

Finance, Capital and Resources Committee Minutes

Meeting held on Thursday 21 March 2024 at 6.00 pm, SRC301, Stockton Riverside College

Present: Fabienne Bailey, Stuart Blackett (Corporation Chair), Louise Davies (Committee Chair), Liz Dixon (Staff Governor) and Grant Glendinning (Chief Executive and Group Principal)

Apologies: Hamish Rutherford and Andrea Tomlinson

Officials: Jason Faulkner (Executive Principal Redcar and Cleveland College & NETA), Phil Hastie (Chief Operating Officer), Erika Marshall (Group Director of Marketing), Fiona Sharp (Chief Financial Officer), Kay Taylor (Group Director of HR & People Development), Sarah Thompson (Group Director of Governance) and Sam Young (Governance Support Officer)

Fabienne Bailey and Erika Marshall joined the meeting via Teams.

F24/01 Agenda Item 1 – Appointment of Committee Chair and Vice Chair

Members noted that this was the first meeting of the Finance, Capital and Resources Committee.

Members **agreed** to appoint Louise Davies as Chair of the Committee and Andrea Tomlinson as Vice Chair of the Committee for 2023-24.

F24/02 Agenda Item 2 – Welcome and introductions

The Chair welcomed attendees to the meeting.

Apologies for absence had been received and were accepted from Hamish Rutherford and Andrea Tomlinson. A quorum was present and the required meeting notice of seven calendar days had been given.

No attendees declared a personal or pecuniary interest in any matters arising from the agenda of this meeting and no additional items of business were notified for consideration at the end of the agenda.

In line with a decision by the FE Corporation to enhance risk monitoring by committees, a document outlining the key strategic risks relevant to the Finance, Capital and Resources Committee had been circulated. Members were asked to consider, during the meeting, whether they felt they had received enough assurance on the controls in place, whether the net risk score and the target risk score were appropriate and whether any risks or opportunities were missing. A member noted that the net score for Strategic Risk 1, Financial Sustainability was 'medium' and therefore above the target score of 'low' and queried actions planned to reduce the net score. The Chief Financial Officer confirmed that inclusion of actions would be developed as the group's new risk management software was implemented.

F24/03 Agenda Item 3 – Minutes of previous meeting

The minutes of the Finance and Employment Committee meeting held on 23 November 2023, including an appendix confidential to independent governors, were **approved** as an accurate record of the meeting. The action progress log had been circulated and was **noted**. The following actions were discussed:

- Details of West Midlands Combined Authority funding for Access students

Fabienne Bailey reported that the West Midlands Combined Authority provided full funding for Access to HE students earning below £30k. The Executive Principal Redcar and Cleveland College reported that the Tees Valley Combined Authority (TVCA) provided full funding for some students earning below £33k as part of 'free courses for jobs'. However, there was no specific commitment to fund Access to HE and this could be a barrier for some learners. The Chief Executive thanked Fabienne for her offer to support Etc. by discussing potential opportunities with TVCA, using examples from other mayoral authorities.

- Impact of social value statement on procurement

It was **agreed** that this action was now complete and it was recognised that local procurement was a key driver for the group.

Financial Issues

F24/04 Agenda Item 4 – Procurement Activity and Impact

The Group Procurement Manager presented to the committee on the impact of in-house procurement and future plans for the service. He highlighted that the financial benefit to the group of in house procurement had totalled [REDACTED] over the 2022-23 and 2023-24 academic years and non-financial benefits included time-saving for staff, for example, by providing information about appropriate procurement frameworks and support with completing required paperwork. A breakdown of contracts sourced through the tender process showed that the highest proportion of spend was in the northeast, evidencing the focus on local contracts as part of the group's social value pledge. The Group Procurement Manager highlighted future plans to move towards a more centralised procurement support function, although departments would continue to retain control over supplier approval.

Governors thanked the Group Procurement Manager for his excellent presentation and were pleased to note the financial and non-financial impacts of the in house service. In response to a query, it was confirmed that consideration was being given to enhancing the group's procurement function with dedicated administrative support. Governors suggested that 'dotted line' reporting between the Group Procurement Manager and administrative staff involved in procurement could also be considered to enhance controls. A staff governor commended the support provided by the Group Procurement Manager during a recent procurement exercise and suggested that the availability of the service should be advertised more widely. Governors recognised that this service evidenced the impact of Strategic Objective 1, 'Harnessing the Power of the Group' and noted potential opportunities to offer a procurement service outside Etc., for example, to other colleges.

Governors reiterated their thanks to the Group Procurement Manager, commending his expertise and professionalism, and **noted** the Procurement Update.

F24/05 Agenda Item 5 – Group Monthly Management Accounts (period 6, 2023-24)

The Chief Financial Officer presented the group monthly management accounts to end of January 2024 and the accompanying narrative report. She highlighted that, as proposed following the recent external governance review, individual budget monitoring reports had been replaced with a longer narrative section within the monthly management accounts report. Governors confirmed that this presentation was helpful.

The Chief Financial Officer reported that Performance Review (PR) Period 6 was currently in progress and there were no concerns regarding the financial performance of most departments at this stage in the year. [REDACTED] A member suggested that it could be helpful to consider presentation of the variance to ensure clarity, for example, increased subcontracting costs were offset by income.

[REDACTED] The Chief Financial Officer clarified that the cash balances reflected receipt of capital funding; currently elements of grant funding were allocated to deferred income but this would be reviewed with the intention to allocate grant funding to its final funding line at an earlier stage in the process.

In response to a member's query about the impact of increased pension payments and associated grant, the Chief Financial Officer clarified that the group would receive around [REDACTED] in grant funding, around [REDACTED] less than the additional payments. It was recognised that all organisations were experiencing a shortfall in pension grant funding and larger organisations were impacted more by the funding gap.

A member queried the reason for the aged debtors' position, specifically whether this included [REDACTED] and free school meal payments. The Chief Financial Officer clarified that the majority of aged debtors related to students paying fees via a ten month payment plan. [REDACTED]

The update was **noted**.

F24/06 Agenda Item 6 – Budget monitoring

The Executive Principal Redcar and Cleveland College and NETA presented his circulated budget monitoring reports in respect of project income and subcontracting.

Project Income

The Executive Principal highlighted that the project income budget fluctuated in year, reflecting successful bids for additional projects and as the financial year of many funding organisations ran from April to March. [REDACTED]

Governors noted that the projected outturn for projects, at [REDACTED] was significantly higher than current actual income at [REDACTED] and queried the rationale for the year end figure. The Executive Principal clarified that, for some projects, payment was received on certification, for example, bootcamps. Governors suggested that it could be helpful to indicate progress, for example, quantity of work completed and awaiting payment. The Chief Executive reported that

the group was in discussion with the Tees Valley Combined Authority (TVCA) about ways to reduce bureaucracy, recognising more flexible and responsive approaches in other mayoral combined authorities, including three year grant allocations. It was noted that TVCA had increased the group's allocations in year, to reflect delivery of allocations.

Subcontracting

Revised subcontracting levels and new subcontractors had been approved by the FE Corporation at a special meeting in March 2024, and delivery against budget was on track.

Governors noted current delivery in Consett and Tyne and Wear and queried opportunities to widen the geographical boundaries served by the group. The Executive Principal reported that the group's application to the North East Mayoral Combined Authority (NEMCA) for adult skills funding of [REDACTED] and bootcamp funding of [REDACTED] had been successful. [REDACTED] Allocations for national Adult Education Budget and Education and Skills Funding Agency allocation had also recently been received and were positive.

The budget monitoring reports were **noted**.

F24/07 Agenda Item 7 – Student Recruitment update

The Group Director of Marketing presented her circulated report outlining the learner recruitment position. She highlighted that 16-18 learner numbers for 2023-24 had exceeded target and the lagged funding allocation [REDACTED]. Members were asked to note, in particular, [REDACTED] growth in 16-18 learner numbers at Redcar and Cleveland College in 2023-24 compared to 2022-23, evidencing the successful implementation of the merger business case.

Recruitment to date for 2024-25 appeared positive, [REDACTED]. In response to a query, it was confirmed that the data showed interviews still to be held, with the number of applications and offers the primary indicator of recruitment. [REDACTED]

[REDACTED] Recruitment had been carefully planned with the Principal of Bede, who was working closely with the Schools and Marketing Teams.

[REDACTED]

Governors noted some delivery outside the Tees Valley and asked about plans to further develop this. The Group Director of Marketing reported that possibilities were being explored and highlighted a potential project with [REDACTED]. However, the priority continued to be ensuring a high quality service within Teesside. Governors supported this approach.

The update was **noted** and governors were pleased to note a generally positive picture in respect of recruitment.

F24/08 Agenda Item 8 – 2024-25 budget development and financial forecasts (including funding allocations)

A report had been circulated on behalf of the Chief Operating Officer providing a snapshot of funding allocations for 2024-25 as at March 2024. It was stressed that allocations would change and information was provided for context at this stage. The allocations did not yet take account of the recent announcement regarding funding for maths and English or the allocation for national adult education budget funding, which had been received shortly before the meeting.

The Chief Financial Officer reported that Business Planning Round 1, incorporating meetings with every head of department, had recently concluded. While work was needed to align departmental budgets to allocations, the overall picture was positive. Key areas to take into consideration included increases in the national minimum wage, pressure of staffing costs and inflation / fuel costs. Governors acknowledged the importance of effective and efficient procurement processes in driving down costs.

In response to a query regarding the group's position in respect of payment of the 'real living wage', the Group Head of HR and People Development clarified that the group complied with legislation in paying the government-set national living wage. While a commitment to the real living wage remained an aspiration, this was not financially viable at present, and there was a similar picture elsewhere in the sector. An increase of 6.6% in the national living wage had been assumed for budget planning purposes but the final figure would depend on the government announcement. Increases in the national living wage would have a wider impact on pay differentials, although the higher level of staff pay awards during 2023-24, which had been applied to all staff, would reduce the impact compared to previous years. The majority of staff receiving the national living wage worked within the catering and estates teams.

Governors **noted** the current position in respect of budget planning for the 2024-25 financial year.

F24/09 Agenda Item 9 – Exceptions to Financial Regulations

The Chief Financial Officer presented her circulated report outlining a waiver from tender requirements for the purchase of an extraction system for welding bays, utilising funding provided as part of the T Level Specialist Equipment Allocation at Redcar and Cleveland College. The amount was above the group's tender threshold but it had not been possible to obtain quotes due to the specialist nature of the equipment. The waiver had been approved by the Chief Financial Officer and Chief Executive and endorsed by the Chair of the Finance and Employment Committee, on the basis of a lack of supplier engagement and as the supplier had been through a previous tender and the associated due diligence.

Members **noted** the waiver to tender requirements and the rationale for this.

Capital and Facilities Issues

F24/10 Agenda Item 10 – Major capital projects decisions and update

The Chief Operating Officer presented his circulated report and supplementary slides updating members on progress with key capital projects, particularly in relation to the relocation of NETA to the Stockton Riverside College site and the development of the Billingham Sports Hub.

NETA relocation

The Chief Operating Officer advised members that work was continuing on value engineering for the NETA relocation project [REDACTED]. Car park works at the Stockton Riverside College site were planned to take place between July and September 2024 [REDACTED]. The main building works on the Stockton Riverside College site would take place between September 2024 and October 2025.

The majority of the SRC2 building would be inaccessible to staff and students from August 2024, although motor vehicle and rail-track engineering would continue to be delivered. Solutions for relocation of facilities to SRC1 were being considered; there would be a specific impact on specialist IT rooms, the online examination room and student catering delivery. Support staff had been asked for information about working patterns and requirements to allow proposals to be developed and consultation would be undertaken in due course. In response to queries, it was confirmed that costs for staff and facilities relocation were included in the overall project costs. [REDACTED] The Chief Executive confirmed that communications would be handled sensitively, recognising the impact of recent building work within the SRC buildings on staff.

[REDACTED]

All Access Academy

In respect of the All Access Academy project, planning permission had now been received and construction of the Welding Block would commence in May 2024, with completion scheduled for September 2024. Construction work on the All Access Academy building would commence in June 2024 and was expected to be completed by December 2024.

Billingham Sports Hub

The Chief Operating Officer also advised members that the group was working with Stockton Borough Council and the Football Foundation in respect of the development of the Billingham Sports hub. This project would be fully funded by Stockton Borough Council and the Football Foundation but some buildings and other work would be on Etc. land. Specific developments included an extension on the Sports Centre with a café area and additional changing facilities. Users of the Sports Hub would use the Bede car park; no issues were anticipated as the car park was not heavily used during the evenings. Discussions were taking place with legal firms as arrangements around leasing, use of land, operation of the Sports Centre and governance of the project would be complex. The group would ensure no assets were lost and the intention was to ensure better facilities for students and the community. The facilities were expected to be operational by April 2026, with public consultation to take place in May / June 2024.

Governors asked why the café area would not be located on land owned by the council. The Chief Operating Officer clarified that the group was keen to avoid competition in such close proximity,

highlighting that the Sports Centre currently achieved turnover of around [REDACTED] per year. The college also wished to ensure access to a bigger range of high quality facilities for learners, particularly students in the Bede Institute of Sporting Education (ISE). Governors recognised that the additional building on the Sports Centre made the project complicated and the Chief Operating Officer confirmed that significant consideration had been given to segmenting the building and clear zoning of the sites during the day and evening. In response to a further query around legal arrangements for depreciation and maintenance, the Chief Operating Officer confirmed that these areas would be covered within the Heads of Terms, which the group would ensure were appropriate and in no way disadvantaged the Etc. The Chief Executive highlighted that this project was still at an early stage and outcomes of the public consultation exercise would need to be taken into account when progressing further; it was noted that there was potential for public objections due to the use of green belt land.

Governors **noted** the update and were pleased that the group was involved in the Billingham Sports Hub project, recognising the potential opportunity for a unique sporting provision for students and the local community.

Closing Items

F24/11 Agenda Item 11 – Any Other Business

There were no additional items of business considered by the committee.

F24/12 Agenda Item 12 – 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. Minutes of this meeting would be made available for public inspection following committee approval.

F24/13 Agenda Item 13 – Date, time and venue of next meeting

The next meeting of the committee would take place on Thursday 20 June 2024 at 5.30 pm in Stockton Riverside College, Room 301, as previously agreed.

F24/14 Agenda Item 14 – Meeting Effectiveness and Key Themes

The effectiveness of the meeting was discussed, particularly, examples of exceptionality, and the following were noted:

- The revised presentation of budget monitoring information was very helpful;
- Excellent presentation on procurement – recognised need to publicise this more to staff.

The strategic risks relevant to the committee (STR0001: Financial Sustainability; STR0002: Business Resilience; STR0003: Estates) were discussed and the following noted:

- At a Risk Management Group meeting held on 21 March, the 'Estates' risk had been retitled as 'High quality, safe learning environments', [REDACTED]
- A member suggested that opportunities to extend the geographical area served by the college could be better reflected in the risk register. It was noted that this ambition was reflected in the group's vision to serve 'a resurgent Teesside and beyond.'

The following key themes were identified:

- Excellent presentation from Group Procurement Manager – noted positive financial and non-financial impacts of in house procurement service
- PR6 review currently in progress but no significant concerns in respect of current financial position – plans in place to mitigate shortfalls in income
- Generally positive picture in relation to recruitment, with particular increases in learner numbers at Bede and Redcar and Cleveland College – some challenges with recruitment to [REDACTED]
- Generally positive picture regarding funding allocations and budget planning for 2024/25 – key considerations included national minimum wage increases, staffing pay pressures and inflation
- Update on key capital projects:
 - NETA relocation to SRC site would impact on delivery from SRC2 – options for relocation of services and staff were under consideration
 - Etc. involvement in Billingham Sports Hub project – potential for access to high quality sporting facilities, although the project was at an early stage

The meeting ended at 7.40 pm.

Approved at a committee meeting held on 20 June 2024