

## Minutes of the Finance & Resources Committee Meeting Held Virtually at 5pm on 28 February 2023

Present: Shahalam Ali, Huw Chapman, Alex Dartmouth, Katie Hill (staff governor) & Tim Jackson (Chair)

Apologies: None

In Attendance:	Katy Quinn Paola Schweitzer Karen Stant  Pauline Tiller Maria Vetrone	Principal & CEO Director of Governance Director of People & Organisational Development (Minutes 102 - 106) Governor (Chair of Audit Committee) COO
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### DRAFT Minutes

#### 1 – Standing Items

##### 102 Attendance and Participation

There was currently no chair for this Committee. A recommendation from the Search & Governance Committee would be considered by Corporation on 14 March 2023, in the meantime the Chair of Corporation had asked Tim to chair this meeting. Tim welcomed Pauline to the meeting as an observer.

##### 103 Declarations of Interest

Alex declared an interest in his firm, Dartmouth General Contractors, subcontracting for refurbishment work at the College. The Chair thanked Alex for the declaration, indicating he would conduct the meeting with that in mind. There were no other declarations of interest.

##### 103 Minutes

With the amendment of a typo under Minute 092 (*presentation to representation*), the Minutes of the Meeting on 22 November 2022 were **Agreed** as a correct record.

##### 104 Matters Arising

**Minute 096: Management Accounts: October 2022:** HR issues were on the agenda.  
**Minute 099: Subsidiary Accounts:** The College was awaiting feedback from the DfE.

##### 105 Human Resources (HR) Update

Karen presented paper 320/23/F&R providing an update on operational people priorities, staffing, trade union relations and the national living wage (NLW).

The Operational People Strategy comprised nine goals, the most important and challenging of which were reported to be '*to create a pay and reward framework*' and

*'provide high-quality recruitment'.* All nine goals were reported as being on track despite the pressures of curriculum and workforce planning and budget setting. There was less variation in staff headcount and full-time equivalent headcount indicating the workforce was more stable than previously. Governors asked that staff data include sector benchmarks and this was acknowledged. Governors noted that sickness absence was low and queried if National Living Wage (NLW) costs were included in the latest management accounts which was confirmed. Management had been developing a HR dashboard and reported this would be brought to the Committee's next meeting, in the meantime governors asked that the HR metrics report to the Senior Management Team be circulated to governors with the management accounts.

There was discussion about the applicant tracking system and workforce data submitted to DfE. Katie H raised concerns about staffing and recruitment, in particular the loss of experienced staff and pay inequalities between new and existing staff. Karen acknowledged these concerns, commenting they would be addressed through the pay framework.

Governors **Noted** the HR Update, noting the progress that had been made, and the ongoing risk posed to the strategy of staff pay and the recruitment of vacant posts, both of which were very challenging.

#### 106 Gender Pay Gap Report

Karen presented paper 327/23/F&R setting out the first gender pay gap report for the City of Portsmouth College. The College was required by law to report this data.

As at 31 March 2022, the College's mean gender pay gap was 16.95% and the median gender pay gap was 38.52%. The College employed considerably more female than male staff: 72.04% of staff were female and 27.96% were male. There was a higher percentage of females at all quartiles and this was most pronounced in the lower and middle lower quartiles (part time and/or term time only roles). The gap between the number of males and females was smallest in the upper quartile (experienced lecturers, academic management staff and senior managers). It was noted that although men earned more than women (c3% gap in the two mid quartiles), there was a negative gender pay gap in both the lower quartile and upper quartile, meaning that women in these quartiles earned on average 3.37% and 8.99% more per hour than men respectively. The report provided actions being taken to address these gaps. Karen believed the pay and reward framework would have a positive impact on gender equality.

Governors **Noted** the gender pay gap report and that the pay and reward framework would assist in addressing current gaps in future.

#### 107 Apprenticeships Update

Maria presented paper 335/23/F&R providing an apprenticeship update.

Maria explained that the latest financial analysis in Apprenticeships and Business Development/Employer Engagement indicated a very large shortfall in income by comparison with the budget of £921k in 2022/23. Maria explained that the College had implemented temporary leadership and management arrangements until the area was restructured between curriculum, sales/marketing and compliance teams. An action plan, which was attached to the papers, was being monitored weekly by the Executive

Leadership Team and all actions had so far been achieved by the target date. The management accounts had been remodelled.

Governors asked when skills scans were carried out. Maria confirmed that the number of new starts for 2022/23 had been reforecast to 281 (down from 503 when the budget was approved in July 2022), with approximately 220 recruited to date.

Tim commented that a reduction in learner numbers of this magnitude was extraordinary and that the matter of how and why this had occurred, had been discussed with him and the Learning & Quality team and with him and the Chair of Corporation. Tim expressed confidence that the management team appeared to have got to the heart of the issues which had led to the current situation and that the action plan appeared realistic. Tim commented that Learning & Quality Committee had recently discussed this matter and it had been raised at the recent Financial Notice to Improve meeting with the ESFA and FE Commissioner's Office. Pauline expressed confidence in the new head of compliance at the College, based on her discussions with him at a recent governor link visit and Katie H commented that although she was only on the periphery of apprenticeships, she believed the right people were in place to improve provision.

Governors **Noted** the apprenticeship update and the significant impact the change in learner numbers had on the current financial year. Governors also noted that the forward plan of apprenticeship enrolments had been reduced so that annual new starts were not planned to rise to the target figure for this year i.e. above 500 until 2026/27.

## 108 Management Accounts: January 2023 (paper 321/23/F&R)

Maria presented the management accounts for January 2023.

Maria explained that as at 31 January 2023, the College was tracking ahead of the year to date (YTD) budget but behind the full year budget. The YTD actual operating deficit of £598k was £36k favourable to the YTD budget. The forecast outturn indicated an operating deficit of £1,148k, which was £270k adverse to the full year budget. Total forecast outturn income was adverse against the budget by £807k. Total forecast outturn pay expenditure was indicating cost savings of £707k against the full year budget. Total forecast outturn non-pay expenditure was showing an adverse variance of £170k against the full year budget.

Maria explained there were risks associated with under achievement of apprenticeships new starts and increasing withdrawals, under-enrolment against new Net Zero and commercial curriculum plans, inefficiency in curriculum staff utilisation and managing the non-pay cost base in a cost-of-living crisis environment. Maria reported that the College was implementing a recovery plan to ensure risks were managed and the adverse financial impact minimised, so the College's overall improvement of financial health could continue as planned. For the first time there was data concerning curriculum area costs (showing a 47% contribution to central costs against a target of 50%) and staff utilisation by department. Maria explained this data would be used to inform planned efficiencies and explained there was a current freeze on spend that wasn't mission critical.

Governors noted the key performance indicators and the low level of some of these, particularly monthly cash flow forecast from August onwards which was shown at significantly below 15 cash days, particularly November 2023 when it was forecast at

one cash day. One governor asked about debtors, with Maria commenting that it was mostly student loans and that the College needed to be quicker at following up debt which was planned through a recent staff appointment to her finance team. Maria commented that there was provision for this debt in the budget. Governors commented on the opportunity to collect the 5% apprenticeship employer contribution upfront. Maria also responded to governor questions concerning the LGPS pension contribution rates and whether these were likely to rise and the AEB tender.

Governors **Noted** the management accounts January 2023 with Tim commenting that the extraordinary and decline in apprenticeship income evident in these accounts had been partially offset by the significant reduction in staff costs and that this was a trend anticipated to remain to the year end. Governors noted that whilst the YTD actual operating deficit of £598k was £36k favourable to the YTD budget, the forecast outturn indicated an operating deficit of £1,148k, which was £270k adverse to the full year budget. Governors noted the significant risk posed by the cashflow forecast, with much less than 15 days of cash from August 2023 onwards though observing that the cashflow for 2023/24 did not include the impact of the budget for 2023/24. Tim commented that now management had the tools and the analysis showing under-utilisation of staff at a granular level, that together with the new cost contribution analysis, it should be possible for the budget of 2023/24 to reflect more significant savings and hence improve cash days.

#### 109 Bank Overdraft Facility (paper 322/23/F&R)

Maria presented information about the College's overdraft facility.

The College had an overdraft facility of £1m with Barclays Bank. The recent Office for National Statistics reclassification of colleges to the public sector impacted on any future commercial loans and prevented the use of bank overdraft facilities. The Certificate of Agreement with Barclays Bank for an overdraft facility had therefore been cancelled and the legal charge over the Highbury Campus removed. Maria explained that to help colleges maintain positive cash flow, the DfE had re-profiled monthly funding payments to ensure more even funding throughout the year and had also awarded additional capital funding to be spent on energy saving measures.

Governors **Noted** the bank overdraft facility report.

#### 110 Capital Programme 2022/23

Maria presented paper 323/23/F&R providing a summary of the College's capital programme as at 13 February 2023.

The capital programme for 2022/23 included a range of planned building refurbishment and replacement works to the total budgeted value of £1.456m, including capital building projects funded by capital grant to the value of just over £1m. Maria explained that other capital building projects to the value of just over £455k would be funded by the College. A separate budget for capital equipment was in place for £1.234m for the upgrade of IT infrastructure and classroom equipment. The total value of all budgeted capital expenditure in 2022/23 for both building refurbishment/ replacement works and capital equipment was therefore £2.69m inclusive of capital grant funding. The capital programme had been prioritised and responded to feedback from students and staff. The College had also been allocated additional capital funding in 2022/23 totalling

£936k for energy efficiency initiatives and building conditions. A programme of work was being developed along with a timeline for expenditure.

Alex noted that his industry was regularly negatively impacted by the cancellation of capital projects as it was the easiest way for an organisation to minimise expenditure and asked why the College did not do the same. Maria agreed, stating that work was being prioritised. Tim was pleased to see investment in equipment and facilities being made in response to student and staff feedback. When asked if IT spend was being well received by staff, Katie H stated that whilst staff at the 6<sup>th</sup> Form Campus where she mainly worked were happy with investment in better equipment, there were many post-merger issues connected with IT that would take time to resolve. Tim indicated he intended to enquire about this issue during a link governor visit to the 6<sup>th</sup> Form Campus.

Governors **Noted** the capital programme 2022/23 and were pleased to note investment in equipment and facilities being made in response to the voice of learners and staff through their feedback.

#### 111 Statutory Settlement Payments CONFIDENTIAL

Maria presented paper 324/23/F&R summarising the nature and value of all statutory payments made to staff in settlement for the year ending 31 July 2023 to date.

Under the Joint Audit Code of Practice, the College was required to update Corporation on a regular basis regarding the nature and value of all statutory payments made to staff in settlement. For the year ending 31 July 2023, the College had made statutory payments to the total value of £47,670.34 up to 28 February 2023.

Governors **Noted** the statutory settlement payments.

#### 112 Estates & Sustainability Committee Minutes – 17 January 2023

As Chair of Estates & Sustainability Committee, Tim drew governors' attention to the capital bids submitted and sustainability strategy, and noted that the revised estates strategy would be presented to the Estates & Sustainability Committee meeting on 08 March 2023 to which all governors were invited.

The meeting ended at 6.50pm.