Chelmsford College

Minutes of the Committee for Policy, Sustainability & Resources
TUESDAY 11 June 2024 AT 16.30
Moulsham Street Campus

Members: Trevor Bolton (Chair), Jan Church, Rachael Cornwall, Richard Davidson, Amanda Montague, Paddy Reilly, David Warnes (Principal), Ruth Gilbert

Attendees: Debbie Garroway, Debs Hurst, Mark Emerson, Beverly Mahoney, Ra Hamilton-Burns

	MATTERS	ACTION
1.	**Apologies for Absence** Richard Atkinson and Amanda Montague sent apologies.	
2.	**Declarations of Interest and to notify any confidential Items** There were no declarations of interest.	
3.	**To approve the minutes of the meeting held on 27 February 2024** **AGREED: THE POLICY, SUSTAINABILITY AND RESOURCES COMMITTEE AGREED THE MINUTES OF THE MEETING HELD ON 27 FEBRUARY 2024 WERE A TRUE AND ACCURATE RECORD.**	
4.	**Matters arising** **5 Gender Pay Gap Report 2022/23** • BM to circulate FE gender pay gap data to the PSR Committee – **completed.** • Stuart Hodges to report on gender pay gap differentiation between full and part-time workers in the next Gender Pay Gap report – **noted for 2024/5** **6. HR report - Employment relations** • BM to include absence data in future reports with benchmarking **– this is included in the current report**. • BM to send equality report to RC **– completed.** **10. Report on KPIs FOR 2023/4 (Finance & HR)** • DH will amend the report to show a comparison going forward **- ongoing** **12. Sustainability report** • DW to include details of the sustainability boot camp with Eon and CHP in next report – **completed.**	
	TO DISCUSS AND APPROVE	
5.	**KPIs for HR/Finance 24/25 d** This item had been conflated into Item 9.	

	Any other business Debs Hurst updated the Committee on two urgent matters: **1. Essex Shared Services** • The current general manager has been absent on sick leave on and off for weeks. Discussions are taking place. There is a risk of a tribunal. • Debs Hurst is therefore having to pick up contractual issues with Payroll/Finance • Chelmsford College will be seeing a new payroll system required as the current contract with SEC not ESS Ltd. Current supplier moving to cloud and set up costs £22.5k plus VAT. DH not made aware of this in Feb when discussions were underway • New supplier Edupay £3.3k plus Vat slightly more per payslip per year **2. External Auditors** • After the resignation of Price Bailey, the College went out to tender for the external audit service. 12 suppliers were interested, seven downloaded the document but there were no submissions • Discussions with those who responded cite lack of resource • Discussions with RSM (current tax advisors) who explained that as they were not successful last time they declined to quote • Current estimate for RSM to provide the external service for this year £82k including funding audit (this quote had assumed work included the funding audit and ESS Ltd) Ruth Gilbert said that Essex County Council has worked with the supply chain in Essex, and she offered her support in finding a new pay roll supplier. She also suggested that the Deputy CEO of the AoC, Julian Gravatt may be able to offer suggestions for potential firms including the smaller ones emerging in FE. Trevor Bolton advised Debs Hurst to speak to Edwin Carr as they have a growing education practice. He commented that there is a national shortage of auditors currently. **ACTION: Debs Hurst will take the proposal to the Audit Committee.**	
6.	**HR report** Bev Mahoney offered an update and invited the Committee to review, comment and note information in the report and discuss if the actions outlined are having the desired impact in achieving the KPI's. The Committee noted that the HR report has a more optimistic view of staffing position than the finance report. **Employment relations** • An update since the report which included robust intervention. There are an additional one further suspension, one formal disciplinary and one formal probationary hearing to add to the data.	

- Short term absence management KPI has now reduced to 6.06 days per person
- Short term absence is 4.12 per person
- Turnover at the end of May has increased to 17.8%
- More robust interventions on attendance, performance and other issues may have resulted in an increase in leavers.

Governors asked what, if anything, the College can do to indicate in a reference to future employers that a person has been dismissed in order that employees are not handed on. If someone has been dismissed this is included in their reference. This would not be mentioned if the person had left under a compromise arrangement. If someone resigns in the middle of a disciplinary the process continues.

The Committee said that much of the report is positive, such as the senior recruitment, in a challenging environmentt and congratulated the team. Rachael Cornwall reminded the Committee that the increase in disciplinaries and interventions is not necessarily a negative but can show that the College is not tolerating poor performance. It was agreed that this shows a robust approach to improvement and support.

ACTION: BM to show a trend table on disciplinaries to show if they are going up or down and a commentary to offer possible reasons for the movement.

i. **Staff Code of Conduct and ethics**

This Code applies to all parts of the Chelmsford College Group*, including Chelmsford College and Dovedale Nursery. Whilst the general provisions of this Code apply to College Group Staff, a separate Code of Conduct is applicable for all Early Years practitioners employed by Dovedale Nursery. The latest annual review in February 2024 incorporated minor changes in conjunction with the college's new strategic plan.

AGREED: THE COMMITTEE AGREED TO RECOMMEND THE STAFF CODE OF CONDUCT AND ETHICS TO THE BOARD.

ii. **Staff Grievance Policy (every 3 years)**

Rachael Cornwall commended the fact that the policy adhered to the ACAS guidelines which is a prudent approach.

ACTION: BM to remove mention of the SPH and reference the individual policies.
ACTION: BM to edit the policy to indicate that the CEO, not the Board, is the final place for appeals.

Ruth Gilbert suggested that the policy be amended to allow the senior team to appoint an independent to hear the appeals.

ACTION: RHB and BM to work together to remove the SPH and refer to the separate policies.

iii. Workforce Planning Strategy

As a consequence of the current environment within which the College is operating and the significant changes likely to affect workforce requirements in the future, this summary should be considered as an emergent strategy, as it will need to remain flexible and adapt as factors affecting it develop within the College and at national level.

AGREED: THE COMMITTEE AGREED TO RECOMMEND THE WORKFORCE STRATETGY TO THE BOARD.

Ruth Gilbert advised that pragmatism on strategy be kept central and focus on 1-3 strategies so that the College does not become overstretched.

The Committee thanked Bev Mahoney for her report and for the recommended policies.

7. **Financial update**

i. Management Accounts to April 2024

The Committee noted the management accounts to April 2024 using the ESFA exemplar format developed with colleges nationally.

Debs Hurst reminded the Committee that College Executive Group (CEG) meets with the ESFA and FEC on a quarterly basis to monitor progress against project future targets. The next meeting is on 14th June 2024.

Measure	PF Target	2023-24 Forecast
Income	£18.2m	£19.9m
Expenditure	£17.3m	£18.6m
Total comprehensive income	£0.7m (LGPS Excl)	£0.5m(£358k) LGPS)
Cash at bank	£1.8m	£1.2m
Capital Expenditure	£0.35	£0.23m
Student Numbers	2182	2384
Financial Health	Good	Requires Improvement
Adjusted Current ratio	0.72	TBA – from CFFR
EBITDA	10.18%	TBA – from CFFR
Bank covenants	Agreed	Lloyds £2.5m not met

Governors asked how concerned the Board should be about the amount of red on the accounts. Debs Hurst reminded the meeting that this is against the ytd budget but page 5 states that the forecast position reports an adverse variance of £172k and the forecast outturn is a surplus £155k.

- Overachieving on apprenticeship income and it is hoped that the AEB will hit the 97% target.

Costs have been difficult to control:

- Agency costs have been difficult to control as difficult to recruit posts have required agency staff. Concerted effort to recruit for September 2024.
- Energy costs were expected to reduce more than they have. The weather has not helped.

ACTION: DH to continue to offer monthly forecasts with sensitivity models.

Ruth Gilbert expressed concern on template and suggested some updates:

1.an additional column on forecast outturn
2.a total impact of the position
3. a narrative of the mitigation when applicable

ACTION: DH to amend the management accounts template to take account of suggested changes.

The Committee acknowledged that whilst the grants received for capital expenditure had been welcome, it had resulted in a great deal of extra work for Debs Hurst and the paperwork had been very complex.

Governors asked if the application had gone into the ESFA for submission to the treasury for the facility agreement. This will be submitted on 13 June 2024. The ESFA has assured the College that the election will not impact the processing of the request.

The College is still failing the Lloyds bank covenant on the cash reserves. It is anticipated that the College will agree short term covenant to December 2024 and then there will need to be a new arrangement.

Cash in hand – The Committee expressed concern about the low rate of cash in hand at 15 days. Debs Hurst said that during her time at the College she has been down to 6 and she would like to be at 25 days and the target is for 40 days in hand. The College reserves policy is to have £3m in the bank and 40 days cash in hand. Governors asked what risk the low cash in hand posed and if the senior team is concerned. The team recognises that the position does not meet the target and the immediate target is to hit £2m reserves. The increase in income, control of costs and reduction in spend must continue to be the focus. Ruth Gilbert said that, as a Principal, she has had a similarly challenging experience and that the quality of provision and robust audit means that the College is not at risk.

ii. High Level Forecast compared to Project Future

This will be shared on Friday.

iii. CFFR

The CFFR has not yet been completed due to the challenges already outlined. The Committee is asked to review the CFFR prior to approval at the Board meeting on 26th June 2024 and upload to the ESFA by 31st July 2024.

iv. Indicative budget for 2024/5

1. The forecast is £19.946k for 2023/24
2. The budget for 2024/25 is £21.1m
3. Mostly from 16-19, Adult Education stretch target
4. Reduction in commercial income as there won't be so many grants.

Strength target is for Adult Education but all the preparation for this are in place.

The indicative budget has been prepared to enable a surplus of £292k to be achieved during 2024/25, to improve Education specific EBITDA and to improve financial ratios.

The budget surplus of £292k will be an **improvement of £267k** on the projected out-turn for 2023/24. Both the forecast and the budget are being input into the revised CFFR.

The Committee asked about the income lines on education and training and commercial income. It is disappointing that it is due to fall next year. Debs Hurst reminded the Committee that the apparent downturn is because the grants received this year will not be repeated. If the grants were removed, the numbers would show growth. David Warnes said a breakdown is available and this can be shared.

ACTION: DH to share the breakdown of the projected commercial income including the adult education line.

The Committee commented that it was disappointing to note that operating income is to increase by £1.2m but staff costs are projected to increase by £1.4m. This is due to the 6.5% pay increase this year, increase of TPS costs of 5% based on figures (and the College does not expect to get the full cost of this from DfE) and the increase of LGPS by 3%. The budget also includes a pay increase of 3%. The vacancy is currently at 1% predicated on sound recruitment by September 2024.

Governors acknowledged the intent but suggested that there should be a contingency for agency costs as these are difficult to avoid. Debs Hurst said that the departments have been charged with funding any agency staff from their own budgets rather than expect the central budget to fund this.

Governors asked how this plan will lead the College to achieving its target cash reserves. The cash flow shows a forecast of £2m in the bank which is an increase of £800k. In non-pay a reduction of 10% has been built in to prevent overspending, Funds have also been vired from ESS to in-house

	staff costs. The AoC has delayed its staff pay recommendation but nationally apocryphally the increase is going to be circa 2-3%. David Warnes said that the College has also increased the teaching quantum by 24 hours per teacher which has put another 4,000 hours into the system. This is still within the collective agreement and has been benchmarked nationally. Governors asked if the fact that staff aren't expected to work to the full hours in the collective agreement has contributed to the staff costs of 65%. Jan Church said that the Business support staff has done as much as possible to cover teaching requirements where possible as they work the full 37.5 hours for which they are contracted. She suggested that staff might be offered overtime to avoid the need to engage agency staff. The Committee agreed that it would have the benefit of known practitioners and familiarity for students, and this could be considered. The Committee asked for an update on the Sports Hall. The project is reliant on Chelmsford City Council investment as the College does not have the funds. The council has gone to bids and will consider the position in December 2024. **AGREED: THE COMMITTEE AGREED TO RECOMMEND THE INDICATIVE BUDGET TO THE BOARD.**	
8.	**Fee policy 2024/5** • Only minor changes to the policy for 2023/24 • Main revision is an updated to fee remission illustrations • Policy sets out how the College set fees rather than outlining what individual fees per course are. • The College has very few courses subject to fees. Governors asked why the fees can't just be subject to an across-the-board uplift. Each course is benchmarked against competitors and fees are set accordingly. **AGREED: THE COMMITTEE AGREED TO RECOMMEND THE FEES POLICY FOR 2024/5 TO THE BOARD**	
9.	**Report on KPIs FOR 2023/4 (Finance & HR)** **Staff Targets 2024/5.** These are included in the revamped management accounts. **Strategic Targets 2024/5** These are included in the KPIs for the Board dashboard and key ones are: **People** • Turnover rate • Quit rate • Promotor score • CPD **Finance** • Financial health	

	• EBITDA greater than 10% • Current ratio • Cash days greater than 40 • Staff costs at less than 65% **Supplementary ones** • Turnover • Operating surplus • Surplus deficit percentage of turnover • Cash reserves • Loan balances • Debt service cover • Debtor and creditor days The Committee agreed this is a sensible and useful list. Governors commented that there are concerning data on the HR KPIS • 17% of staff have not met their performance review requirements • 16% of individuals where probationary discussions are overdue. It was recognised that some managers are not updating the system even when discussions have taken place. Focus on compliance and performance will be the theme of the year. PR asked about the quit rate – at every meeting it vacillates and it appears to have risen alarmingly. The quit rate relates to staff who joined the College in the last 12 months and leave within the year. The current quit rate is 17. Eight individuals left with the support of the College as they did not meet expectations or had behavioural issues. Many others are business support staff the loss is due to higher rates of pay elsewhere. The College is looking at other incentives such as increased leave. Governors asked if the potential issues had been obvious at interview. This had not been the case. Jan Church said that the recruitment process was of high quality and onboarding is sound. Bev Mahoney did not consider this to be a concerning number as the exit interviews do not portray any issues.	
10.	**Estates update** i. **Estates programme 2024/25** A summary of capital projects currently in progress / complete is included in the management accounts presentation document. This shows the activity and the funding stream. Based on current information the expected cost to the 31st of July 2024 is currently projected at £233k as most projects have been funded by other grants. However, to facilitate the use of contractors on site some summer works 2024 have already commenced so this may increase slightly. The Estates programme for 2024/25 will include: • Refurbishment of the LRC at Moulsham Street including the installation of the Igloo. Although this is being funded by the Local Skills Improvement Fund (***LSIF) and Skills Injection Fund (SIF) grants*** it is likely there will	

	be a cost to the college of up to £100k to complete the works. Tender for this is still pending. • We are waiting for tenders for the cost to develop the LRC areas at Princes Road into a HE suite ***Skills Injection Fund grant.*** • Decarbonisation plan – Agree from ***Energy grant or Salix bid £18k inc VAT.*** **College funded projects –** Maximum Spend £250k of the College's own fund. This represents a decrease of £50k on the current year's spend. A plan to reduce the size of the copy shop to create more social space for learners but depends on tender and funds available. Will be linked to the LRC programme if affordable. Brickwork shop – install a canopy to enable working externally. C005 multi-skills create a retrofit area. Demolition of existing store has been completed. • M004 – create a student support area on the ground floor to bring the team together by refurbishing the old careers office. Similar design to Princes Road • M003 – create a finance office. • M011 & M014 refurbishment and creation of two classrooms to allow for M003 to be released for finance. • Ongoing works with Chelmsford City Council to mitigate legionella in the Sports Hall Projects currently on hold depending on funding opportunities and room rezoning in accordance with the Estates Strategy. • Business Studies Team room – refurbishment and review to create more desks. • Service Industries Team room – to create one room for all staff to be together. • Electrical and Engineering Team room – again to create one space for team to be together **AGREED: THE COMMITTEE AGREED THE CAPITAL BUDGET FOR WORKS OUTLINED TO £250K** **Ii Estates & Property Strategy** – The final Estate Strategy will be presented to Board on 26 June, the College is currently working with Peter Marsh Associates to zone areas on each campus for future planning the latest version is include as an appendix for thoughts from the Committee.	
11.	**Subcontracting provision to inclu**de 2023-24 update and the 2024-25 plan The Committee is asked to scrutinise this report and to ensure that it has sufficient assurance that appropriate oversight of subcontracted provision is in place. In-year subcontracting contracts are currently at 93% of target (-£14k).	

	Subcontracting partners are certain that they will meet agreed targets and the College has put in additional actions to ensure targets are met. Governors asked if this year the College will meet the target as it has not yet done this. Mark Emerson is confident that this will be the case and the College is having fortnightly meetings. There is always a slight lag between the data held by the sub-contractors and the College, but communication is clear that last year's outturn was disappointing. The College has until October 2024 to make final returns for the 2023/4 year. A buffer has been built in but the forecast is to be within 97%-100%. **ACTION: ME to invite the head of the business unit to present to the Committee in the new academic year.** The College has been notified that it has achieved the Subcontracting Standard which is the funding agencies framework to ensure policies and procedures allow effective oversight of subcontracted provision. The College is inviting tender responses for £225k Adult Skills Fund in 24/25. The responses will be scored by the management team and the recommendation will come to the full Board meeting on 26 June 2024 for approval. **AGREED: THE COMMITTEE AGREED TO RECOMMEND THE SUBCONTRACTING PLAN FOR 2024/5 TO THE BOARD.**	
12.	**Risk management and risk register** The risk register has been updated for the key risks relating to Finance, HR and Leadership and Governance. • The risks had been discussed earlier in the meeting. • The biggest risk to the College is the defunding of qualifications in favour of T levels which will occur the year after next. • Resignation of the external auditors has created potential extra costs and impacted on the workload • The College is confident that discussions with Lloyds bank will be fruitful • Loan from DFE is expected to happen. There is also a summary table of financial risks included in the management accounts presentation. The Committee noted the high-level risk register and that the risks are concerning. It also is presented to the Audit Committee.	
13.	**Sustainability Strategy update** The College is progressing well with its Climate and Sustainability strategy with the overall goal of reducing carbon emissions by 75% by 2035. Progress through the AoC's roadmap is on track, with the College expected to reach 'Established' stage by July 2024. Three things to achieve before the deadline. • Sustainable travel plan • Heat decarbonisation plan in process	

	• Embed SGG goals into the curriculum and ME is working with AI David Warnes cautioned that the next academic year has some large, costly items to put in place. Measures outlined in this report are both aimed at addressing the College's carbon footprint through various estates and resource linked initiatives and preparing students for future green skills career pathways within the curriculum plans. Governors commended the College team in their work in achieving this	
14.	**Any other business notified to the Clerk in advance of the meeting** There was none. The meeting closed at 18.00	
15.	**Date of Next Meeting** 19 November 2024 – note that this meeting is overlapping with Audit to consider the annual statements together for one hour.	