

## East Coast College Finance and General Purposes Meeting

19<sup>th</sup> November 2024 9am Board Room L6FC

Present:	Committee Chair - Ian Lomax (IL) Mike Dowdall (MD and Estates Chair) Paul Padda (PP Principal and CEO) Lynne Doublet (LD) Graham Evans (GE) Kirk Lower (KL) Rachael Botley (RB Associate Governor) and on teams Andy Tovell (AT)	
In attendance:	Urmila Rasan (Deputy Chief Executive) Lucy Wharry (Head of Finance) and Wendy Stanger (Director of Governance)	
<b>F/24/11/1</b>	<b>Apologies and membership</b>	
<p>Apologies – David Blake (DB Corporation Chair) and Peter Blackburn (PB Associate Governor)</p> <p>Rachael Botley and Andy Tovell were welcomed to their first committee meeting and introductions were made.</p>		
<b>F/24/11/2</b>	<b>Declarations of Interest</b>	
There were no declarations of interest.		
<b>F/24/11/3</b>	<b>To approve the Minutes of the meeting of the 25 June 2024, including the joint meeting with People, and any other matters raised previously not otherwise included in the Agenda</b>	
The minutes of the meeting and the joint meeting with the People Committee held on 25 June 2024 were approved as a true and accurate record of the meetings.		
<b>F/24/11/4</b>	<b>To review the post-meeting action log</b>	
<p>The action log was reviewed.</p> <p>Governors discussed the pay review action. The Principal and CEO advised that there was a need to consider the Real Living Wage and its impact. It had previously been agreed that it would be reviewed to ensure that it was financially sustainable. If the Real Living Wage was maintained this would use circa 50% of the budgeted pay review and would again impact the grading differentials.</p> <p>The Deputy Chief Executive advised that the affordability of any pay review needed to be assessed based on recruitment and after the performance business management meetings which would inform the mid-year forecast.</p> <p>The Director of Governance advised that the joint People and Finance and General Purposes Committee booked for January was to consider a longer-term Pay strategy.</p> <p>Governors challenged if Colleges were to be supported in meeting the cost of the increase in National Insurance. The Principal and CEO advised that AOC had confirmed that there would be support but it was not yet clear how this would be calculated and paid. The Minister has also announced a “crown guarantee” for the local government pension scheme.</p>		

<b>F/24/11/5</b>	<b>Deputy Chief Executive Update</b>	
<p>The Deputy Chief Executive presented the report and updated on the capital projects, audits, and cyber security. The College income would be reviewed in the mid-year forecast, the Funding Audit had been positive, and the External Audit a smooth process due to all the work from the finance team in ensuring that the College has good systems and processes.</p> <p>Governors queried if the Cyber Security work had considered the College's insurance cover. The Deputy Chief Executive advised that it had included a review by the specialist lawyers engaged of the College's insurance.</p> <p>The Committee noted its thanks to the:</p> <ul style="list-style-type: none"> <li>• Estates and IT team for all their work over the summer break to ensure that the Tower Block was ready for the start of the academic year.</li> <li>• MIS Team for their work on the Funding Audit.</li> <li>• Finance Team for their work on the External Audit.</li> </ul>		
<b>F/24/11/6</b>	<b>Management Accounts – September 2024</b>	
<p>The Deputy Chief Executive presented the management accounts which included no major movement. The forecast would start to be fed into the November management accounts.</p> <p>Governors noted that there would be in-year challenges due to apprenticeships, and HE not meeting the planned recruitment, maritime already running at a loss and 16-18 above target but subject to lagged funding. The reduction in HE and apprenticeships would impact future years due to the length of the programmes. The Principal and CEO advised that there was the possibility of in year funding for the 16-18 increase but this may be restricted as the sector had seen increased recruitment.</p> <p>Governors commented that adult skills needed to be a focus. The Principal and CEO advised that this would be assisted by the opening of The Place, Nucleus, and Lound.</p> <p>Governors discussed apprenticeship recruitment and the reasons for the recruitment plan not being met. The Principal and CEO advised that there was a need for the College to improve its reputation which was ongoing and recruitment was being hit by competition from independent training providers and other colleges. Construction employers for instance tended to choose the College nearest their construction sites and transport links were better to Norwich. The College has appointed a Head of Work Based Learning, was working closely with employers, and was receiving active support from the FEC for apprenticeships.</p> <p>Governors discussed HE recruitment and noted that this was a similar recruitment picture across the FE sector. The opening of the HE Centre provided the College with a marketing opportunity for its offer but also increased costs that would need to be covered.</p>		
<b>F/24/11/7</b>	<b>Financial Out Turn 2023/2024</b>	
<p>The Deputy Chief Executive presented the out turn. The audited accounts will be discussed at the joint Audit and Finance and General Purposes Committee. There had been movements in the audit that had reduced the financial health from outstanding to good. The College EBITDA outturn was higher than in 2022/23 and this increase has been the result of increased project activity, with Apollo being the largest project. The college has deferred income for apprenticeships to meet the cost of out of time apprenticeship learners.</p>		

Governors discussed the cashflow and the cash days. It was noted that the College has a healthy cash flow but that this included a high volume of deferred income from projects. If project income decreases, as expected in 2024/25, this will impact the cash days.

Governors discussed the staff costs. The Deputy Chief Executive advised that this was impacted by the project and commercial work where it was delivered by Associates and invoiced and by the use of agency staff.

Governors discussed the KPIs which were based on the FEC ones and whether additional College KPIs should be set.

The Principal and CEO commented that there was a need to consider the student and staff experience. The College's aspirations had to be supported by financial investment.

**The Committee noted the report and agreed that deferred income be shown in the management accounts below the EBITDA as an amended EBITDA figure.**

<b>F/24/11/7.1</b>	<b>DFE Governing Body Finance Dashboard</b>
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The Deputy Chief Executive presented the DFE Dashboard. The College Overview financial health grade is calculated on a combination of three areas: solvency, profitability, and borrowing. When the CFFR was submitted to the DFE in July 2024 the College was rated as Outstanding, this has now been benchmarked at Good due to adjustments made during the audit including deferred income.

Governors discussed the level of the College's cash holdings. The Deputy Chief Executive reminded the Committee that cash was being reserved for capital investment including that agreed for the fit out of the Great Yarmouth campus after the new build was complete. The College was currently earning interest on its cash reserves and the FE Commissioner had recently reminded the sector of the risk of running cash reserves down and not having monies available for contingencies.

Governors commented that staff were the College's human capital and the College needed to invest in them. The Deputy Chief Executive advised that the College needed to increase income to be able to sustain a pay increase as this was a long term increase in pay costs. The College had previously paid an honorarium which was a one off cost and not a long term commitment.

The Principal and CEO commented that the College was working in a competitive recruitment market where school teachers' pay was significantly higher. There was a need for the College to have a Strategy to reward staff in order to attract and retain talent.

<b>F/24/11/8</b>	<b>Cleaning Contract extension</b>
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The Deputy Chief Executive presented the report and advised of the reasoning for the proposed contract extension.

Governors challenged if the College would consider bringing the contract back in-house when it was re-tendered. The Deputy Chief Executive advised that this would not represent a value for money solution.

Governors discussed if the College was to remain a real living wage employer and if it was, should it also require its contractors to be a real living wage employer as this was not a requirement currently.

**The Committee resolved to**

- **recommend to the Corporation that the cleaning contract with Pendergate T/A Kindred be extended for the optional one-year period from 14th February 2025.**

F/24/11/9	<b>Finance Risk Register</b>	
<p>1. Has the risk register been reviewed Yes, November 2024</p> <p>2. Is the Committee content that the risks are relevant and are being updated Yes, the summary report sets out the changes made.</p> <p>3. Is the Committee content that the risks are being mitigated Yes, the summary report set out the changes in the mitigation.</p> <p>4. Where a red risk is the Committee assured that appropriate action is being taken The number of red risks is a concern and demonstrates that the College has not recruited to plan in all areas. There was a need to discuss in detail and to review if the Board was content with the level of risk. This could be considered by deep dives into the risk. The Director of Governance advised that the Board Away Days draft agenda included opportunities, risk, and risk appetite. The risk of apprenticeship clawback had not been reduced as the risk was not closed until the long-term apprentices had completed. The Deputy Principal advised that the recent Funding Assurance Audit now put the College at a lower risk of a further audit.</p> <p>5. Where does the Committee have significant concerns? The main concern was around missing financial targets due to the College not recruiting to plan.</p>		
F/24/11/10	<b>Health and Safety Annual Report</b>	
<p>The Deputy Chief Executive presented the report and advised that the number of incidents was low for the size and type of College. The College, following feedback from staff, had revised the trip paperwork to ensure that it was fit for purpose and simple to complete.</p> <p>The Committee Chair, who is also the Health and Safety Link Governor updated on the work of the internal Health and Safety Meeting and advised that:</p> <ul style="list-style-type: none"> <li>• The issue with the number of first aiders at the Great Yarmouth campus has been resolved.</li> <li>• There was a need to improve engagement and attendance at the Health and Safety meetings.</li> <li>• Smartlog training compliance had improved and was currently at 97.7%.</li> </ul> <p>Governors queried why the incident included those that happened offsite. The Deputy Chief Executive advised this is where the offsite incident required the College to assist in some way.</p> <p>Governors discussed the near misses and the actions taken to address the risks identified.</p>		
F/24/11/11	<b>Committee Annual Report</b>	
<p>The Director of Governance presented the report and advised that it covered the membership and work of the Committee in 2023/24.</p> <p><b>The Committee resolved to recommend:</b></p> <ul style="list-style-type: none"> <li>• <b>the submission of the annual report to the Corporation.</b></li> </ul>		

<b>F/24/06/15</b>	<b>Agenda Planning</b>	
None		
<b>F/24/06/16</b>	<b>Review of Meeting</b>	
<ol style="list-style-type: none"> <li>1. Confidential Items – Item 12 Maritime and University of West London (UWL)</li> <li>2. Were Learners prominent in discussions? Yes, as included discussions of potential development and H&amp;S support.</li> <li>3. Risk Management: any issues discussed which may require an additional Assessment – Away Day to consider risk appetite</li> <li>4. Equality &amp; Diversity: any issues discussed which may require an additional Impact Assessment – None</li> <li>5. Health &amp; Safety: any issues discussed which may require an additional Impact Assessment – new build</li> <li>6. Sustainability: any issues discussed which may require an additional Impact Assessment – none</li> <li>7. Media: any issues discussed to inform local media - None</li> <li>8. How did the meeting go – Detailed and measured discussions.</li> </ol>		