

FINANCE & GENERAL PURPOSES COMMITTEE

AGENDA NOTICE

Finance & General Purposes Committee Meeting

Date: Thursday 16th March 2023

Time: 5.00pm

Venue: Online

- 2.1 Opening of Meeting and Apologies for Absence**
- 2.2 Declarations of Interest**
- 2.3 Minutes of the last F&GP Committee held 24th November 2022**
Part 1 Appendix 2.3
- 2.4 Matters arising from the minutes**
Chair of F&GP Committee Appendix 2.4

CORPORATE REPORTING/ POLICIES

- 2.5 Health & Safety Termly Report**
Report by the Director of Finance & Corporate Services Appendix 2.5
- 2.6 Health & Safety Policy**
Report by the Director of Finance & Corporate Services Appendix 2.6
- 2.7 Verbal progress update on the Accountability Agreement**
Report by the Principal
- 2.8 Gender and Ethnicity Pay Gap Reporting**
Report by the Associate Director of HR Appendix 2.8
- 2.9 Health & Wellbeing Progress Update**
Report by the Associate Director of HR Appendix 2.9

FINANCE

- 2.10 Management Accounts and Financial Forecast for February 2023**
Report by the Director of Finance & Corporate Services Appendix 2.10
- 2.11 Monitoring of Financial Risks**
Report by the Director of Finance & Corporate Services Appendix 2.11
- 2.12 Verbal progress update on the Salix Project**
Report by the Director of Finance & Corporate Services
- 2.13 Banking & Treasury Management Termly Report**
Report by the Director of Finance & Corporate Services Appendix 2.13
- 2.14 Bad Debtors**
Report by the Director of Finance & Corporate Services Appendix 2.14

GENERAL PURPOSES

- 2.15 Technology Integration Group minutes**
Report by the Principal Appendix 2.15
- 2.16 Student Transport**
Report by the Principal Appendix 2.16

STAFF GOVERNOR TO LEAVE

CONFIDENTIAL

- 2.17 Minutes of the last F & GP Committee held 24th November 2022 (cont.)**
Part 2 Confidential with restricted circulation Appendix 2.17
- 2.18 Any Confidential Matters of Report**
Verbal report by the Principal
- 2.19 Any Other Business**
1. Any items for discussion under AOB must be sent through in advance to the Clerk.
2. To agree the 2/3 key items from the meeting for the Chair to report on at the March Board
- 2.20 Date & Time of the next meeting**
Thursday 22nd June 2023 at 5pm

DISTRIBUTION LIST

<u>Committee</u>	<u>In attendance</u>
Dr F Oduneye – Chair	Mr P Makwana - Director of Finance & Corporate Services
Mr D Axam	Mr M Wilkie – Associate Director of HR (for items 2.8 and 2.9 only)
Professor M Earwicker	
Mrs M Ebblewhite	
Professor O Khan	
Mr H Malins	Ms C Gillam – Clerk to Corporation
Ms V Barrett - Principal	

Farnborough College of Technology

Finance & General Purposes Committee

Minutes of meeting held on Thursday 16th March 2023

Present:

Dr F Oduneye – Chair (via video conference)
Mr D Axam (via video conference)
Professor M Earwicker – *present from early item 2.5*
Mrs M Ebblewhite - *present until end of item 2.16*
Professor O Khan (via video conference) - *present from item 2.3*
Mr H Malins (via video conference) – *present until late item 2.16*
Ms V Barrett – Principal

In Attendance:

Mr S Hunt - Associate Director Marketing & Learner Services – *present from mid-item 2.15 to end of item 2.16*
Mr P Makwana – Director of Finance & Corporate Services
Mr M Wilkie – Associate Director of Human Resources - *present until mid-item 2.18*
Ms C Gillam – Clerk to the Corporation

Quorate: Yes

The meeting opened at 5.03pm

2.1/22.23 Opening of Meeting and Apologies for Absence

There were no apologies for absence.

2.2/22.23 Declarations of Interest

No interests were declared.

2.3/22.23 Minutes of the meeting held 24th November 2022

Professor Khan joined the meeting.

The Part 1 minutes of the last meeting were accepted as a true and accurate record and would be signed by the Chair.

2.4/22.23 Matters arising from the minutes

The Committee received the progress report on matters arising and noted that all actions had either been completed or were addressed in the items on the agenda.

2.5/22.23 Health & Safety Termly Report

The Director of Finance & Corporate Services introduced the termly report and drew attention to the one RIDDOR incidence in January 2023. The learner was absent from College for more than 10 days due to burns suffered when a glass bowl in a steamer broke and the learner suffered burns to their foot. Following the incident the equipment was taken out of use until inspected. PAT certification was checked as well as that the equipment had received industrial specific servicing and maintenance.

Professor Earwicker joined the meeting.

Risk assessment for the area has been reviewed and updated and Health & Safety training has been provided. All learners have now been provided with safety protection shoes when using this equipment and the College will be constructing a wet room in the Health & Beauty area.

The Director of Finance & Corporate Services noted that the College follows the Health & Safety Executive's best practice 'Plan, Do, Check, Act' approach to managing Health & Safety and has updated its H&S Policy as could be seen in the following item.

Governors' questions and comments

Governors queried why on page 16 of the pack there were 35 first aiders at the Farnborough campus but only 2 first aiders at the Aldershot campus. The Director of Finance & Corporate Services noted that the Aldershot site was much smaller than Farnborough, and this had been assessed as an appropriate number for that site. The Principal added that learner numbers were much smaller at Aldershot too. Governors challenged that with fewer first aiders on site, was there not a greater possibility of neither first aider being present? The Director of Finance & Corporate Services added that Security Staff are also trained first aiders. Governors requested confirmation from management that it was satisfied that the level of first aid cover at the Aldershot site was appropriate. The Principal noted that there were far more incidents at Farnborough and there were other individuals at Aldershot such as the Director of the Aldershot Campus and the Programme Managers who would know how to respond in an emergency. However, the Principal agreed that she would review the first aid provision at Aldershot to assure herself that the site was never left without cover and that arrangements were appropriate and she would provide an update to the 30th March Board meeting.

Action: Principal to update the Board with assurance regarding the first aid provision at the Aldershot site.

2.6/22.23 Health & Safety Policy

The Director of Finance & Corporate Services drew attention to the amendments to the policy which were highlighted in blue. As noted under the previous item, the policy is based on the 'Plan, Do, Check, Act' approach and sets out the escalation process and organisational chart on page 13 of the document.

Governors' questions and comments

Governors questioned what was meant on page 24 of the pack by 'changes in the learner's circumstances' and the Director of Finance & Corporate Services explained that this could include using new equipment or tools. The Principal added that following the RIDDOR the College had employed an external H&S consultant to review the H&S policy and advise on best practice and they noted that a change in circumstance could also be for example if the learner had broken a toe outside College. This would necessitate a risk assessment for the change in the learner's circumstances. Governors also noted a typographical error at the top of page 32 of the pack and subject to this amendment recommended the policy for approval.

Addendum: the policy was revised post meeting to amend the wording identified on pages 24 and 32 to aid clarity.

Action: Chair to recommend approval of the Health & Safety Policy to the Board.

2.7/22.23 Verbal progress update on the Accountability Agreement

The Principal informed the Committee that the Government had introduced in its skills for jobs legislation a new Accountability Agreement which was to be informed by the Local Skills Improvement Plans (LSIP) prepared by employer bodies (largely Chambers of Commerce). The Accountability Agreement consists of two parts. The first part replaces the old funding agreement and sets out any national priorities the College needs to respond to. The second part of the document is an accountability statement produced by the College setting out targets for the year considering the LSIP, plus the Local Enterprise Partnership (LEP), and local and national priorities. The College has been embedding labour market intelligence in its curriculum offer for the past few years and ensuring courses meet skills needs. There are some issues with timing as the LSIP will not be published until May and colleges are required to submit with

Board approval in May. This will require a special Board meeting for approval. The Principal also recommended it goes through Curriculum & Standards Committee and F&GP Committee first as the document has both a curriculum and finance focus.

Governors' questions and comments

Governors noted that with the next round of Committee meetings scheduled for June that Committee approval would not fit within the meetings schedule. The Principal agreed and advised that she would email a draft Accountability Agreement to the Committees for comment first, and then bring the document to the Board for approval in a single agenda item meeting. The Committee agreed that this was a pragmatic way to seek Committee input into the document prior to Board approval. It was noted that in its approved meeting schedule for the year the Board has a provisional Board meeting included for Thursday 11th May and so it might be appropriate to utilise that date.

The Principal added it is starting to feel like a roller-coaster journey to public sector reclassification with multiple communications weekly requiring reflections/actions. For instance, the College's financial year could be moving to end of March in 2024 in order to align with the Government's fiscal year. The Director of Finance & Corporate Services has therefore begun modelling what the College's accounts will look like if the move to financial year end in March is enacted, and this is just one of a number of changes being faced by colleges as the sector realigns to public sector operation.

2.8/22.23 Gender and Ethnicity Pay Gap – discussion paper

The Associate Director of Human Resources introduced the paper noting that it followed requests at the November F&GP Committee and the December Board to expand upon gender and ethnicity pay gap reporting. He noted that the additional reporting provided in this paper was not a statutory requirement but had been requested by Governors. Gender pay gap reporting was now additionally broken down by quartile, by role type and length of service, and comparative data with other local colleges was provided. Ethnicity pay gap data covering the difference between 'white' and 'non-white' employees was also provided, and it was noted that there is no statutory obligation or guidance regarding such reporting.

Governors' questions and comments

Governors observed that it was helpful to receive the gender pay gap data broken down by quartile, but added that the quartile data did not seem to add up. If the overall mean gender pay gap was 9.46, but none of the quartiles was over 2.85, how could this be correct? Instinctively Governors felt that the lower quartile needed to be higher than the figure given. It was also suggested that expressing differences between mean averages as a percentage was not helpful. Professor Earwicker advised that Simpson's paradox might explain why the individual quartile figures did not appear to relate to the overall mean. This was a statistical phenomenon where an association between two variables in a population emerges, disappears or reverses when the population is divided into subpopulations. The Associate Director of Human Resources advised that the HR data had followed statutory guidance when calculating the gender pay gap figures, but he would recheck the figures. Governors agreed that it was not possible to discuss the quartile data if there was a query regarding their accuracy.

Governors turned to the table on page 45 of the pack and noted the College's improved gender pay gap from 2021 to 2022 and that the gap was also slightly better than many other colleges in the region. Governors asked what had led to the College's improvement year on year and what plans there were to continue this improvement. The Associate Director of Human Resources explained that two key contributors to the College's improved performance were the introduction of the real living wage which had improved the gender pay gap for the lower quartile, and the College's approach to offering greater flexibility in all roles which has improved numbers of female staff. Keeping that greater flexibility moving forward would help, but there

were recruitment challenges as the College was recruiting from a small pool of available people. Governors commended the approach the College was taking. The Associate Director of Human Resources added that the College's performance compared to local colleges was even better than it appeared as most colleges outsourced their lower paid auxiliary staff but FCoT does not, therefore the table does not really compare like with like.

Governors praised the College's intent to narrow the gender pay gap as much as possible and recognised its progress to date, and the implications for future recruitment.

2.9/22.23 Health & Wellbeing Progress Update

The Associate Director of Human Resources presented the update noting that he is the mental health lead for the College. The Mental Health, Health and Wellbeing Group meets monthly and from their discussions an action plan had been created covering Farnborough and Aldershot staff and students. The Associate Director of Human Resources advised that following Dr Oduneye's wellbeing presentation to staff at the last Staff Development day a number of staff had come forward to volunteer to become involved in a Health and Wellbeing discussion group. This group has had its first meeting and had generated a lot of enthusiasm. The Associate Director of Human Resources also drew the Committee's attention to the paper included in the update setting out how the College was taking steps to support staff affected by the cost of living crisis.

Governors' questions and comments

Governors were pleased to see the actions taken under this important topic but enquired how the College would measure the positive effect of the actions and how it would prioritise actions to have maximum impact. The Associate Director of Human Resources advised that staff attendance was closely monitored. There had been an increase in absence post covid and this was especially due to mental health issues. Staff absence was reported to SMT monthly and the aim of the wellbeing actions was to see absence rates reduce. Managers were being supported to enable them to support staff returning to work after absence and the College would capitalise upon the enthusiasm from the Health and Wellbeing discussion group to quickly roll out their suggestions. Key requests were for more social activities and mental health support and the College would launch a suite of sessions. Mr Axam noted that he had experience of providing mental health first aid training to all employees that wanted it and had been delighted with results, and noted that in a smaller start-up this had created warmth and support within the team. However, it was acknowledged that this might not be true of a larger organisation. The Associate Director of Human Resources added that the College's Employee Assistance Programme provided the College with quarterly statistics as to the areas where staff were raising issues so attention could be focused there.

2.10/22.23 Management Accounts and Financial Forecast for February 2023

The Director of Finance & Corporate Services introduced the second financial forecast of the year noting that it forecast a surplus of £136k against a budget of £303k. Risks included inflation currently running at 10.2% but risk mitigations included contingencies of £150k under pay and £250k under non-pay. Cash at year end was forecast to be c.£15.4m with cash generation of c.£2m. Income was forecast to decrease by £697k but with pay savings of £302k and non-pay cost savings of £210k the budgeted surplus of £303k is forecast at £167k surplus. Three areas being monitored closely this term were:

- DfE Tuition Fund. The FCoT allocation for 2022/23 is £179k but the current forecast is c.£300k to be spent. The allocation should be increased by £22k.
- Agency fees. Agency cover has been required where there are vacancies and so against a budget of £212k there is a budgeted forecast of £525k.
- Bookworms Nursery income. The budget was set for £212k and the forecast is £110k. The nursery was graded inadequate by Ofsted in June and could not take on new

children at the start of the year. However, the re-inspection in November graded the nursery as good.

Finally the Director of Finance & Corporate Services drew attention to the budget summary table on page 59 of the pack showing the budget and the November and February forecasts. This showed an income growth this year compared to the 2021/22 actual of 8.1% which was a £1.6m increase at February reforecast.

Governors' questions and comments

Governors noted the drop in income as alarming but also that the contingencies would alleviate the situation and asked when income levels would recover. The Director of Finance & Corporate Services explained that the budget included a forecast £450k in growth due to the opening of the Hart premises which has not yet occurred. As there were added pay and non-pay costs for the Hart centre in the budget this would have a nil effect on the bottom line. The Director of Finance & Corporate Services added that the College was in negotiations to take over the Hart site by August 2023. Governors acknowledged the delay to the Hart centre as an exceptional event but enquired as to the College's underlying business position. The Principal clarified that the College had grown by £1.6m, and that agency costs had impacted overall costs. The situation was net positive, but not as high a forecast surplus as budgeted. The Principal added that agency costs were being managed downwards and the College was continuing to focus upon in-year growth such as AEB learners and income to support professionals from the Ukraine with their English to assist them move into professional employment in the UK.

Governors enquired where the College was facing the largest inflationary costs pressures and noted that the College's utility costs did not appear as high as might be expected. The Director of Finance & Corporate Services advised that the College was tied into an HCC negotiated utility contract until 2025 which locked in prices which were below the current inflationary energy prices. Governors praised this energy deal and noted that by 2025 the College's decarbonisation works as a result of the Salix grant should impact the College's energy costs. The Principal added that the Estates Manager had modelled the impact of the Salix funded technologies as reducing the College's gas bill by £160k per annum and moving the College's gas use from megawatts to kilowatts. The Director of Finance & Corporate Services advised that in 2024 HCC would begin negotiations for a new energy deal on behalf of the College. The Associate Director of HR advised that one area where the College was seeing significant inflationary pressure was in the refectory. As an indicative guide, a box of vegetables that might have cost £7-8 previously was now costing £20 a box.

2.11/22.23 Monitoring of Financial Risks

The Director of Finance & Corporate Services presented the most significant identified risks for F&GP Committee and the risk movement between term 1 and term 2. 6 risks had been reduced to 5 as the previous risk F3 was a duplication of risk C7 so this was removed and the risks renumbered. Risks F5 and F6 have moved from amber to green.

Governors' questions and comments

Governors asked what else could be done to move risk F2 (IT security) to green. The Director of Finance & Corporate Services explained that this risk was left at a score of 9 as it was both a probable risk, plus if it occurred the impact would be significant. The College would not be complacent regarding cyber risks despite its extensive controls. The Director of Finance & Corporate Services added that the College's Internal Auditors RSM had provided cyber security training to the Audit Committee at its meeting on Monday and had congratulated the College on its controls. Governors noted that most cyber-attacks occurred as a result of people's behaviours e.g. phishing attacks, but there were no interventions around behaviours included on the risk register. The Director of Finance & Corporate Services noted that the College has controls and firewalls to monitor and prevent such cyber attacks and that 88 such attacks were stopped by the firewalls and quarantined. The Principal reflected that the College had provided

whole College training on cyber security in December 2019 and that it would be appropriate to revisit this and asked the Associate Director of HR to take forward. Governors agreed that this was an area where it was always possible to do more. Governors praised the College for having acquired Cyber Essentials Plus annually and noted that this was difficult to achieve, but there were levels to go beyond this. Penetration testing, i.e. employing a company to try to break into the College's systems, would be the logical next step. Such companies can also provide phishing emails to send staff to log who opens a phishing email. The Director of Finance & Corporate Services thanked Governors for their advice and agreed to investigate penetration testing, noting that the College conducts its own phishing tests.

Governors requested clarity as to the meaning of risk F3 (cash generation and management). The Director of Finance & Corporate Services explained that the Sustainable Transformations Strategy included a key focus upon sustainability and in order to afford that the College has to maintain its cash generation. Governors suggested that the current wording of this risk required review, as it reads more as a mitigation than a risk. The Principal added that the changes as a result of the public sector reclassification were unfolding daily. The legal firm Eversheds suggested that by 2025 the sector's cash reserves (estimated at £44m) could be moved into the public purse. The College therefore needs to revisit its Cash Reserve Strategy with a Treasury Management Strategy, updating the College's pensions liabilities and estate investment/maintenance costs etc. Then the DfE would understand why the College was holding its cash reserves. Governors suggested that this risk needed to be captured in the register.

2.12/22.23 Verbal progress update on the Salix Project

The Principal reported that following the two Board meetings to discuss and approve the Salix grant and project, the College had submitted notification of the Board's approval and its cashflow projections to Salix yesterday.

2.13/22.23 Banking & Treasury Management Termly Report

The Director of Finance & Corporate Services presented the report showing credit ratings and the College's current investments. As of the 31st January 2023 the College has nearly £16m at bank.

2.14/22.23 Bad Debtors

The Director of Finance & Corporate Services introduced the request for the write-off of two bad debts totalling c. £6,400 noting that the credit control and debt collection process had been exhausted. He added that currently the College's Financial Regulations delegate authority to the Committee to write off bad debts within certain permissions and limits. The public sector reclassification of colleges requires FCoT to adopt new rules regarding debt write-off which will require amendment to the College's Financial Regulations. Section 5.4 of the paper set out the impact to the College, but this particular bad debt request did not contravene the new regulations and was well within the budget provision for bad debts. Governors approved the writing off of this bad debt and noted that the College's Financial Regulations would need to be changed to comply with the new DfE guidance.

The Committee approved the writing off of the bad debt of £6,389.80.

2.15/22.23 Technology Integration Group minutes

The Principal reflected that the Technology Integration Group had been formed in 2017 when Governors supported the Principal's ambition to put technology back into FCoT. The new Sustainable Transformations Strategy provided an opportunity to take the College further and the College would be looking to provide more laptops and develop its bring your own devices strategy to fit FCoT for the 21st century. The Associate Director of HR advised the Committee that HR had implemented the iTrent system and was accessing its full functionality to automate

as many HR processes as possible from recruitment authorisation through to interview and offer, on- and offboarding, probation and training. This will make HR processes more efficient and effective and should be fully operational by the start of the next academic year.

Governors' questions and comments

Governors praised the work of this group but were surprised to learn under item 6 of the group's minutes that use of Chat GPT would be blocked. This seemed counter to the spirit of the group's work. The Principal commented that whilst Chat GPT could be useful to teachers there was concern that students could use it to submit assignments and this would not be detected. The College was looking at how learners could do summative assessments in College against which work produced at home could be tested to ensure authenticity. Professor Khan advised that the University of Surrey was taking a very different approach. The University was teaching students to embrace Chat GPT and use it well, whilst modifying its own assessment approach. He suggested that fighting Chat GPT was futile and instead the College should embrace it too and offered to speak to the Principal explaining the University's position.

The Associate Director Marketing & Learner Services joined the meeting.

Governors supported Professor Khan's suggestion and noted the benefits of embracing new technology. Mr Aham spoke of the benefits of an applicant tracking system Teamtaylor which was low cost, integrates finance and HR systems and has revolutionised HR processes from candidates first viewing a job advert through to recruitment and onboarding. Another positive aspect of such new technology was that older more established competitors were dropping their prices to compete.

2.16/22.23 Student Transport - discussion

The Principal welcomed the Associate Director Marketing & Learner Services to the meeting to present the report he had prepared, following up issues raised regarding student transport by the FE Student Governor at the December Board meeting. The Associate Director Marketing & Learner Services explained that he had spoken with the Student Governor and noted that for students such as her that do not use buses frequently the £2 price cap on bus fares was very helpful. For students that used buses or other forms of public transport more frequently the College could help with bursaries. A survey showed that for 16-19 year olds 18% drive themselves to College, 21% are driven by someone else and 61% use public transport, cycle or walk. The College offers free parking for students which is something of a rarity for a college, particularly one in a town centre location.

Governors' questions and comments

Governors commended the College for its provision of bursaries and promotion of the £2 bus fare cap, as it noted that those students being helped with transport costs might not attend without this support. One Governor detailed the experience of a prospective FCoT student from Bracknell who had been 'blown away' by the College's provision at an open day, but the cost of transport from Bracknell was a bar to applying to the College and they have applied elsewhere, closer to home. Travel costs were acknowledged as a barrier to applications from low income families. Time spent travelling was not seen as an issue, but the cost of combining train and buses to make the journey was. Governors agreed that there was a perception issue and so transport was a communications issue for both existing and prospective students. Support for transport costs needed to be continuous and visible.

Mr Malins left the meeting.

Governors enquired whether bursary support was available to part-time as well as full-time learners and the Associate Director Marketing & Learner Services replied that it was for full-time learners only. Governors noted that a number of local colleges run free bus services from a central hub such as a town centre or train station to their college. Farnborough was difficult to access from some locations. The Principal advised that the College was investigating the provision of a bus service but here again she had to caution Governors regarding the impact

of the public sector reclassification. Despite the College over spending on its travel bursary, the Government has reduced FCoT's allowance for next year (the College is concerned this could be due to its cash reserves), and so it will cost the College more to support students next year. Other colleges without such reserves have been awarded a 3 or 4% increase in their bursary allocations to assist with the cost of living crisis.

In conclusion Governors agreed that helping to support students with transport costs would make economic sense as it would in turn help to increase student numbers.
Mrs Ebblewhite and the Associate Director Marketing & Learner Services left the meeting.

2.17/22.23 Confidential minutes of the meeting held 24th November 2022

The Part 2 minutes of the last meeting were accepted as a true and accurate record and would be signed by the Chair.

2.18/22.23 Confidential matters of report by the Principal

This item was a confidential minute with restricted circulation.

2.19/22.23 Any Other Business

No matters were raised.

2.20/22.23 Date and time of next Finance & General Purposes Committee meeting

Thursday 22nd June 2023 at 5pm.

The meeting closed at 7.01pm

Minutes agreed as being a true and accurate record by the Chair.

Signed:.....

Dated:.....

Summary of action points

Item	Action
2.5 Health & Safety Termly Report	Principal to update the Board with assurance regarding the first aid provision at the Aldershot site.
2.6 Health & Safety Policy	Chair to recommend approval of the Health & Safety Policy to the Board.