

East Coast College Finance and General Purposes Meeting

28th June 2023 9am CEO Office L6FC

Present:	Chair - Ian Lomax (IL) Mike Dowdall (MD) and Stuart Rimmer (Principal) Peter Lavender (Vice Chair)
In attendance:	Urmila Rasan (Deputy Chief Executive) Ann Wall and for items 1 – 6 and 8 - 11 Lucy Wharry (Head of Finance) and Charlotte Burgess (Deputy Head of Finance)
F/23/06/1	Apologies and membership
<p>The Director of Governance advised that as the Chair, David Blake was currently away from College due to ill health, it had been agreed therefore that the Vice Chair, Peter Lavender would attend the Committee and fully participate in the meeting.</p> <p>Apologies - Dave Cole (DC) and David Blake (DB)</p>	
F/23/06/2	Declarations of Interest
<p>MD declared an interest due to being an employee of the LEP. It was agreed that this declaration did not preclude his full participation in the meeting.</p> <p>All staff declared an interest in the pay discussions in agenda item 7. It was agreed that this declaration did not preclude his full participation in the meeting.</p>	
F/23/06/3	To approve the Minutes of the meeting of the 14 March 2023 and any other matters raised previously not otherwise included in the Agenda
<p>The minutes of the meeting held on 14 March 2023 were approved as a true and accurate record of the meeting.</p>	
F/23/06/3.1	To approve the Minutes of the joint meeting of the People and Finance and General Purposes Committee 5 June 2023 and any other matters raised previously not otherwise included in the Agenda
<p>The minutes of the meeting held on 5 June 2023 were approved as a true and accurate record of the meeting, subject to clarification of the action point being amended to:</p> <ul style="list-style-type: none"> A budget that included paying the Real Living Wage to be set and recommended to the July 2023 Board. This should not break bank covenants and can use exceptional income. 	
F/23/06/4	To review the post-meeting action log
<p>The action log was reviewed and the Deputy Chief Executive advised the idea of an opportunity register would be considered in the new year.</p>	
F/23/06/5	Deputy Chief Executive update report
<p>The Deputy Chief Executive presented her update report. The main areas of focus currently were the Three Year forecast and Budget 2023/24, GY Re-Build, and GY</p>	

University Hub “The Place” The College had also just been awarded capital funding. The grant is to be used to refurbish the top floor of the Lowestoft Tower Block to deliver a Creative and Digital T-level from September 2024 onwards and will require matched funding. This match will come from the Energy Grant and will primarily involve installing a new heating system and Building Management System in the Tower. This can be used for match even through it is a government grant. A bid had also been made for T Level equipment which had not yet been announced.

Governors congratulated the College on the successful bid and the exciting opportunity it would provide.

The CEO advised that the College was also to receive grant funding from other sources such as the FE Transformation Fund and LSIF and there was a need to align these strategically and to the College’s curriculum development.

Governors challenged the level of additional income that would be generated by the T level funding. The CEO advised that there was current demand for the courses and the grant would bring the facilities up to the standard required for the T Level. The Director of Governance advised that previous student consultation had raised issues with the condition of the facilities and suitability of equipment.

Governors challenged if the College had the resources to manage all the projects together with the resultant managed moves required. The CEO commented that they would need careful planning. The refurbishment of one floor of the Tower would be difficult and the practicalities had been considered as part of the bid process and this included discussion with the curriculum staff.

The support areas report and the work that they were currently focused on was noted.

F/23/06/6

Management Accounts - May

The Deputy Head of Finance presented the accounts and advised that the College was on target to achieve the required EBITDA to retain good financial health. The cash balance was healthy as the Apollo Project had been paid in advance. The VAT refund has been included within other income forecast as it is expected to be received before the end of the year.

The Deputy Chief Executive advised that as well as the VAT refund the College would be able to annually claim a proportion of its VAT as the formula had been agreed with HMRC.

Governors challenged why ‘Pay cost as a percentage of Income’ had reduced significantly. The Deputy Chief Executive advised that this was due mainly to the exceptional income such as Apollo and VAT. This exceptional income would also affect the other ratios. The Deputy Head of Finance advised that in the next year pay analysis by income line would be available.

The recommendations from previous audits were discussed and the Head of Finance advised that the follow up internal audit had demonstrated good progress and the recent fixed asset had been positive. The Director of Governance advised that these and the action log of the External Audit Management Letter recommendations would be considered by the July Audit Committee.

Governors queried if the report from the ESFA funding audit had been received and how the clawback was to be accounted for. The Deputy Chief Executive advised that the report had not yet been received so the clawback amount and method of clawback was

	still not clear. When the report was received an action would be drawn up and reported to governors and shared with the auditors. The College may be subject to a funding audit in the next year if identified as higher risk. Consultation was ongoing regarding the reorganisation of the apprenticeship team to help address the issues identified during the audit.	
F/23/06/7	Draft Budget for Review and recommendation to the Corporation	
F/23/06/7.1	Commentary and Financial Statistics	
F/23/06/7.2	CFFR Model	
<p>This item was taken after item 11 and the Head and Deputy Head of Finance withdrew.</p> <p>The Deputy Chief Executive presented the papers and advised that the Committee was being asked to recommend the 2023/24 budget to the Board for approval and subsequent sharing with ESFA.</p> <p>The Committee discussed the pay review and risks in detail:</p> <ul style="list-style-type: none"> • The joint Committee had recommended that the College continue as a Real Living Wage employer in its pay review 2023/24. The Deputy Chief Executive advised the Real Living Wage had been included for 2023/24 only. For 2024/25 to remain as a Real Living Wage would be a substantial cost due to the knock on effect on other grades. This would be considered as part of the overall strategic review. • Industrial action was a significant risk with no pay award included in the budget. This may be mitigated by the good working relationship the College currently had with the Unions. The CEO commented that if there was prolonged industrial action this would damage the College's reputation and affect recruitment and retention which in an Ofsted year this may detrimentally affect the teaching and learning and leadership grade. The Committee agreed that this risk needed to be highlighted to the Board. • The Senior Team advised that if there was industrial action the College had no funds to negotiate with. If an award was made this would need to be funded through cuts which would include redundancies. The financial position was to be shared with the Unions including the use of the exceptional income within the budget explained so they understood the College's financial position. • Governors commented that the underfunding of FE was a government issue that needed to be addressed and noted this was the reason that AOC was not making a pay recommendation. All suppliers were putting their costs up which was increasing the Colleges costs but the College was unable to do so for its funded provision. The CEO advised that the AOC's manifesto was to call for a National Pay Review Body with a recommendation that Colleges would adopt, similar to the Sixth Form Association. • The CEO advised that other Colleges have been able to afford increases through larger average class sizes and teaching hours increase. The Deputy Chief Executive advised that if the College was to take this approach it would mean consolidation of different types of provision on one site only which may have a negative effect on recruitment due to transportation and a change to College's educational character. The Director of People and Wellbeing advised that this would also lead to a staff headcount reduction and redundancies. • Other Colleges in the regions approach to the pay review was discussed and noted how this could affect recruitment and retention and the pressure for an increase. • The Deputy Chief Executive commented that the focus of recent pay awards at the College had been at the lower scales. 		

- It was noted that planned income was lower across all provision and there was a need for growth. If this was achieved there would be additional income to fund an award.
- Governors discussed if a pay review allowance should be included in the budget or at least provision made for a future award if the finances allowed. The CEO advised that the Board needed to approve a budget but this could include additional commentary that this would be revisited once the recovery plan was reviewed or a provisional sum. If a provisional sum was included the Senior Team would need to come back with a plan on how this was to be funded. Governors commented that unless there was a genuine possibility that this provisional sum could be used for a pay award it was a risk to include it and agreed a change in commentary be made.
- The Board would not want to get to the position where the College was outperforming the budget when no pay award had been made.
- The Director of Governance reminded the Committee that the action approved at the joint meeting was to plan for sustainable pay awards through a strategic review.

The Deputy Chief Executive advised that a Risk Analysis had been included in the commentary. It was proposed to review this at each committee meeting as part of the management account reporting. The CEO advised it would also be used to develop KPIs and these should be considered by the relevant committees.

Governors discussed the proposed UoS merger and its effect on the Colleges finances. The Deputy Chief Executive advised that a version of the financial information had been shared with UoS. The Director of Governance advised that this version was also included in the July Board pack. Governors noted that the Colleges financial position would need to be considered once it was known whether merger was proceeding, delayed or not happening. The CEO advised that if merger was not proceeding as planned the financial recovery plan would need to be a root and branch review including redundancies, review of all curriculum areas, management structure, teaching hours and might mean the whole of the College team in consultation.

Governors agreed the following action:

- **The Commentary’s risk analysis to be reviewed at each Finance and General Purposes Committee, along with the resultant KPIs.**
- **The pay review section of the Commentary to be reviewed to include the risk of industrial action due to no pay award, apart from Real Living Wage, being included and that this position would be reviewed once the financial position was clear.**

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The Committee resolved to recommend to Corporation the:

- **Commentary to the Financial Plan 2022/23 – 2032/33 and the**
- **Budget for 2023/24.**
- **Noting that the budget included no pay award, apart from the Real Living Wage, and the industrial relations risk of this.**

F/23/06/8	Health and Safety Term 2 Update	
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The Committee Chair, who is also the Governor Health and Safety Link, presented the update and advised on the work of the Health and Safety Committee. It had been noted at the Committee the importance of retaining sufficient first aiders in order to stay operational and that Safeguarding referrals are high.

<p>The CEO advised that Safeguarding and wellbeing referrals are reported in a detailed termly report to Quality and Standards and in an annual report to the Board.</p> <p>Governors noted that there was still issues with completing of Smartlog training. The CEO advised that the data needed review to ensure all included were still current, this was a manual review as the system was not connected to the HR system. Reminders were sent out daily when training was not complete and previously where staff and governors had not completed the training they had been shut out of College systems until they had completed it all.</p> <p>Governors discussed the various capital projects and how the health and safety with these would be managed. The CEO advised that the contractor would have a defined compound inside which they would be responsible for health and safety and trucks on site would have a defined protocol.</p>		
F/23/06/9	Finance Risk Register	
<p>1. Has the risk register been reviewed Yes, June 2023.</p> <p>2. Is the Committee content that the risks are relevant and are being updated Yes, the Deputy Chief Executive advised that the register had been updated following the risk analysis in the budget commentary.</p> <p>3. Is the Committee content that the risks are being mitigated Yes., the mitigation had been updated and this included reports on the agenda.</p> <p>4. Where a red risk is the Committee assured that appropriate action is being taken Yes, appropriate action is taking place including actions set by the committee.</p> <p>5. Where does the Committee have significant concerns. The main risks discussed by the Committee was the potential for a clawback following the ESFA Funding Audit, recruitment not meeting budget and industrial action due to no pay increase.</p>		
F/23/06/10	Policies for Recommendation to the Corporation	
F/23/06/10.1	QD027 Fees Policy 2023/24	
F/23/06/10.2	QD048 Bursary Policy and Procedure 2023/24	
F/23/06/10.3	QD093 Subcontracting Policy 2023-24	
F/23/06/10.4	QD074 Supply Chain Fees and Charges Policy 2023/24	
<p>The Deputy Chief Executive presented the policy review. ESFA changes will have to be reflected in the Fee policy and these changes are expected to be received end of June. The policy will be updated any material changes reported to the Board in October 2023.</p> <p>The Committee resolved to recommend the Board adopt:</p> <ul style="list-style-type: none"> • QD027 Fees Policy 2023/24 • QD048 Bursary Policy and Procedure 2023/24 • QD093 Subcontracting Policy 2023-24 • • QD074 Supply Chain Fees and Charges Policy 2023/24 		

F/23/06/11	Terms of Reference (TOR) Review	
<p>The Director of Governance presented the review and advised that each Committee's TORs had been reviewed to include an introductory section and delegation. Following feedback from another committee, committee objectives would be stated at the start of each TOR.</p> <p>The CEO commented that the College's financial delegation amounts needed review as part of the scheme of delegation to clarify further the committee's level of delegation.</p> <p>Governors agreed the following action:</p> <ul style="list-style-type: none"> • College's financial delegation levels to be reviewed <p>The Committee resolved to recommend to Corporation the:</p> <ul style="list-style-type: none"> • terms of reference and delegation. 		UR
F/23/06/12	Agenda Planning	
KPIs first item on agenda		
F/23/06/13	Review of Meeting	
<ol style="list-style-type: none"> 1. Confidential Items: Pay and strategic review discussions until budget and pay review approved 2. Risk Management: Risk Analysis review to be built into the management accounts and considered at each meeting. 3. Health and Safety: As noted in the minutes 4. Equality and Diversity: Real Living wage and pay review 5. Sustainability – Capital funding 6. Media: None 7. How did the meeting go: A good detailed discussion. 		