whilst incorporating a lot of information.

18.3 – Learner Support Fund Policy

The Clerk invited governors to highlight any comments on proposed changes to the policy that they wished to pass on to the Group Director of Quality in his absence.

Governors **approved** the Learner Support Policy and noted the introduction of a £5 fee per term for bus passes which would be covered by the Learner Support Fund for eligible students.

18.4 – Capital Strategy

The Chief Operating Officer established that, apart from the deletion of the Clean Energy Education Hub (CEEH) and Bede Annexe, capital projects which had been completed, the Strategy remained the same as the version previously agreed by the committee.

Governors **approved** the Capital Strategy.

Closing Items

F23/60 Agenda Item 19 – Any Other Business

There were no items of other business

F23/61 Agenda Item 20 – Approval of Documents for Inspection

It was **agreed** that the agenda for the current meeting be made available for public inspection; supporting papers for all agenda items were deemed commercial in confidence, with the exception of the papers for agenda items 4, 7, 9 and 13 and strategies and policies agreed under agenda item 18. Minutes of this meeting, with the exception of the appendix confidential to independent governors, would be made available for public inspection following committee approval.

F23/62 Agenda Item 21 – Date, time and venue of next meeting

Thursday 23 November 2023, 5.30 pm, Stockton Riverside College

F23/63 Agenda Item 22 – Meeting Effectiveness and Key Themes

The effectiveness of the meeting was discussed and the following noted:

- Consideration of the impact of changes to the committee structure with the aim of improving governance by allowing time for additional focus on IT, digital transformation and capital projects
- Assurance that the committee would continue to have oversight of pay costs in the proposed committee structure
- Good levels of involvement from new governors
- Excellent chairing

The following key themes were identified:

- Proposed changes to the committee structure to achieve a better balance of committee workloads and allow the committee more time to focus on, for example, capital and digital issues were discussed and supported by committee members
- Pay award proposals and financial implications were considered, with staff communications' timing agreed and a pay award of 6.5% payable from 1 October 2023 recommended to the Corporation
- Given that there was no lawful basis for DBS rechecks and that these had not resulted in any information of which the group had not already been made aware, the proposal to cease three yearly renewal of DBS checks was agreed
- Discussed the launch of a new appraisal process, including talent management to aid succession planning, and the Leadership Programme; and supported proposals for the development of a new People Strategy to align with the Etc. Strategic Plan 2023-26
- Student recruitment update – [REDACTED]
- Monthly Management Accounts (MMAs) for period 12, to 31 July 2023, considered; available to all governors on the Etc. Governors' SharePoint
- Noted an exception to the Financial Regulations in relation to a waiver in the requirement for a tender process for the furniture for the Hair & Beauty area, part of the T Level capital project works at SRC
- [REDACTED]

- Update on major capital projects – [REDACTED]; potential funding from Department for Levelling Up for All Access Academy at RCC; progress report and budget update on SRC T Level project
- Insurance cover for 2023-24 agreed to be adequate for the group's needs; cyber cover and risks considered and the committee noted that cyber security would be included in the internal audit strategy for 2023-24
- Policies (Capitalisation and Depreciation and Learner Support Fund) and strategies (Procurement and Capital) approved

The meeting ended at 7.45 pm.

Approved at a meeting held on 23 November 2023