CHELMSFORD COLLEGE

POLICY SUSTAINABILITY & RESOURCES

TUESDAY 9TH MAY 2023 AT 2.30 PM

At Moulsham Street Campus, Chelmsford

(via MS Teams by exception)

Minutes

Present: Amanda Montague, David Warnes, Trevor Bolton, Paddy Reilly, Richard Davidson (online)

Attendees: Debbie Garroway, Debs Hurst, Fiona Chalk, Mark Emerson, Beverly Mahoney.

Presentation – Energy costs by Fidelity Energy - Sean Dixon and Ian Stickland

A copy of the presentation is filed with the minutes.

Fidelity explained:

- There has been relief in prices this year above what was expected, following the peak of last year, with more stability
- Raw costs make up 65-70% of the total energy cost
- The make-up of energy bills, including taxes
- Drivers for this year's lower prices have been the warm winter, providing a higher amount of solar and wind energy generation
- The UK are importing gas from US
- Three-year prices are predicted to be similar to todays
- The market price may come down further, but probably not as low as 2020
- Winter months for 23/24 may be more expensive if weather is poor and solar and wind generation fall. Storage is poor at present
- It is important for organisations to consider how they can reduce energy usage and generate energy onsite
- The college needs to decide its risk appetite for 1–3-year deals. There are 'blend and extend' deals available, and the 3-year deal shows little saving over the period
- Government support for energy costs is being reduced post April 2023 by 95%

Governors asked:

Is there benefit to setting price in Summer or Winter? There are for and against, it is more about when the deal ends.

The college paid about £15k per quarter for energy, now about £55k per quarter, with government support.

Governors agreed the blend and extend offer seems most attractive.

Are there cost analysis available for having solar energy etc? There is a Solex bid for some of this work i.e., de-carbonisation schemes. The pay back is attractively short. If the yield is appropriate, then there are options such as finance deals and leasing options. The voltage optimisation work can then be ascertained to see how appealing it is. Governors noted that there are some finance deals that locks the organisation in for long periods such as 15–20-year deals through a pension fund for example. Under the ONS reclassification, DfE would need to approve this matter.

Reducing energy costs is a priority and Fidelity can support the college by doing an internal survey of how there could be some simple wins on energy saving measures.

FORMAL MATTERS

31. APOLOGIES FOR ABSENCE

Paddy Reilly due to work commitments.

32. DECLARATION OF INTEREST AND TO NOTIFY ANY CONFIDENTIAL ITEMS

None.

33. TO APPROVE THE MINUTES OF THE MEETING HELD ON 22ND FEBRUARY 2023

The minutes of 22nd February 2023 were accepted as a formal record of the meeting.

34. MATTERS ARISING

All items that can be complete are completed. One remains ongoing but is on target.

The governors noted the ongoing work around costings on campus consolidation will take place as part of the budget setting exercise.

<u>TO APPROVE</u>

35. i. TUITION AND FEES POLICY

Governors noted that the Board approval of the Fees Policy is a contractual requirement with the ESFA and passed on the current funding regulations. The minor amendments were noted. As the college is looking to change to have greater fee charging provision, there may be more substantial changes next year.

There is not currently a contract with OfS, the current 'HE' provision are HNCs.

ACTION: The Committee agreed to recommend to the Board the approval of the Tuition and Fees Policy.

ii. NURSERY CHARGES

The fees have been increased by 6% since September 2023, following the national minimum wage going up by 10%. This has been acceptable to most parents. There will be 2 out of school provisions from September – infants and juniors.

Governors asked if recruitment has taken place to run the full service. There has been some successful recruitment, with greater interest from both qualified staff and apprenticeships. Staffing has stabilised since a new pay structure has been introduced.

The Committee agreed to recommend to the Board the approval of the Nursery Charges.

36. i. ACCOUNTABILITY AGREEMENT

The Committee noted that the Accountability Agreement has been discussed at the Strategy Day in February and comes to the committee to make a recommendation to the Board for approval via a written resolution, ahead of the deadline of 31st May 2023. This is the college's response to the draft LSIP from Essex Chamber of Commerce.

The Accountability Agreement has 2 parts – the first part is the framework – the contract with the ESFA, which requires an accountability statement to be published, which is part 2 of the agreement. The statement format is pre-set by the ESFA. The draft document for consideration has been discussed by the Stakeholder Scrutiny Committee.

Governors noted how the statement and the college's strategic objectives are aligned, and how these reflect local and national priorities, and that the college is not offering programmes against the priority areas of agri-tech and logistics. This document will be translated into the curriculum intent plan that goes to Q&L committee.

It was noted how digital skills cut across many of the areas of provision.

Governors discussed particular aspects of the Accountability Agreement and stated that it does raise the importance of ensuring that students are sighted on the employment opportunities early on. The approved document will be published on the college website.

ACTION: FC to circulate a written resolution to Board members to approve the Accountability Statement.

ii. STAKEHOLDERS SCRUITINY COMMITTEE MINUTES TO NOTE

The minutes will be made available on the governor's portal.

TO DISCUSS

37. HR REPORT AND STAFF SURVEY

The Committee noted the report on employer relationships, recruitment and retention, absence management, and wellbeing and mental health.

A new staff newsletter is being well received by staff, covering celebrations of achievements, topics of the month such as Cyber Security, insights on the local external environment in Essex, and industry updates.

There was an industry update and volunteer date which was well received, and staff were significantly involved in a wide range of activities.

Staff recruitment has been very challenging but there has been an increased uptake including in engineering and business, which have been difficult to fill recently. There is ongoing working including:

- an ongoing graduate recruitment scheme with employment to take place from September
- guest speakers attending to be role models for students
- new staff induction offer from industry experts
- new appointment to HR team
- turnover is reducing, the reasons for resignations was noted, alongside the data on those resigning in the first year.
- Absence was noted above the target KPI, mostly due to a small number of long-term absences
- the wellbeing and mental health activity. Since Covid, the number of short-term absences due to anxiety is rising, which reflects society as a whole
- staff workload survey: indicated that the workload is manageable, although there is an acknowledgement of increased pace and intensity of work. This might be related to extra cover work around current vacancies

- The college is working with other colleges to use innovative practices around flexibility of works
- There are task and finish groups set up to support staffing
- Hours inputted by members of the senior management team remain a risk
- The hours of 39 a week are positive compared to the national average (as stated by the UCU national survey), as are the pay rates for Essex
- The percentage of staff achieving all 5 Key Expectations has dropped back again this month to 74%. This is now 1% lower than the position for March 2022.
- 89 observations have been conducted with 66 individuals achieving all 5 expectations
- Sickness absence has shown another increase this month and now sits at 6.49 days/person/year

The impact of this on costs, quality of delivery, and workload implications for staff, were noted.

38. i. MANAGEMENT ACCOUNTS TO 31 MARCH 2023

The Committee noted the financial position has deteriorated as income, payroll and other costs are all adverse to year-to-date budget.
The key issues are noted as:

- Year to date achievement of the Adult Education Budget, some of which is being delivered by sub-contractors. Due to carryover from last financial year a business case has been submitted to exceed the £300k threshold
- Substantial increases in energy cost, average monthly costs have increase from £15k- £19k per month to £45k-53k per month.
- Harpur Trust V Brazel case back dated pay for 2 years and increase in current pay rates for 2022/23 not known at the time of budgeting.
- The National Minimum Wage impact from 1st April 2023, not known at the time of budgeting (80 staff receiving a 10% increase)

ii. FINANCIAL FORECAST TO 31 JULY 2023

It is recognised that cost savings will need to be made to minimise the impact on Project Future targets as well as achieving or exceeding income targets. The savings are noted to be £0.9m to achieve Project Future targets. The cash position is noted as £3m on 31st July 2023. This includes a pay award.

The income and expenditure is noted as:

- Ytd budget variance is £0.2m adverse.

- Actual year to date deficit £0.8m.
- Variance to ytd budget is £0.6m adverse.
- Budgeted outcome likely to be £300k as opposed to predicted £700k

The key variances on income and costs were noted.

The KPIs are noted to be on or close to target, except EBITDA and Agency Costs, which show a negative position.

Governors noted that the AEB is significantly below target, and reassurances were given in this area.

Staff are working closely with the FEC on the financial position. The EBITDA covenant could be at risk, although the year-end figure is looking more positive. Cash is king and savings need to be in put in place and more income is required to be generated, to meet the Project Future targets. The Project Future targets of course where set on the proviso of interest rates being low, inflation being low, and energy costs remaining low.

Governors asked:

Is it time to discuss with the FEC that the targets need to be readjusted? There have been good financial practices in place that should be reflected on. There is a meeting towards the end of the summer term where this will be discussed.

Governors questioned at what points the debts for the Nursery will be written off. There is a bad debt provision, but in hindsight, the leniency in Covid was not helpful and practices have been changed.

39. LEARNER NUMBERS AND FINANCIAL IMPLICATIONS 2022/23 (INCLUDING SFA/EFA FUNDING ALLOCATIONS 2023/24)

A presentation detailed the College's current funding position against 2022/23 targets and updated the Committee on 2023/24 funding allocations and plans.

Governors noted:

- Additional Catch-Up funding has been received
- Additional funding levels anticipated for next year
- Projected student numbers show an increase of over 100 learners
- Student application comparisons show an increase of 200 on last year, although this is not a guaranteed figure

- AEB forecasted to be over the 97% at year-end, although currently showing a shortfall at this point in time. Workplans to make up this shortfall where detailed
- Subcontracting contribution is 60%+ at this time of year, compared to 0.5% at this time last year, which is a big improvement. Delivery for next year is anticipated to be at 110% of target
- The National Skills Fund allocation
- The allocation for AEB will stay the same for next year
- Sub-contracting tendering will take place in June, to start programmes in August and it is anticipated to be below the 25% threshold for sub-contracting
- Apprenticeship budget is anticipated to hit the target of £1.1m as long as end point assessments are met by year end, with £1.2m income budgeted for next year

Governors asked if opportunities through the college's stakeholder engagement work is pushing the recruitment of apprenticeships. At the moment, a lot of apprenticeship sign ups as portrayed in the news across the country, are for higher level of leadership and management. The business team are leading on this work.

40. PROGRESS AGAINST KPIs

The committee noted the position at year to date against the annual KPIs as follows:
16-18 EFA funded Classroom based learning: The allocation for 23/24 is slightly higher than the current years allocation. This is in large part down to the 2.2% funding rate increase and the increased programme weighting that the ESFA have introduced for a number of high priority funding areas.
Apprenticeship: Apprenticeship income has recovered slightly and now has a prudent forecast of £1.1million, and there is still potential of meeting the initial £1.2million target.
Adult Classroom based learning: AEB is ahead of a similar point last year and is forecast to meet or exceed the 97%. New provision includes the introduction of Online Distance learning which will be delivered by the College rather than subcontractors. National Skills Fund income is projected to be 110% of its £59k allocation.
Advanced Loans: There was an expected downturn in Loan income this year due to the lower number of applications for Access courses.
There is currently a £20k shortfall between approved loans for the rest of the year and the target. This will be met by new Online delivery of Access courses that has been planned to commence in this half term.
Higher Education: HE enrolments have remained at a similar level to those previously reported.
Human Resources:
As of the 31st of March, 89 observations have taken place with 74%

meeting the 5 key expectations.
The proportion of staff Progress Review targets on course to succeed in 2022/23 is currently showing 89%.
Absence is higher than the AOC benchmark which is now 3 years out of date. Sickness has increased this month and is above the KPI target, whilst some of this may be due to seasonal infections it is circa 1.6 days higher than the same point in 2022.
Annualised Turnover has reduced this month to 22.1%
The 360 Day Quit Rate (the number of staff who have joined the college on a permanent contract but left without serving a full year) has reduced again in March. For the rolling 12 months to 31 Mar 2023 there are 12 staff in this group out of the 65 individuals who resigned in the period. Of these, 5 left for positive reasons: 3 for career progression; and 2 taking up further training. 4 have left for new employment.

Governors questioned the cash days figure of 16 days. March is a difficult time of year. This has been down to 5 days in the past, so is an improving figure.

41. SUSTAINABILITY STRATEGY UPDATE

The Committee noted the update on the implementation and impact of the college's Climate and Sustainability Strategy, across six key areas. Progress was noted against the FE Climate Road Map – what has been achieved and what is in progress, following approval by the Board at the Strategy day earlier in the year. The college is on track to achieve 'emerging' status by the end of the year. The carbon literacy training is scheduled for the summer term, and there is a place for a Board member to attend.

Governors thanks staff for all their work on this.

Governors discussed collaboration with stakeholders – what can be learnt and what support the college can give.

ACTION: FC to circulate invitation to all the Board for 11th July training day on carbon literacy.

42. ESTATES REPORT

The Committee were updated on:

- Estates Team
- 2022/23 Capital & other works
- Capital & Condition Funding and grants for college improvement works, such as sports centre improvements, and IoT T Level support funding
- Estates Strategy

The Capital Plan will be brought to the Committee with the budget in June 2023.

Inflation has had an impact on costs for capital works this year and will have an impact on expenditure next year.

Governors asked for an update on the Council's position regarding funding of the Sports Centre. This will need to be reviewed in the light of the funding recently received.

It is likely that some external expertise will be brought in for some master planning on setting an Estates Strategy in order to be better positioned to access funding.

Governors asked about the message that putting up barriers at reception gives to staff and students. There has been some surveying of staff and students. Staff are very supportive; students are more equally split. Campus officers will still be in place. The campus is very open front and back so whilst measures have been taken through locking gates, there is a need for greater security.

43. IT STRATEGY

The presentation was noted, giving an update on the Digital Transformational Strategy which runs to 2024. The achievements and good progress were explained, along with those projects planned for the remainder of the year. The IoT projects were experienced by governors at the strategy day and have been well received by students.

A new 10-year strategy was explained for the digital transformation, both on the physical side and cultural / behavioural aspects, and how it will drive other areas of the strategic plan. Further details will come to this committee in the Autumn Term, with annual objectives being set i.e., staff and student digital literacy.

Governors encouraged staff to link into other colleges and the Association of Colleges/JISC work groups to see what other colleges and organisations are delivering. This is currently happening, with staff on relevant groups.

Governors asked if students can be 'teachers' for the day, to maximise those with expertise on this subject.

Clerk mentioned about bringing digital into the Boardroom such as Otter.AI for minute-taking.

<u>TO NOTE</u>

44. ANY OTHER BUSINESS

None.

45. DATE OF NEXT MEETING

- **20th June at 2.30pm**

Signed:

Date: